HSIL

new Passion.

new Potential.

new Possibilities.

Annual Report 2015-16

HSIL IN A NUTSHELL

HSIL Limited is a diversified, consumer-focused organisation, with leadership position in sanitaryware and glass containers industries. While in the bathroom fittings business, the Company has already reached #3 position in the faucet category, it is concurrently gaining considerable market traction in the newly launched Consumer Products Business. As a consumer-centric entity, HSIL is driven by the strong support of its customers to deliver better quality products and solutions designed as per their evolving aspirations. The Company is persistently and dedicatedly striving to deliver higher value to all its stakeholders. Steered by a growing pan-India presence, it is moving towards an exciting future,packed with new possibilities of growth backed by a multi-focused strategy.



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hsilgroup.com
ANNUAL REPORT 2015-16

Visit our online annual report site. Each section of the annual report can be downloaded in pdf form

HSIL

Passion is the force that helps in leveraging the potential of today.

And the potential of today defines the possibilities of tomorrow.

Back in the 1960s, when we embarked on our journey into the future, we saw ahead of us a plethora of opportunities waiting to be unleashed. And we surged forward with passion to create the infrastructure, and to build the systems needed to make the most of those opportunities.

We have spent more than five decades strengthening this potential as we strive to address the needs of today. We have focused our energies on anticipating the aspirations of tomorrow as we work towards delivering greater value to all our stakeholders.

Read on, for our story of new passions, new potential and new possibilities.

new Passion.

new Potential.

new Possibilities.

Delivering with

Passion





Can a business as prosaic as ours inspire zeal?

At HSIL, we consider passion or zeal to be integral to a company's business philosophy, and central to the inspirational mandate that steers its growth.

We deem it to be the motivational force that empowers an organisation to deliver on the opportunities of today and tomorrow.

New Passion

Our actions are powered by our zeal

And led by the desires of our consumers, we surged zealously towards higher excellence and growth during FY15-16…

We scripted our story of growth and expansion with a visionary approach and stringent adherence to our core values.

We leveraged our intrinsic strengths to challenge the existing, and create ground-breaking innovations with new and synergistic offerings aimed at enhancing consumer lifestyles.

A passion driven by values

Our intrinsic values are the key drivers of our journey from leveraging today's potential to unveiling tomorrow's possibilities. Standing unwaveringly firm amid a transforming industry landscape, our values have equipped us with the strength to chart new frontiers of expansion and progress. They have helped us create the platform on which is built the edifice of our success, transforming us from what began in 1960 as Hindustan Twyfords Ltd, a technical collaboration with UK's Twyfords Ltd, into India's leading sanitaryware, packaging and consumer products brand entity – the HSIL Limited.

Augmenting the product portfolio

With the consumer at the forefront of our strategic business plans, we continued to launch new product lines to strengthen our portfolio through the year. Our strategic foray into the consumer business space was further underlined by the introduction of a new brand – moonbow - under which we introduced air purifiers. We also entered a co-branded marketing arrangement with Group Atlantic, France -a leading USD 1.5 Billion player in heating, ventilation and air conditioning market in France & Europe, and experts in water heating systems -to introduce technologically superior and aesthetically appealing range of water heaters - hindware-atlantic.

Further, to scale up our Building Products Division (BPD) in the coming years, we decided to enter into the plastic pipes business during FY15-16. We plan to utilise our existing sales and distribution networks to create a stronghold in both, the OEM and the replacement markets, in this business. We have also aggressively expanded into the luxury segment across our sanitaryware and bathroom product streams, in line with the desires and needs of the discerning consumers.

Our passion and dedication was evident in our Packaging Products Division (PPD) too, as we decided to enter the security caps and closures market to address the demands of our expanding institutional customer base.



hindware-atlantic water heater and moonbow air purifier were presented with "Product of the year award " (POY), world largest consumer voted award servey conducted by AC Neilson. It is an internationally recognised certification that celebrates and rewards the best innovations in consumer products and services.



The rewards of passion

The Company's committed approach translated into award-winning milestones in the year. The various awards and recognitions we won endorse our visionary, future-focused growth strategy.

INDIA'S SELECTED NO. 1 BRAND INDIA 2015

VOTED PRODUCT OF THE YEAR

THE ECONOMIC TIMES

A&D

ARCHITECTURE & DESIGN SUMMIT 2015 - 3rd Edition

VOTED PRODUCT OF THE YEAR



For us, passion is not just a desire to deliver, but a strong thrust to deliver more and better. It's the zeal with which we create the framework for the nurturance and expansion of our business as we strive for excellence and growth.

126

New products launched

10

Faucet ranges introduced

33

Sanitaryware ranges introduced

Leveraging our inherent

Potential

To create differentiators. And build distinctiveness.





What distinguishes an exceptional organisation from an average entity?

We believe it is the inherent potential or capability of a company to take on challenges that makes it distinctive.

We feel it is the differentiation it brings to all its offerings that catapults an organisation to a leadership position.

New Potential

Our capabilities manifest in differentiators

And we went on to build more and more differentiators through the year

We made our offerings better aligned to the aspirational needs of today's evolving consumer

We augmented our technology, distribution and marketing edge to create new levels of distinctiveness in our businesses

Queo presence

20

cities through a

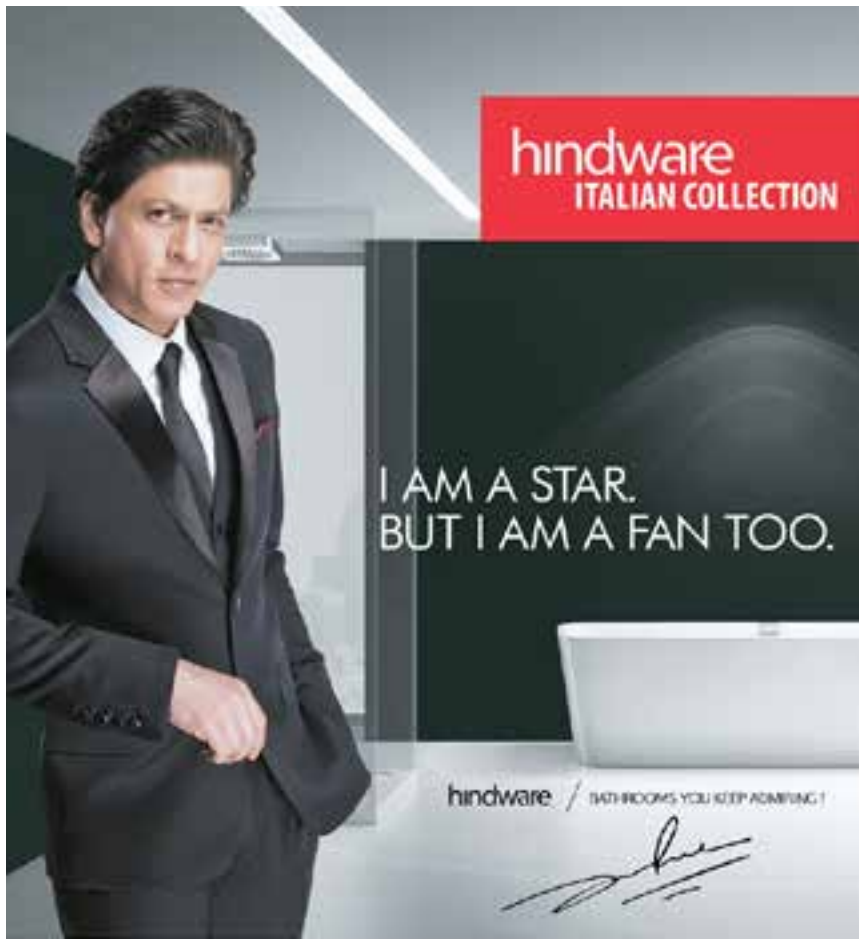
90+

dealer network

Strengthening consumer engagement

At HSIL, we take pride in leading the industry with our innovative offerings that are designed to meet the new-age consumer desires and connect deeply with them. Our faucet business, which stands out as a shining example of the Company's consumer-centric approach, showed remarkable growth over the previous year. The Company has the distinction of manufacturing the largest range of faucets in the industry. Ten new ranges of faucets were added across the Company's key brands during the year.

With technologically advanced and novel designs across the gamut of bathroom products, our flagship brand hindware consolidated its market leadership position in the sanitaryware industry, reaching out to more and more consumers across the country. Our innovative focus enabled us to expand the presence of our brands into new markets across the country. Our newly launched Consumer Products also benefitted from our various consumer-oriented initiatives through the year.





Branding & marketing initiatives

With our consumer research driving our strategic plans, we designed and invested in exclusive campaigns for various brands, using a heady combination of print, television and digital media, to strengthen the salience of each brand during the year.

The Building Products Business signed up Shah Rukh Khan for hindware as a brand ambassador and rolled out new campaign "Bathrooms you keep admiring". These campaigns have helped take awareness of hindware brand to 85 per cent top-of-mind recall. While our luxury brand Queo managed to further entrench itself in consumer minds. Launched five years ago, and designed in Italy by award-winning product designers, the Queo brand is making good progress. And, with digital media becoming an integral part of our marketing mix all our brands engaged with consumers across multiple touch points to strengthen visibility.

In the Consumer Products Business, we are currently among the top three spenders in the geyser/water heater segment. Our water heater campaign - 'Switch on Joy', and moonbow air purification campaign - 'Refresh your world', received tremendous appreciation in the brand circles, and also gained excellent visibility in the market.



New Potential

The Moonbow air purifiers, launched on online and organised retail platforms simultaneously, witnessed commendable business traction within months of launch, at the back of strong digital and print campaigns. We also received overwhelming response to the hindware-atlantic water heaters.

We harnessed the power of the digital media during the year to target the right TG through the social media. This enabled our hindware brand to engage with consumers across multiple touch points throughout the year.

Our marketing initiatives also enabled four models of hindware chimneys to remain in the top 10 sellers list on the Snapdeal platform for four months at a stretch. The EVOK e-commerce platform also continued to leverage the potential of the digital platform to drive greater traction.



Moonbow Air Purifier





Automate

For the faucet and sanitaryware business, we have 20 after sales service centres located across India, servicing 600+ districts, through "hindware care" which constitutes of in-house sales service team of 300+ certified service engineers.

Creating product differentiators

In the Building Products Division (BPD), we sharpened our technological forte to deliver superior water-saving products. We customised our new series of sanitaryware and faucets to match two distinct categories of consumers – developers looking for designer products at affordable price points, and discerning consumers aspiring for luxury offerings. Our differentiated approach has ensured that all our products resonate with the needs of their respective consumer segments in the BPD Business.

In the Packaging Products Division (PPD) Business, we are the only leading company producing special coloured bottles for some niche partners. Led by our pioneering initiatives, we have light-weighted saline and pharmaceutical bottles to make them more user and environment friendly, enabling better realisations in this division. We have also opened new vistas of growth through our strategic foray into the security caps and closures business, as a step towards creating another product differentiator for the Company.



Rimless



Creating service differentiators

Our service differentiation has made us a manufacturer of choice for our building and packaging products. We made significant investments during the year in augmenting the HSIL service infrastructure, which continues to be a strong pillar of our growth. Our service centres are committed to delivering prompt repair and replacement service, usually within 24 hours of receiving a complaint.

New Potential

Consumer Products - Pan India distribution network

100 → 225

Distribution Points

650 → 4000

Retail Points



Dealer/distribution network

The essence of our growth strategy lies in our strong dealer and distribution networks. We have a pan India distribution network that ensures timely supply of our products across the country.

Our retail distribution network is backed by a robust wholesale distribution system, consisting of 28 depots across India. These depots are strategically located to ensure smooth and streamlined supplies, backed by regular replenishment of products from all our plants, with continuous monitoring of demand.

We expanded our Consumer Products network from a mere 100 distribution points to 225 in the end of year FY2015-16. On the whole the Consumer Products Business involving both Kitchen Appliances and Water Heater reached 4000 retailers. For the coming year the Consumer Product Business is targeting to reach more than 5000 retail points involving all the large format/ mom and pop retail stores besides strengthening the reach through significant presence on all leading e-portals in India.

Building Products - Pan India distribution network

50+

cities

3000+

dealers

Retail outreach

We continued to augment the retail experience for our consumers through our expanding portfolio of Gallerias, Boutiques, Studios and Queo Emporio showrooms. To strengthen the retail reach of hindware, we added more than 15 new Gallerias during FY15-16 in cities such as Bangalore, Kolkata, Hyderabad and Chennai as well as tier 2 towns. Our four exclusive hindware Lacasa display centres at Mumbai, Bengaluru, Cochin and Ahmedabad are helping us attract architects, designers and end-consumers by showcasing our complete hindware and Queo collection. Going forward, we plan to further expand our dealer network, Gallerias, and shop-in-shops to penetrate deeper into the Tier II and III regions of the country.

The potential of our innovatively enhanced product offerings to deliver greater value to our customers, backed by our service strength, is a major driving force of our strategic business approach. With our expanding distributor, dealer and retail network, we are building a robust platform which will help propel us into the future.

Pan India distribution

20,000+

Retailers pan India

15

New gallerias added during FY16





Unveiling tomorrow's

Possibilities

Is it possible to see tomorrow's opportunities today?





Yes, it is our firm belief that the prospects for future growth are rooted in the strategic direction we take today.

It is our conviction that by nurturing the potential that is visible today it is possible to make the most of the opportunities of tomorrow.

New Possibilities

We see tomorrow's possibilities in today's potential

And we continued to adopt bold new tactics to give a more focused direction to our future plans during FY15-16....

With their desires more dynamically aligned to the growth story of modern India, and benchmarked to global standards of excellence, the new-age Indian consumers are constantly looking ahead. They see new possibilities of scaling up their lifestyle, and desire products and solutions that match those possibilities.

We are cognizant of these evolving needs of tomorrow's consumers and are creating infrastructure on which we can build the HSIL of tomorrow.

The efficiencies we are building into our operational systems, coupled with cost and resource efficiencies, we are working to create a future-centric philosophy.

Products designed for the future

We are continually innovating new products keeping tomorrow's needs in mind. From the luxury and wellness space, to purification and water heaters, our new brands and products are matched as per the expectations of the future consumers. The new-age consumers seek holistic and futuristic solutions to improve their living standards, and have the ability and willingness to invest in their comfort.

With each of our new business offerings, we are striving to capture a major chunk of an expanding consumer base. The CPVC and UPVC pipes business that we have recently entered promises to further scale up the experience of our consumers in the years ahead. Our foray into the security caps and closures business is also aligned to the future desires of our institutional clients, facing mass scale of spurious alcohol and in need of fool-proof solutions to tackle the growing menace of counterfeiting.

Sanitaryware capacity

From

3.8 million

To

4.2 million

pieces a year



As of March 31, 2016, as many as 23 of our water closets have received IAMPO certified `star rating', WEP-1. Some of our select range of faucets too have received star rating for their water saving designs.

Creating efficiencies for a sustainable future

Conservation of resources is high on our agenda for growth. To this end, we are regularly taking initiatives aimed at reducing environmental damage and resource wastage to improve efficiencies. Our R&D department remains focused on the development of `green building products' in line with the global thrust on creating energy and water efficient products. This focus will help us further minimise the environmental impact of our business.

We are the front runner, with the largest range of 'star rated' offerings of EWCs and faucets designed to minimise water usage.

Our manufacturing facilities continued to transition towards more economical and environment-friendly processes and systems during the year. Change of energy mix, which had enabled us to shift to low cost energy, is facilitating the creation of further cost efficiencies in our business.

Building capacities for the future

What we see ahead is possibilities galore, which we are proactively preparing ourselves to leverage. As part of our future-focused strategy, it is our constant endeavour to build our capacities and capabilities to meet the needs of the future. To this end, we have embarked on ambitious capacity expansion plans, which include creation of additional capacities for the manufacture of our existing as well as newly-added product streams of UPVC and CPVC pipes, as also security caps and closures.

Innovation in design and quality, greater focus on the development of sustainable green products, increased cost and resource efficiencies, and enhancement of technological prowess are some of the key measures which we see as pivotal to the translation of today's growth potential into tomorrow's possibilities for driving value.

From passion to potential. From possibilities to progress.

The strategic focus of our business is woven around the philosophy of striving passionately to create new avenues of potential, to meet the possibilities of growth that we see ahead. It is a philosophy centered on driving progress and value creation for all stakeholders.



From passion to potential.
From possibilities to progress

Building Products Division

Our strategic decision to expand into high-end luxury sanitaryware, faucets and bathroom products is driven by the demands of today's consumer. This move has consistently helped augment the scale of our Building Products Division.

Key initiatives in sanitaryware & bathroom products

- Doubling our faucets distribution led to maximising our faucets business during the year under review.
- Change in product mix in the sanitaryware segment, coupled with shift in positioning to luxury products, has led to increase in the sales of brand Queo. The luxury segment is where we see higher margins coming from, going forward.
- Coupled with our brand promotion initiatives, we have also augmented the retail experience for our customers through our expanding portfolio of Galleries, Boutiques, Studios, Lacasa display centres and Queo Emporio showrooms.
- Expanded the online retail reach of our brands through innovative digital initiatives.

Expanding potential through piping foray

As a complete solutions provider in the bathroom space, with an eye on the transforming consumer needs, we have forayed into the CPVC and UPVC pipes & fittings segment, where we expect greater scale building up in the coming years. We see in our collaboration with Japan's Sekisui Chemical Co. Ltd. for CPVC resin the potential for unleashing increased growth possibilities going forward.

Growing opportunities in consumer products

In the Consumer Products Business space, we have unveiled new possibilities for future growth, not only for the Company but also its multiple stakeholders. To keep pace with the evolving consumer desires, we saw a massive potential to leverage our strengths in the field of home comfort products. And, we decided to make the most of this potential by expanding our business into new product lines, specially purification and water heaters to begin with. The water heaters category has already shown significant expansion in Andhra Pradesh, Telangana, Uttar Pradesh, Rajasthan and Haryana markets.

In kitchen appliances, we are continuously growing our market. Growth in this category has been driven in particular by Delhi, UP, East Zone, E-Commerce and Modern Trade markets.

HSIL holds #3 position in the faucet business in the country.

₹6,500 crores



Current estimated faucet market size in India

₹1,800 crores



Current estimated size of water heater market in India

Key Products



Sanitaryware

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



Wellness

- Bath tubs
- Shower panels
- Shower enclosures
- Whirlpools

Key Building Products brands

Key Consumer Business Brands



Faucets/showers

- Showers
- Bathroom faucets
- Kitchen faucets



Allied Products

- Seat covers
- PVC cisterns
- Concealed cisterns



Consumer Products

- Kitchen Appliances (Vents, Chimneys, Waste Crusher System, Hobs, Cooktops)
- Water Heaters/Geysers,
- Air Purifier
- Kitchen Sinks

Production Capacity (In million pieces/per annum)







Products	Facility	Capacity
Sanitaryware	Bahadurgarh (Haryana)	1.8
	Bibinagar (Telangana)	2.0
Faucets	Kaharani (Rajasthan)	2.5
	Bhiwadi (Rajasthan) *(shutdown temporarily)*	0.5
CPVC/UPVC Pipes	Medak (Telangana)	*(under construction)*

From passion to potential.
From possibilities to progress

Key Institutional Clients



** In alphabetical order*

Going forward

- We shall continue to strengthen our retail focus, while keeping an eye on the institutional business, which is beginning to show signs of improvement.
- The opportunity matrix is wide, especially in the ₹ 6,500 Crore faucet market, where we have shown remarkable growth. Launch of economy range faucets under the Benelave brand is also expected to boost growth in this segment.
- The replacement market further offers exceptional growth opportunities for this division.
- We shall also continue to further deepen our reach into Tier III cities, where the response to our products has been more than encouraging.
- We shall strive to expand our Consumer Poducts Business through technologically and creatively differentiated products, that bring distinctive living to the doorstep of our consumers.
- Expansion into new geographies and strategic initiatives to boost brand relevance are the two core areas of our growth strategy in the Consumer Products Business.



From passion to potential.
From possibilities to progress

Packaging Products Division

From manufacturing glass and PET bottles, under the AGI and Garden Polymers (GP) brands respectively, we have expanded the potential of our Packaging Products Division (PPD) Business to new horizons of growth. Despite an overall sluggishness in the industry, we continued to invest our efforts into reviving our existing segments and growing the new ones, thereby enabling a business turnaround. Improved capacity utilisation and enhanced efficiencies contributed in a big way to boost growth and profitability in this division, where we see new possibilities opening up in the years ahead.







Key initiatives in PPD

- The year under review saw HSIL decide to foray into the manufacture of security caps and closures,thus promising to add new avenues of growth. Construction of the manufacturing facility for this business is going on in full swing.

- Our value-added specially coloured bottles business has also contributed to profitable growth in this segment, both in the domestic and exports markets.

- Increased capacity utilisation for coloured bottles, as well as chemical and smaller bottles, led to a positive effect on the profitability of our PPD business as we passionately strove to deliver excellence to our marquee clients, notable among them being Nestle, HUL and Pepsi.

Key Products

Glass Containers, PET Bottles, Security Caps and Closures (under construction)

Products	Facility	Capacity
Glass Containers (tonnes per day)	Sanathnagar, Hyderabad, (Telangana)	650*
	Bhongir (Telangana)	950
PET Bottles (tonnes per annum)	Selaqui (Uttarakhand)	7,050
	Dharwad (Karnataka)	2,450
Security Caps & Closures	Medak (Telangana)	*(under construction)*

**Out of total capacity 300 tonnes/day is shutdown at present.*

Going forward

- We shall focus on innovating new product designs and building higher efficiencies as part of our continued efforts to grow the business.
- We shall also strengthen our focus on value-added products, with our manufacturing facility for security caps and closures becoming operational in the coming quarters.
- We are also moving strategically into the production of new Narrow Neck Press & Blow bottles.

Key Brands

Key Industries Catered

Liquor | Beer | Food & Beverages | Pharmaceuticals | Chemicals

Key Clients

** In alphabetical order*

Where passion meets

Responsibility

Passion at work is just one facet of our business philosophy. An equally, if not more important aspect of our business focus is our Corporate Social Responsibility (CSR) function, to which we have been totally committed since the inception of our business.

Driven by our social mandate, we further invested in our CSR agenda during FY15-16 to take forward our existing programmes and launch new initiatives aimed at inclusive growth of the communities around which we operate. One key initiative in this respect was the `Aap Ke Liye' project launched in Bhiwadi in Rajasthan in October 2015 as part of our mission to carry forward the Central Government's `Swachh Bharat Abhiyan'.

Under the project, we built additional 25 toilets, taking the total number to 50 in village Sahrod. These toilets have been constructed within the compound of the village homes to encourage use by the entire family. The Community Water Centre (CWC),which has a capacity of 1000 litres, has been built at the village centre to provide clean drinking water to the villagers. The CWC uses RO (Reverse Osmosis) technology to ensure supply of pure water. The CWC is much appreciated by the villagers as they were earlier dependent on ground water, which contained impurities and caused health issues.

The `Aap Ke Liye' project, encompassing the provision of sanitation facilities, water supply and distribution in select locales or villages, addresses three core issues. As the first step, HSIL is providing



infrastructure, which is followed by imbuing the rural people with a mind-set change to use toilets. The third part of the project involves supply of safe drinking water.

We have tied up with 'MA My Anchor Foundation' for this programme, which we plan to replicate soon in another village. In tandem with the project philosophy, the Foundation is engaged in creating awareness and building capacities to sensitise the rural community about the importance of drinking clean water and maintaining hygiene.

The Community Water Centre (CWC) which has a capacity of

1000 litres

has been built at the village centre

Our CSR focus in Bahadurgarh encompasses four major activities - Stitching classes for women, full-fledged Dispensary, IT training (Computer classes) and Literacy classes for all gender & age group.

The dispensary was further revamped with diagnostic facilities as well as induction of a women doctor. This facilities is managed by experienced doctors and staff to cater to the medical needs of the people in and around HSIL's Bahadurgarh plant.

Enhancing Skill development is one of the key pillar of our CSR initiatives. Thus apart from are existing stitching & vocational classes we started literacy classes to impart basic eduction. This new initiatives just concluded training two batches of pupils.

The hindware orphanage (housing 23 girls and seven boys in the 4-16 years age group) we built in Bahadurgarh has been handed over to the Government but we actively monitor its progress.













Consistent

Performance

15.70%

6-year CAGR in Net Sales

14.27%

6-year CAGR in PAT

13.90%

6-year CAGR in total EBITDA

12.36%

6-year CAGR in cash profit

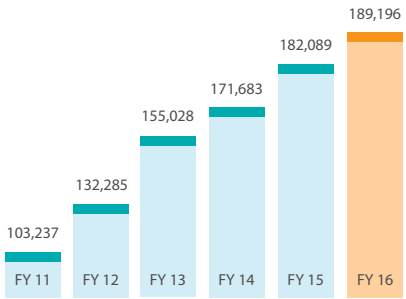
18.84%

6-year CAGR in PBT

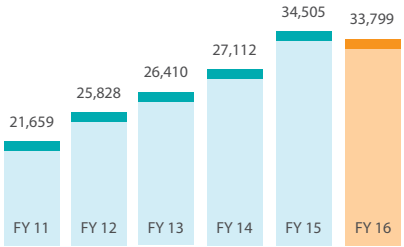
9.18%

6-year CAGR in EPS

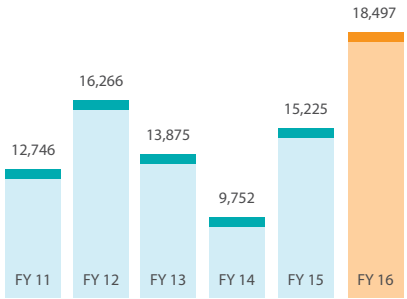
Escalating Net Sales (₹ in lacs)



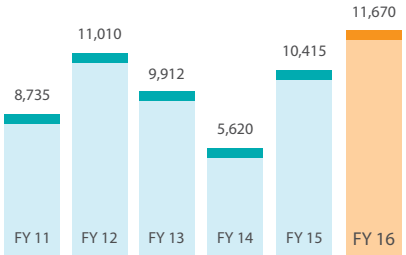
Surging EBITDA (₹ in lacs)



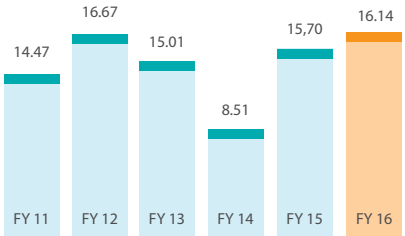
Growing PBT (₹ in lacs)



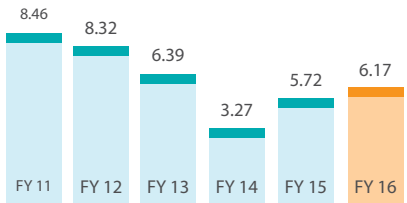
Accelerating PAT (₹ in lacs)



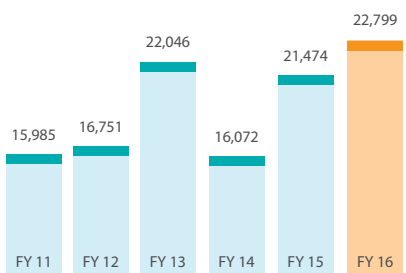
Sustainable EPS (₹)



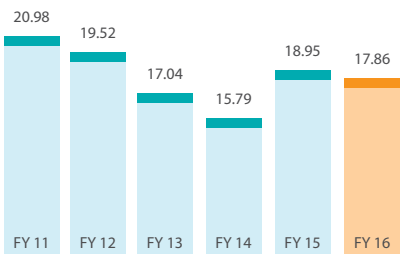
PAT Margin (%)



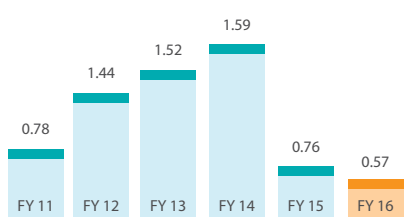
Increasing Cash Profit
(₹ in lacs)



EBITDA Margin (%)



Strong Debt-Equity Ratio



CMD's

Review

"On our performance during the year, one key factor that equipped us to battle the market unpredictability was our focus on enhancing operational and cost efficiencies across our business fabric."



Dear Shareholders,

I write to you at the end of another iconic year for your Company. It has been a year of diversification into new product streams aligned to the evolving taste of the consumers, and also a year of moving further up the value chain towards the higher end of the market. While our newly launched Consumer Products Business has opened to excellent response, our foray into CPVC and UPVC pipes and the fittings business promises to unveil new vistas of expansion for us. With these initiatives the stage is now set for us to scale higher echelons of growth.

As you are well aware, changing lifestyles and aspirations have always guided our strategic focus, and it further steered our growth charter during the year despite the challenging macro environment. The business continued to be pressured by persistent stagnation in the real estate market, particularly in the residential space, coupled with increased competition from global brands. In addition, the volatility in the market posed serious risks to our progressive plans through the year, threatening to derail our growth trajectory. But we handled these myriad challenges efficiently and with focus.

Also, on the brighter side, some signs of positivity emerged in the commercial real estate segment and we were quick to make the most of the opportunities on the strength of our leaner and more flexible business model. This enabled us to leverage the potential in the replacements market to drive expansion in the Building Products Division (BPD). We also initiated focused measures to strengthen our Packaging Products Division (PPD)by venturing into new and more profitable avenues of growth, notably in the manufacture of security caps and closures. Besides, our newly launched Consumer Products Business business is already showing signs of delivering extraordinary prospect, triggering a new wave of optimism in the organisation.

The external macro environment is also witnessing noticeable winds of change, which promise to further propel growth for the industry. The Government's initiatives to boost the economic sentiment, led by initiatives such as `100 Smart Cities', `Swachh Bharat Abhiyan' and housing for all are beginning to translate into some positive change on the ground and we see these developments emerging as precursors of growth. The Government's decision to housing loan interest rates also comes as a welcome move, as it makes homes more affordable.

In my opinion, market dynamics, coupled with an expanding middle class, will continue to create higher demand for our products across all our business segments.

Building efficiences

Elaborating further on our performance during the year, one key factor that equipped us to battle the market unpredictability was our focus on enhancing operational and cost efficiencies across our business fabric. From fuel and raw material savings to increased recoveries, especially at our Bahadurgarh plant, we have successfully achieved excellent efficiencies through our value chain and remain committed to the creation of higher efficiencies going forward. I am confident that our improved operational efficiencies, backed by better cost management, will play a pivotal role in further consolidating our leadership position across all our business segments in the coming years.

Talking of efficiencies, as you know environmental protection and resource management has also been a core thrust area for your Company over the years. Our water efficiencies today match global standards and we are credited with setting up the first Effluent Treatment Plant in Haryana. We have the distinction of offering the largest range of WEP star-rated products and also the largest range of green certified faucets. Reduced fuel consumption at the kiln, better raw material mix and recycling of broken sanitaryware are other key measures we have initiated to nurture ecological and resource-led efficiencies.

Nurturing The Brand

As mentioned earlier, growing competition, especially from international brands, has emerged a serious threat in recent times, necessitating enhanced focus on nurturing our brand strength. While we already enjoy strong brand salience. We have now upped the ante even more, with a healthy 360°promotional package encompassing the print, TV and digital (including social) media. The result of our brand and marketing initiatives is manifest in the increased visibility and recall of our brands.

Social Agenda

Besides our strong environmental and water saving focus, our social agenda encompasses a wide expanse of other activities aimed at promoting inclusive growth. As a socially aware and responsible corporate, we have imbibed within our organisational framework a people-centric philosophy that drives our Corporate Social Responsibility (CSR) focus. We have in place a well-documented CSR policy that is centered on the eradication of hunger and poverty, promotion of education, health and gender equality, providing vocational skills and ensuring environmental sustainability, among others.

During the year gone by, we launched a new CSR project in Bhiwadi, Rajasthan, under the aegis of `AapkeLiye', involving construction of toilets and a Community Water Centre (CWC) for integrated development of Sahrod Village in the first phase. With this project, which also encompasses water supply and distribution, we have taken another major step in taking forward our CSR agenda.

The Way Forward

It has, no doubt, been an exciting and satisfying year for us, and we take pride in the many milestones we have achieved during 2015-16. But these successes would not have been possible without the dedicated and unstinted efforts of our team members, who have individually and collectively steered our ambition to become the preferred choice of consumers in the businesses of our presence. I would like to take a moment to thank all members of the HSIL family, as well as all other stakeholders, on my own behalf and on behalf of all the Board members.

Having come so far, it is time now to look ahead and surge forward to cross new frontiers of growth. What I see ahead is substantial expansion across all our business divisions. The real estate sector is already showing signs of improvement and the wide consumer acceptance of our Consumer Products Business promises excellent potential for higher growth, going forward. The innovative products we have added to our PPD business segment will also start contributing to our revenues in the coming years, adding a new shine to our performance. Our focus on retail, which continues to be a strong growth driver for the industry, also augurs well for our future growth.

With such positivity to propel our growth, and with the continued support and cooperation of all our stakeholders, customers and business partners, I am sure we shall notch even bigger successes going forward.

Warm Regards

Rajendra K Somany

Chairman and Managing Director

JMD's

Review

"Our foray into new streams of growth in the Building Products Division (BPD) and remarkable gains in the Packaging Products Division (PPD) were the key highlights of your Company's business during the year."



Dear Shareholders,

Your company has ably sustained a level of growth over last few years despite the continuous challenges in domestic and global economies, and last year was no different. Though the macro external environment remained subdued, the Indian growth story has continued to be on track, primarily steered by the government initiatives for faster structural reforms such as increased FDI, public investments, etc. which has helped raise market sentiments.

Driven by a vigorous strategic approach, your Company posted growth during the year. Our performance has been built on the foundation of our three pillars of progress – passion, potential and possibilities, which enabled us to remain bullish across our business segments despite slower growth in the infrastructure and housing sectors.

With consumers at the core of our strategic charter, we successfully leveraged the emerging market opportunities to report growth during the year. Not with standing a sluggish real estate environment, we achieved Total Income from operations of ₹1948 Crores representing growth of around 4.7%, with PBT growth of 21.5%. Strategic diversification into new business verticals carrying higher growth potential, coupled with improved efficiencies and prudent fiscal management, created a favorable environment for your Company to scale operations and bottom-line growth during the year.

Our foray into new streams of growth in the Building Products Division (BPD) and remarkable gains in the Packaging Products Division (PPD) were the key highlights of your Company's business during the year. Aimed at enabling sustained growth, and steered by enhanced value proposition for our customers, our growth strategy yielded excellent returns.

Net Revenue in our Building Products Division grew 10.5% during the year to ₹ 1,034 Crores from ₹ 936 Crores in the previous fiscal. Growth in this business, led by the faucet segment, was driven by our consistent and consumer-centric strategy, thereby we strengthened our product portfolio and expanded our bouquet of value-added solutions to match the transforming customer needs and aspirations. Another factor that is yielding rich dividends for our BPD business is our strategic decision to enhance our focus on the high end luxury segment.

I am also proud to state that our Packaging Products Division notched new milestones of excellence during the year. Despite the lower net revenue by around 1.2% of ₹ 909 Crores during the financial year 2015-16, the division reported an excellent EBIT growth of around 35% over the previous financial year. Equipped with a strong technological and innovative edge, we have pioneered the manufacture of light-weighted, user friendly bottles to boost competitiveness and profitability in this business. Further, led by our commitment to provide value-added offerings to all our customers, we have expanded the ambit of our PPD business into the manufacture of security caps and closures. This initiative is targeted at our esteemed customers, who have been facing the menace of counterfeiting in their products.

Our synergistic foray into the plastic piping (CPVC and UPVC) business is another development that we anticipate will translate into further growth avenues for BPD going forward. I am confident that our tie-up with Japan's Sesikui Chemical Co Ltd for CPVC resin will facilitate our progress in this business. The levers of growth are firmly in place and we are well placed to use them to capitalise on the possibilities that seem ready to open up in BPD.

What I see ahead is remarkable growth potential in this business, especially with the increased Government thrust on construction and infrastructure segments for national development.

As mentioned earlier, customer remains a key factor in steering our sustainable growth charter and we are strategically harnessing the opportunities to grow our recently launched Consumer Products Business. With strong acceptance of our new Consumer Products Division, led by 'hindware-atlantic' water heaters and 'moonbow' air purifiers, we foresee immense market potential to scale up in this business going forward. The existing setup of sales and distribution network for consumer products is already delivering good results for this business and we plan to expand it further to meet the increased demand that we are expecting over the next few quarters. We have optimistically planned to target the establishment of 1000 distributors and 10,000 retail points for our consumer products in the next 2 years, which we are confident of achieving, given the highly positive response.

As a market packed with possibilities for continued expansion and progress, India continues to offer a large matrix of potential growth drivers for us. At HSIL, we are continuously finding ways to tap these opportunities by strengthening our capacities and capabilities across our business segments. Your Company's goals are aligned to the needs of the future and to this end we are augmenting our manufacturing prowess to create additional capacities for the production of our new product streams, pipes, security caps & closures. In our existing business, we are currently engaged in expanding our sanitaryware manufacturing capacities to 4.2 million pieces per year from the current 3.8 million. I am confident that the capacity additions we have strategically embarked on will create the necessary infrastructure for our journey into the next phase of growth and take on the opportunities of tomorrow.

Capacity expansion is, of course, only one, albeit critical facet of our progressive agenda. A better product mix, sustained and prudent focus on cost rationalisation, and continuous efforts to boost plant efficiencies are some of the other crucial facets of our strategic growth plan. Innovation, along with judicious resource management, will remain significant enablers as well,as we prepare to create a more conducive environment for higher growth and value delivery.

The signs of positivity are well defined and clearly visible. With a better financial leverage position and reduced long-term debt, your Company is poised to take the next big leap in its future growth trajectory. Strong brand salience, backed by a transformational vision aligned to the evolving needs of a more discerning consumer base, will continue to propel us on the path to greater progress. .

Partnering us in this journey of progress are our valued customers, who are central to our strategic plans, as also our dedicated employees, investors, bankers and others. I take this opportunity to thank them all for helping us realise our inherent potential to deliver higher value to our stakeholders.

Warm Regards

Sandip Somany
Joint Managing Director

Financial Highlights

Balance Sheet

(₹ in lacs)

	2011-12	2012-13	2013-14	2014-15	2015-16
Equity Share Capital	1,320.97	1,320.97	1,320.97	1,445.97	1,445.97
Reserve and Surplus	36,590.40	44,184.51	47,414.50	54,358.03	62,538.58
Share Premium	21,144.82	21,144.82	21,144.82	45,497.87	45,497.87
Business Reconstruction Reserve	42,267.37	42,267.37	42,267.37	42,267.37	40,623.91
Loan Fund *	84,801.61	1,01,089.66	1,11,185.54	76,754.52	62,326.88
Deferred Tax Liability	7,382.86	11,008.86	11,540.41	10,449.86	10,098.01
Other Long Term Liabilities (excluding trade deposits)	218.15	228.95	201.02	186.57	123.01
Long Term Provision	293.79	393.11	422.11	724.52	798.65
Total	**1,94,019.97**	**2,21,638.25**	**2,35,496.74**	**2,31,684.71**	**2,23,452.88**
Gross Block	1,39,809.21	1,80,209.52	2,03,930.27	2,22,993.90	2,27,482.85
Less:Depreciation	33,611.36	41,886.93	55,207.16	67,040.21	78,106.45
Net Block	106,197.85	1,38,322.59	1,48,723.11	1,55,953.69	1,49,376.40
Capital Work-in-Progress (including capital advances)	36,859.02	9,437.29	15,042.62	4,542.08	8,197.36
Investments	18,646.72	19,706.93	13,274.00	14,448.58	15,577.40
Long-term loans and advances (excluding capital advances)	2,003.52	1,538.15	1,868.58	1,599.34	2,129.09
Other non-current assets	541.31	155.01	169.50	135.58	26.56
Current Assets					
Inventories	27,327.53	36,206.83	40,573.00	43,571.43	45,467.97
Sundry Debtors	22,471.22	35,109.80	40,937.84	40,674.66	38,721.41
Cash and Bank	7,140.49	7,920.49	5,846.90	2,396.46	1,810.22
Loans and Advances	4,757.96	6,157.68	3,848.54	4,659.34	4,888.97
Other Current Assets	108.45	128.32	194.41	203.22	168.50
Current Liabilities					
Trade payables	10,625.97	13,166.92	13,710.00	12,850.89	14,563.19
Other Current Liabilities (other than current maturities of long term borrowings)	18,643.56	17,375.07	18,508.85	19,592.92	24,029.80
Short-term provisions	2,764.57	2,502.85	2,762.91	4,055.86	4,318.01
Net Current Assets (Working Capital)	**29,771.55**	**52,478.28**	**56,418.93**	**55,005.44**	**48,146.07**
Total	**1,94,019.97**	**2,21,638.25**	**2,35,496.74**	**2,31,684.71**	**2,23,452.88**

* Loan Fund = Long Term Borrowing + Short Term Borrowing + Trade Deposits + Current Maturities of long term borrowings.

Statement of Profit & Loss

(₹ in lacs)

	2011-12	2012-13	2013-14	2014-15	2015-16
Gross Sales	1,42,214.52	1,68,189.20	1,85,571.06	1,96,502.76	2,04,169.84
Less: Excise Duty	9,929.88	13,161.18	13,887.77	14,413.80	14,974.01
Net Sales	1,32,284.64	1,55,028.02	1,71,683.29	1,82,088.96	1,89,195.83
Other Income	2,201.35	2,806.21	3,338.22	3,974.36	5,619.55
Total Income	**1,34,485.99**	**1,57,834.23**	**1,75,021.51**	**1,86,063.32**	**1,94,815.38**
Purchase of Traded Goods	21,274.04	22,524.97	28,867.21	32,814.14	35,157.36
Power and Fuel	27,269.87	39,654.64	37,701.70	28,012.20	23,114.10
Manufacturing,Administrative and Other Expenses	46,096.43	53,411.43	64,320.34	71,026.89	79,344.12
Employee Cost	14,017.79	15,832.76	17,020.54	19,705.19	23,400.38
Total Expenses	**1,08,658.13**	**1,31,423.80**	**1,47,909.79**	**1,51,558.42**	**1,61,015.96**
EBITDA	25,827.86	26,410.43	27,111.72	34,504.90	33,799.42
Depreciation and Amortisation	5,670.28	8,507.78	10,570.48	11,925.11	11,480.48
EBIT	20,157.58	17,902.65	16,541.24	22,579.79	22,318.94
Interest	3,891.21	6,394.16	6,789.43	7,355.15	3,822.32
PBT before Exceptional Items	16,266.37	11,508.49	9,751.81	15,224.64	18,496.62
Exceptional Items	-	2,366.30	-	-	-
Profit Before Tax	16,266.37	13,874.79	9,751.81	15,224.64	18,496.62
Income Tax	5,185.45	336.55	4,249.81	5,676.15	7,178.15
Deferred Tax	71.02	3,626.00	(117.97)	(866.48)	(351.85)
Profit After Tax	11,009.90	9,912.24	5,619.97	10,414.97	1,1670.32
Cash Profit	16,751.20	22,046.02	16,072.48	21,473.60	22,798.95

Key Ratios

Ratio Analysis

(₹ in lacs)

KEY PERFORMANCE INDICATORS	2011-12	2012-13	2013-14	2014-15	2015-16
Networth *	59,056.19	66,650.30	69,880.29	1,01,301.87	1,09,482.42
Capital Employed **	1,93,508.03	2,21,016.20	2,34,873.61	2,30,773.62	2,22,531.22
Average Capital Employed	1,55,151.25	2,07,262.11	2,27,944.90	2,32,823.62	2,26,652.42
Average Loan Funds	62,083.89	92,945.64	1,06,137.60	93,970.03	69,540.70
Cash Profit	16,751.20	22,046.02	16,072.48	21,473.60	22,798.95
Net Domestic Turnover	1,24,806.72	1,45,693.81	1,62,155.96	1,68,540.58	1,75,356.34
Export Turnover	7,477.92	9,334.21	9,527.33	13,548.38	13,839.49
Dividend (%)	150.00	150.00	150.00	175.00	200.00
Market Price - (₹) (End of year at NSE)	143.65	91.05	130.85	450.60	278.30
Total Dividend Payout(including Dividend Tax)	2,302.82	2,318.13	2,318.13	3,036.30	3,480.57
Retained Earnings	8,707.08	7,594.11	3,301.84	7,378.67	8,189.75

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

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

Balance Sheet Ratios

	2011-12	2012-13	2013-14	2014-15	2015-16
Return on Networth (%)	18.64	14.87	8.04	10.28	10.66
Return on Average Capital Employed (%)	12.99	8.64	7.26	9.70	9.85
Debt Equity Ratio	1.44	1.52	1.59	0.76	0.57
Debtors Cycle (Days)	58	76	81	76	69
Inventory Cycle (Days)	75	85	86	87	88
Net Current Assets Turnover (Days)	82	124	120	110	93
Turnover/Net Current Assets	4.44	2.95	3.04	3.33	3.93
Turnover/Inventory	4.84	4.28	4.23	4.18	4.16
Turnover/Capital Employed	0.68	0.70	0.73	0.79	0.85
Turnover/Net Block	1.25	1.12	1.15	1.17	1.27
Net Block/Capital Employed	0.55	0.63	0.63	0.68	0.67
Working Capital/Capital Employed	0.15	0.24	0.24	0.24	0.22

Statement of Profit & Loss Ratios

	2011-12	2012-13	2013-14	2014-15	2015-16
Domestic Sales/Turnover	94.35	93.98	94.45	92.56	92.69
Export Sales/Turnover	5.65	6.02	5.55	7.44	7.31
Excise/Turnover	7.51	8.49	8.09	7.92	7.91
Margins (%)					
EBITDA Margin	19.52	17.04	15.79	18.95	17.86
EBIT Margin	15.24	11.55	9.63	12.40	11.80
Pre Tax Profit Margin#	12.30	7.42	5.68	8.36	9.78
PAT Margin	8.32	6.39	3.27	5.72	6.17
Expenses					
Goods Purchase for Resale/Total Expenses	19.58	17.14	19.52	21.65	21.83
Power and Fuel/Total Expenses	25.10	30.17	25.49	18.48	14.36
Manufacturing, Administrative and Other Expenses/ Total Expenses	42.42	40.64	43.49	46.86	49.28
Employee Cost/Total Expenses	12.90	12.05	11.51	13.00	14.53
Interest Cover (times)	6.64	4.13	3.99	4.69	8.84
Cost of Debt (%)	6.27	6.88	6.40	7.83	5.50
Per Share Data (₹)					
EPS (Face Value ₹ 2/-)	16.67	15.01	8.51	15.70	16.14
CEPS (Face Value ₹ 2/-)	25.36	33.38	24.34	32.38	31.54
Book Value (₹)	89.42	100.91	105.80	140.12	151.44

Before exceptional items

Board of Directors



Rajendra K 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 61-year work experience
- Active member of Rotary for past 54 years
- Executive Board member of Indian Green Building Council (IGBC)
- Chairman of Indian Plumbing Skills Council (IPSC)
- Presented with 'Lifetime Achievement' award by Washroom & Beyond, reputed trade magazine
- Presented with 'Lifetime Achievement' award by Indian Plumbing Association (IPA)
- '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
- 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, Institute of Directors, American Ceramic Society, Institute of Materials, Minerals and Mining, UK (IOM^3) and life fellow of the All India Management Association
- Member of Corporate Affairs Committee of the Company



Sandip Somany
Joint Managing Director
Since: 11.11.1994 (Associated with the Company since 01.10.1985)

- Commerce graduate and a diploma holder in Ceramic Manufacturing Technology from the US
- A 31 year work experience in the ceramics and glass industry
- Former President of PHD Chamber of Commerce and Industry (PHDCCI)
- Immediate Past-President of International Chamber of Commerce - (head quarter in Paris) India Chapter
- Member of the Executive Committee of FICCI
- Member of Managing Committee of 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 and CSR Committee of the Company



Sumita Somany
Since: 29.05.2014

- A Commerce Graduate
- Whole-time director of Hindware Home Retail Private Limited (HHRPL)



G. L. Sultania

Since: 09.01.2006

- B .Com, F.C.A., F.C.S. 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



V. K. Bhandari

Since: 17.01.2004

- An FCA with over 34 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 31 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 ,Haikui AG Hamburg, Dongshan China and Lecico Egypt S.A.E.



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
- Chairman of Cosmo Ferrites Limited
- Member of the Board of Governors of the Indian Institute of Technology, Indore
- Former Executive Committee Member of Federation of Indian Chambers of Commerce & Industry (FICCI), New Delhi
- Member of Audit Committee and Nomination and Remuneration Committee of the Company

Board of Directors



Salil Bhandari
Since: 29.05.2012

- An FCA, B. Com. (Hons.) from Shri Ram College of Commerce, Delhi University and Diploma in Business Administration from the All India Council for Management Studies, Chennai
- Founder and Managing Partner of BGJC, 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)
- Former Chairperson of Society for Integrated Development of Himalayas (SIDH) from 1989 to 2006 and Child Fund India from 2005-09
- Was the member of Task Force – Commission on Centre State Relations, Govt. of India in 2008
- Was a Managing Committee member at ASSOCHAM from 2005 to 2011
- Was a member of the Advisory Committee, Dept. of Company Affairs, Govt. of India from 2003 to 2005
- Currently on the Board of the Indian Institute of Management (IIM), Indore.
- 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) 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 and 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
- Director to various companies
- 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

In a world of infinite aspirations and finite resources, the companies best positioned for success are the ones that have flexible growth strategies.

In a world of infinite aspirations and finite resources, the companies best positioned for success are the ones that have flexible growth strategies, the capacity for quick diversification, and the ability to anticipate the future needs of consumers. With its business philosophy rooted in these key strategic charters of growth, HSIL has consistently retained its market leadership in India, whose current phase of growth is perhaps only the prologue to a much bigger story of economic might.

As India stands on the cusp of higher economic growth, HSIL is getting ready to make the most of the burgeoning opportunities. Notwithstanding a period of slack growth, premium real estate continues to hold promise, even as the emerging urban youth population in India is becoming more aspirational, with their demands more aligned to global preferences. The opportunity landscape for HSIL is indeed large.

GLOBAL ECONOMY

Globally, the year 2015-16 was hard to define, as various political events overshadowed economic activities. Overall, the advanced economies showed gradual improvement after an initial period of shaky growth, but the developing countries experienced a slowdown. China, in particular, witnessed slow growth, leading to a detrimental effect on commodity prices worldwide.

At a regional level, the economic scenario was marred by erratic trends. While Europe was pre-occupied with an unprecedented refugee crisis, the Middle Eastern oil economies suffered sharp revenue losses, and the American recovery hit a hurdle as output slowed down. Japan focused on stimulating growth but struggled with its massive debt.

As per the World Economic Outlook released by the International Monetary Fund (IMF) in April 2016, global growth in 2015 stood at 3.1%.

Global & Regional Growth Estimates (%)

	2015	2016	2017
World Output	3.1	3.2	3.5
Advanced Economies	1.9	1.9	2.0
United States	2.4	2.4	2.5
Euro Area	1.6	1.5	1.6
Japan	0.5	0.5	-0.1
Emerging and Developing Asia	4.0	4.1	4.6
China	6.9	6.5	6.2
India	7.3	7.5	7.5

(Source: International Monetary Fund, April 2016)

India surges ahead of China; gap expected to increase further

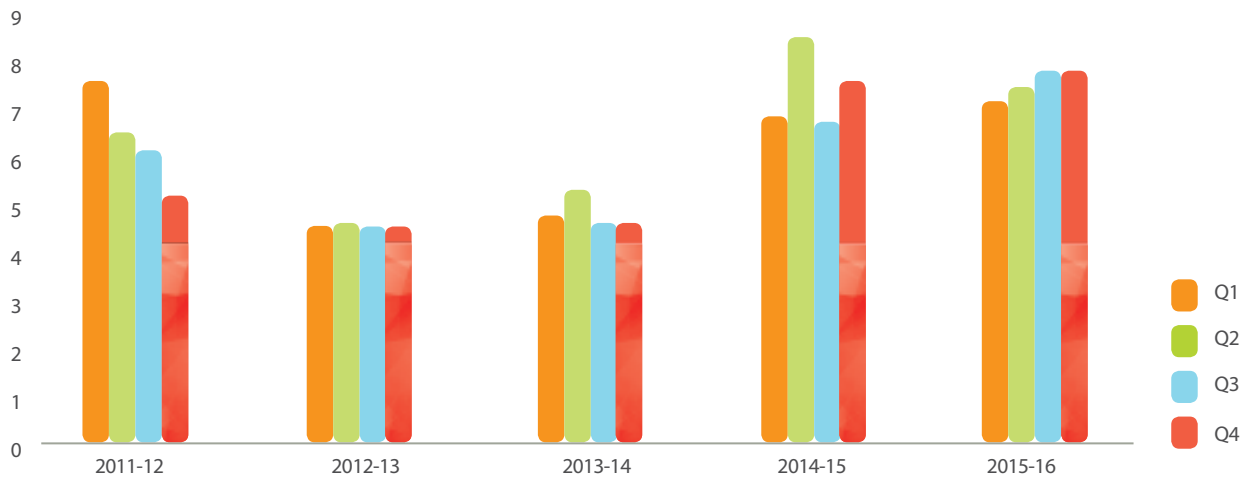
Amid serious concerns over the state of the world economy, India remained a bright star. While in 2014 its overall growth rate was at the same level as China, in 2015, India was decidedly ahead by the end of the third quarter, surpassing China's 6.9 per cent growth and also out-pacing all other emerging economies.

The gap between India and China is expected to increase further, in favour of India, by the end of 2016. While the Indian economy is likely to maintain the growth momentum going forward, economic growth in China is expected to drop further, as per the IMF forecast.

INDIAN ECONOMY

Though India was not insulated from the global developments, its focus on developing the domestic market rather than relying on commodity and product exports protected it to a large extent from the external turmoil. Led by higher manufacturing growth and gains from benign crude oil prices, the Indian economy was estimated to have grown at 7.6%, according to reports.

Positive outlook - India's GDP at factor cost (2004-05 prices)



(Source: MOSP-Business Line)

That the Indian growth story is still intact is evident from the fact that in the fourth quarter of FY2015-16, India's Consumer Confidence Index score at 134 was the highest globally, according to an AC Nielsen consumer confidence survey. This is the highest for the country since 2007 and comes after three consecutive quarters at 131. In comparison, Consumer Confidence Index score for United States and China stood at 110 and 105 respectively. The survey also showed that almost two-thirds of Indian consumers spend as soon as the idea of buying occurs to them, instead of postponing the purchase – a clear sign of the strong consumer sentiment in the country.

Consumer spending in India is forecast to rise to US$3.6 trillion by 2020.

Housing is one of the segments expected to see the highest rates of spending, which will give a boost to all related industries. The slew of regulatory measures introduced for the housing and real estate sector in the year 2015, coupled with the recent budget is expected to increase investment activity in the sector. The recently passed Real Estate (Regulation & Development) Bill, 2016, through easing of the home-buying process, may also provide a tailwind to the sector. The housing sector is also likely to see improved recovery as a result of the various housing schemes announced by the government.

(Source: India Briefing, BCG)

Consumer spending is likely to nearly quadruple by 2020

DESCRIPTION	SPENDING, 2010, (US$ BILLIONS)	GROWTH	SPENDING, 2020 (US$ BILLIONS)
Food[1]	328	2.7X	895
Housing and Consumer Durables[2]	186	4.0X	752
Transportation and Communication	168	3.9X	664
Education and Leisure[3]	71	4.2X	296
Clothes and Footwear	59	3.8X	225
Health	49	3.8X	183
Other[4]	129	4.4X	570
Total	**991**	**3.6x**	**3,584**

Sources: Euromonitor; National Sample Survey Office; BCG proprietary research with 6,300 consumers: BCG analysis.

NOTE: *Spending is calculated in nominal dollars US$1= 46 rupees*

1 *Includes alcoholic beverages and tobacco but excludes food sold in restaurants, hotel and kiosks.*

2 *Includes utilities, household products, household help, consumer durables, home renovations, and rent.*

3 *Includes Internet access and entertainment.*

4 *Includes personal care, baby care, loan payment, holidays, and social gatherings.*

Notwithstanding the challenges faced by the Indian economy due to the uneven recovery in the world economy, strong domestic factors lift the economic growth outlook for the Indian economy. An environment of declining inflation, coupled with the government's fiscal prudence, has given the Reserve Bank of India a window to reduce lending rates. This, in turn, could benefit consumers through cheaper home loans and personal loans, among others. The government is also geared to implement the 7th pay commission recommendations. It is expected that when this happens, expenditure on pay and pension will increase by 20%, placing additional income in the hands of government employees and armed force veterans thereby benefitting several sectors, real estate included.

The government's commitment to executing reforms, an above normal monsoon leading to revival in rural demand, acceleration in public investments and a pick-up in domestic demand are all expected to bring in positive results for the economy, going forward. The IMF forecast released in April 2016 put the Indian GDP growth at 7.5% in 2016, to stay at the same level in 2017. This is higher than the projected global GDP growth of 3.2% and the emerging economies' collective growth of 4.1% in 2016.

134

Indian Consumer Confidence score at the end of Q4 FY2016, the highest globally.

(Source: AC Nielson Survey)

US$3.6 trillion

Indian consumer spending by the year 2020

(Source: Boston Consulting Group)

BUILDING PRODUCTS INDUSTRY

Sanitaryware

In terms of the demand for sanitaryware, India is a market with the maximum potential in the Asia-Pacific region – and is expected to remain so for the next few years. The region itself is ahead of Europe, the Americas, and the rest of the world with respect to the industry demand. Research on the market for building materials in India lists sanitaryware among the five main product categories that have a strong demand forecast for the coming years.

Market mix, size and growth trend

The sanitaryware industry in India is divided into the organised and unorganised sectors, roughly in a 55:45 ratio. The major source of demand for sanitaryware products is the retail sector. Region wise, the South is the biggest revenue contributor for sanitaryware, followed by the North, especially Delhi NCR.

(Source: TechSci Research)

The total size of the sanitaryware market in India is currently estimated at ₹ 3,800 Crores with the long-term growth trend expected to be robust. As per industry reports, the overall market is growing at a CAGR (compound annual growth rate) of about 12-14 per cent over the last four years and is projected to have an even higher growth of nearly 14-16 per cent by 2021. Players in the organised sanitaryware market are expected to be a major beneficiary of this growth due to the shift in the preferences of the consumers towards high value products.

During the year under review, with economic growth not witnessing significant traction and market sentiment remaining low,the real estate sector did not gather sufficient momentum, as evident from the large unsold inventory in large real estate projects. Thus, demand for building products from the institutional segment remained muted. Discretionary spending was also impacted during the year, thereby limiting sales for building products from retail buyers.



FAUCETS

Market mix, size and growth trend

The faucet industry in India is currently estimated at ₹ 6500 Crores estimated and has been growing at a CAGR of 16 per cent. The market is mainly segmented into categories of kitchen faucets and bathroom faucets, with bathroom faucets being the predominant category. Currently, 52 per cent of the market share in this category is being held by organised players. This share is expected to see a significant increase in the coming years on the back of evolving consumer taste and increasing demand for branded and perceptive faucet designs. According to the Value notes Report - 'Faucets Industry in India: 2014-2019', the faucet market in India is projected to grow at a CAGR of 16 per cent, to reach ₹ 10,500 Crore by FY 2019.

CONSUMER PRODUCTS

Water heaters



The water heater market in India, comprising electric water heaters, solar water heaters and gas water heaters, is currently estimated at around ₹ 1,800 Crores. Of the three categories, electric water heaters are the most popular among consumers. With their innovative features that combine energy efficiency, quality standards and safety focus, branded water heaters are becoming increasingly popular across residential and commercial sectors. This is expected to drive higher growth of the branded water heater market in the coming years; currently, the growth is around 20 per cent a year.

Air purifiers



Worsening air pollution levels in India have propelled the demand for air purifiers to eliminate impurities such as dust particles, pollen, smoke and other airborne irritants. With increasing awareness about the detrimental health effects of these pollutants, more people are now seeking solutions that will help them inhale cleaner indoor air. This is giving a fillip to the market for air purifiers, which is expected to witness exponential growth in the years ahead. From its current estimated size of ₹ 250 Crores, the market is expected to grow at a CAGR of over 50 per cent, moving forward, according to a TechSci 2013 report.

Kitchen appliances



The kitchen appliances market in India has witnessed a boom, with middle class and affluent households in urban India investing in trendy and time-saving gadgets and fixtures for a more experiential cooking environment. Sleek chimneys, hobs and cooktops are becoming common features of modern kitchens, with a shift in preference from traditional kitchen designs to modular layouts. The growing demand is also fuelled by joint families breaking up into affluent nuclear units, and more working people living alone and buying their own homes, separate from the family home. The Indian kitchen appliances market size is currently estimated at ₹ 1,500 Crores, with a projected CAGR of more than 15 per cent during 2014-19.

(Source: TechSci Research)

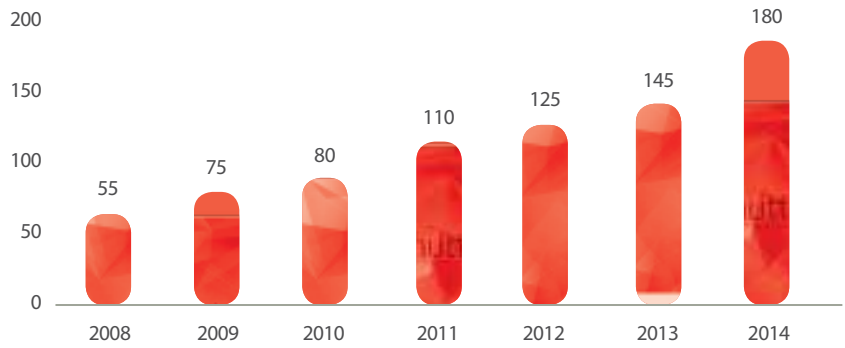
DEMAND DRIVERS FOR BUILDING PRODUCTS INDUSTRY

Housing thrust

Industry experts see the current slowdown in the housing industry as just a blip, as the market is far from being saturated. In fact, India is poised to be the world's 3rd largest construction market by 2025. India's construction industry is the second largest industry of the country, with a total market share of US$190 Billion , and the real estate market is one of the fastest growing sub-sectors of construction with an estimated market size of US$180 Billion by 2020. The current thrust on real estate development is expected to boost demand for building products.

(Source: Construction Industry Development Council)

Construction industry value in India in US$ Billion



(Source: Construction Industry Development Council)

URBANISATION

The estimated demand for urban housing from 2015 to 2019 will be 15 million units across India. The bulk of this demand will be driven by eight major cities, with Delhi-NCR, Mumbai and Bengaluru taking the lead. The middle class is the main segment looking to purchase homes in these cities. Coupled with projections of stable to positive GDP growth, along with enhanced aspirational needs, these developments augur well for the building products industry in the moving ahead.

(Source: Cushman & Wakefield)

EXPANDING MIDDLE CLASS SEGMENT

As the world's second largest middle class consumer market, India offers exciting prospects for internal demand. India's middle class potential is expected to strengthen further with reports estimating that, by 2030, the number of middle class households in the country will exceed 90 million, significantly higher than 74 million in 2014. This exceptional growth will be fuelled by the country's robust middle class segment,with an increasing propensity for discretionary spending driven by rising incomes.

(Source: Cushman & Wakefield)

GOVERNMENT INITIATIVES

Through the 'Housing for All by 2022' programme launched by the Government of India in June 2015, a target has been set to provide 20 million houses over the next seven years to promote affordable housing for the urban poor and rehabilitation of slum-dwellers. Additionally, the announcement of building nearly 30 million rural households, recently announced in March 2016 under the scheme will promote rural development. Going forward, this is expected to drive rural consumption significantly, triggering a cascading effect on all industries. In the longer run, it is expected to lead the way for a mass scale lifestyle upgrade, as other economic strategies such as the 'Make in India' initiative and technology penetration also begin to show results.

By discouraging open defecation and urination in villages and cities, and by providing alternatives such as pay-and-use public toilets and toilets in rural homes, government authorities are changing the very culture of sanitation in India. The `Swachh Bharat Abhiyan' (Clean India Movement) aims to construct 12 crore toilets in rural India by 2019 at a cost of nearly ₹ 2 lakh crore. The initiative is aimed at cleaning India by providing access to toilet facilities and putting an end to the practice of open defecation by 2019. This is expected to yield ample benefits to major industry players over time.

In January 2016, planned urbanisation got a boost when the Government of India released the first list of 20 cities chosen for the 'Smart Cities Mission' across the country. The Centre has earmarked ₹ 48,000 Crores for the development of 100 smart cities over the next two years. Each smart city would get Central assistance of nearly ₹ 100 Crores per year for five years. The smart cities are envisaged as highly advanced urban regions in terms of infrastructure and sustainable real estate, among other things. With good sanitation facilities an important part of such infrastructural development, this is expected to push demand for sanitaryware and luxury bathroom products significantly.

Middle Class Homes Expansion from

74 million

in 2014 to

90 million

by 2030

HOSPITALITY AND HEALTH CARE

Although residential real estate sales have seen a degree of stagnation in some parts of the country, growth in the hospitality sector has offset some of that. The tourism and hospitality sector is among the top 15 sectors in India to attract the highest foreign direct investment. From the first quarter of FY 2000-01 till the third quarter of FY 2015-16, the hotel and tourism sector had attracted US $8.48 Billion in FDI, according to data from the Department of Industrial Policy and Promotion, Government of India. (Source: India Brand Equity Foundation) The figure is expected to grow, with Indian and foreign hospitality majors expanding their presence in the country, and consumers expecting decent standards of sanitaryware and bathroom products even in small and mid-range hotels.

Preference for premium & luxury products

Besides the high income group, the Indian middle class and the lower income groups, with their growing spending power,have also started investing in high-end bathrooms and kitchens. The potential for customisation and luxury value-additions in these parts of the house is huge, even if the property itself does not fall in the luxury segment. Recognising this opportunity, builders

US$ 180 billion

Estimated market size of Indian real estate by 2020

(Source: Construction Industry Development Council)

15 million

Housing units to be required in urban India from 2015 to 2019

(Source: Cushman & Wakefield)

have started seeing the advantages of creating a sleek bathroom and/or kitchen space that satiates the buyers' desire for an upscale feel, regardless of the location and the cost of the property.

Aspiration, environmental awareness, and the need to conserve water in densely populated cities and towns are steering consumers towards eco-friendly sanitaryware and water-saving bathroom products. The luxury segment is currently estimated to comprise 10-12 per cent of the total market.
(Source: PwC)

Among the modern trends in the premium bathroom products category are: concept washrooms and coordinated sanitaryware, faucets and accessories; water conservation technology such as high-efficiency flushing systems, infrared controls, sensor taps and smart showers. With smart-looking bathrooms becoming a lifestyle statement, these spaces are now being seen by the affluent middle class as chambers for relaxation.

REPLACEMENT MARKET

The current demand in the replacement market in the Indian sanitaryware industry is very low - estimated at 15 per cent when compared with other developed nations where it is around 80 per cent. However, with exposure to global trends and Western styles, Indians are upgrading their bathrooms more frequently now. Bathrooms in urban clusters are estimated to be getting their sanitaryware replaced every 12-14 years, instead of the usual 20 years. Changing the bathroom (toilet bowls, faucets and shower fixtures) is the easiest way to upgrade a home, giving consumers an additional reason to transform the bathroom or the kitchen in the house.

HSIL - BUILDING PRODUCTS DIVISION

HSIL is a leading player in the organised sanitaryware market in India, with around 1/3rd of the organised market share, and is the largest manufacturer of bathroom products. HSIL's sanitaryware brands are: Queo, Amore, hindware Italian Collection, hindware Art, hindware, Benelave and Raasi.

HSIL has a manufacturing capacity of 3.8 million pieces of sanitaryware products at its plants located in Bahadurgarh (Haryana) and Bibinagar (Telangana). The Company also manufactures faucets. The total manufacturing capacity is 3 million pieces per annum, of which 2.5 million pieces are manufactured at the Greenfield faucet plant at Kaharani in Bhiwadi region of Rajasthan. The remaining is manufactured at another small faucet plant in Bhiwadi. The Company's two existing sanitaryware plants are being expanded to take production capacity from 3.8 million pieces a year to 4.2 million.

An important development during the year was HSIL's foray into the consumer products space. Leveraging its brand equity and strong distribution network, the Company introduced a range of state-of-the-art water heaters and air purifiers. The water heaters were launched in July 2015, in association with the French multinational company Groupe Atlantic, a specialist in heating systems. The water heater range has been branded 'hindware-atlantic'. Air purifiers under the brand name 'moonbow' were added to the basket of offerings in December 2015.

During the year under review, HSIL planned to add manufacturing capacities in diverse areas related to the building and construction sector. The PVC Pipe industry, which comprises of three sub-segments: (i) agricultural pipes (ii) plumbing & sanitation pipes and (iii) hot and cold plumbing pipes, offers great synergies with the BPD business. The Company will be entering only the last segments, i.e., the Plastic Piping business in the field of Plumbing and Sanitation for Building and Construction industry. The market size for this targeted segment is ₹ 7000 Crores. Both segments offer attractive growth opportunities. While the plumbing and sanitation pipe segment is growing at a CAGR of 18%, the hot and cold plumbing pipe segment offers even better prospects as it is growing at a CAGR of 32%. The Company plans to leverage its sales and distribution network to expand its business into pipes, which are required not only in new real estate construction but also in the replacement market, where PVC/CPVC pipes are replacing the conventional GI pipes.

The project for the production of CPVC pipes and UPVC pipes is underway in the state of Telangana. The combined capacity for CPVC and UPVC pipes will be around 30,000 metric tonnes per annum. The plant is expected to commence commercial production in approximately 12 months. HSIL entered into an arrangement with Sekisui Chemical Company Limited, Japan, for supply of CPVC resin – a key raw material manufactured by very few companies across the world. With strong domain knowledge and expertise in building products, this diversification opens up exciting opportunities for HSIL.

Taking cognisance of the unique nature of the Indian market, with its tremendous aspiration coupled with equally strong price sensitivity, HSIL has taken the following steps to maintain overall lead, and to explore new opportunities:

- Offering premium and differentiated products based on the fast-changing lifestyle of the ambitious, young Indian.
- Identifying product demands based on rapid urbanisation, and following it up with diversification into the same.
- Put in place more efficient supply and service logistics for Tier II and Tier III cities, which have significant potential for growth in tandem with economic growth.

- Collaborating with channel partners for showcasing HSIL products effectively and creating brand recognition.

- Interacting and working with architects, interior designers, developers,etc. to bring in greater brand visibility.



Key differentiators

Impressive brand portfolio

Impressive brand portfolio: HSIL appreciates the aspirations of every economic segment and provides quality product options across price points. Starting from entry level product for the masses, and moving up to premium and luxury products for the discerning customers, HSIL's sanitaryware portfolio comprises a range of brands designed to meet the needs of different types of customers.

HSIL BRANDS	SANITARYWARE & BATHROOM PRODUCTS
QUEO	Luxury
Amore	Wellness and Spa Range
hindware Italian Collection/hindware Art	Premium/Super premium
hindware	Mid Market
Benelave	Mass Market
Raasi	Entry Level

Through this strategic segmentation, which underlines the utility as well as the aesthetic value for each brand, HSIL has been able to effectively embrace diverse customer segments.



New product categories

HSIL has diversified its product range by understanding and responding to consumer needs and expectations. Since the distribution structure for the new product categories has commonalities with the existing distribution cluster in the sanitaryware segment, the Company stands to gain from synergies in operation. Also, attractive growth opportunities exist in each of these new sectors, which additionally insulate the Company from dependency on any single product portfolio.

HSIL BRANDS	CONSUMER PRODUCTS
hindware-atlantic	Water heaters
hindware	Kitchen ensemble
moonbow	Air Purifiers
EVOK	Home interiors



Glamour quotient

By signing A-lister Bollywood celebrity, Shah Rukh Khan as brand ambassador, HSIL has ensured top-of-the-mind recall for hindware. The campaign was launched in mid-2015, and captured several qualities that epitomise the brand – glamour, international standards, sophistication and durability. The campaign began as a teaser, climaxing in a 'movie', and generated great excitement. For luxury brand QUEO, Bollywood actress Jacqueline Fernandez was chosen as the brand ambassador to enhance the brand's inherent qualities of sophistication and bespoke designing.

Digital initiatives

In the past year,several initiatives have been undertaken to increase the visibility of the hindware brand on search engine rankings and social media. The Company continued to engage with consumers through various 'touch points'. For instance, on National Science Day, a story was presented on HSIL's innovations; on Valentine's Day, the Company engaged with consumers on how personalised spaces like luxurious bathrooms can bring personal moments alive. Similar engagements happened on New Year's Day and Diwali. The aim of such initiatives is to link hindware with these special occasions, and convey the message that the brand is there with customers to celebrate life.

The Company also took a major digital leap with the online launch of its air purifiers, under the brand name moonbow. The launch took place on two of the largest platforms in e-commerce and organised retail. The response to the online launch has been overwhelming.

Large distribution network

To expand the reach and brand recall of its products, HSIL is continually reinforcing its distribution platform. The Company's current retail network consists of 3,000+ dealers and 20,000+ retailers across the country. This includes 140+ (125 from last year + 15 additional)hindware Galleria and 500 hindware shop-in-shops. Further with 28 depots and demand and supply being continuously monitored, no customer in Tier I and Tier II cities has to normally wait for more than a day or two for product delivery. As a result, the Company is able to service the orders in time.

The dealer and distribution base for the Consumer Products business has current footprint of more than 225 distributors and 4000 active sales touch points, a significant expansion from 2014-15 when distributor strength and retail points stood at 60 and 700 respectively.

Engaging retail outlets

To enhance awareness and visibility of its products, HSIL has set up four exclusive hindware display centres. These display centres, known as Lacasa, showcase the complete collection of hindware's top-of-the-range products, and are frequented by architects, designers and end users. In 2015, the Lacasa store was opened at Bengaluru. Plans are on the anvil to roll out more such display centres.

Robust after-sales service

To provide customers with responsive and reliable after-sales service, HSIL maintains 22 after sales service centres located across India, servicing 600+ districts, through "hindware care" which constitutes of in-house sales service team of 300+ certified service engineers. To ensure the highest quality of service to its customers, HSIL has been engaged for several years in the training and certification of its engineers.

Strong research and development

HSIL's in-house R & D facility, the first such set-up in the Indian sanitaryware industry, is recognised by the Ministry of Science & Technology, Government of India. Fitted with state-of-the-art equipment, the R&D facility helps in producing superior quality products through best practices and processes. The R&D facility is also engaged in developing cost control measures through cost-effective substitutes for raw materials few of these initiatives helped the Company reduce its raw material cost.

Water efficient products

Products which are water efficient play an important role today in the sanitaryware market. Depleting natural resources have made buyers more conscious about sustainability issues. This awareness is generating greater acceptance for products that minimise environmental wastage as well provide financial benefit. With reduction in water consumption now the need of the hour, the Company's R&D facility is highly focussed on designing 'Green Building Products'.

HSIL is the market pioneer in introducing 'star rated' water closets, the use of which can help save more than 65,000 litres of water a year per household. 20+products have been awarded the UPC-I Star Rating certification by International Association of Plumbing and Mechanical Officials (IAPMO), as of March 2016, reinforcing HSIL's expertise in developing water saving products.

Use of latest technology

HSIL deploys the most advanced technologies and the best-in-class machinery at its plants. The Company's faucet plant at Kaharani is the country's first bath fitting plant to introduce robotic grinding and polishing technology and a fully automatic dust-free electroplating line, which ensures precision, uniformity and quality across its production line.

Quality focus

HSIL manufactures high quality products that meet the most rigorous standards and exceed customer expectations, The products are manufactured at world-class facilities, which are equipped with the best-in-class machinery. All HSIL plants are designed to minimise the environmental fallout of sanitaryware manufacturing. The Company is the first in the Building Materials Industry to be awarded the prestigious ISO 9001 (quality management systems), 14001(environment management systems) and OHSAS 18001 (occupational health and safety) certificates. The Bahadurgarh and Bibinagar plants have got the CE certification for complying with European standards.

Highlights of 2015-16

- Entered the household durables market, which has a huge growth potential.
- Kaharani faucet plant capacity utilisation buildup to around 60% by March 2016.

Outlook

Indian homes are becoming a showcase for technology and aesthetics, with consumers seeking to enhance their lifestyles through quality and aspirational products. Brands that can deliver this unique experience are assured of success in the long run, With owning a well-appointed home being the top desire of middle class Indians and the higher income segment looking to invest in multiple properties, the building products industry is guaranteed a certain amount of return. Brand hindware is synonymous with sanitaryware in India. The goodwill created by the brand, backed by India's position as one of the most promising and stable consumer markets in the world, means many new growth opportunities for the future. The 'Make in India' initiative is further powering the growth prospects for the brand.

In 2016-17, the real estate sector is expected to enhance performance through focus on project execution and delivery. Swift project completion and improvement in home sales, as India embarks on a higher growth trajectory, signal excellent prospects for the building products industry. Also, the government's thrust on infrastructure development, construction industry and on improving sanitation levels augur well for the building product industry.

HSIL has positioned itself well to take advantage of the Indian consumers' love for the international feel in all their purchases. With agility on every front – production, distribution, cost control and product innovation – it continues to be the fittest player on the block.

4.2 million

Pieces of sanitaryware to be manufactured in the existing facilities after capacity ramp up.

Additionally, by venturing into allied areas in the building product industry, the foundation for long-term growth has been reinforced.

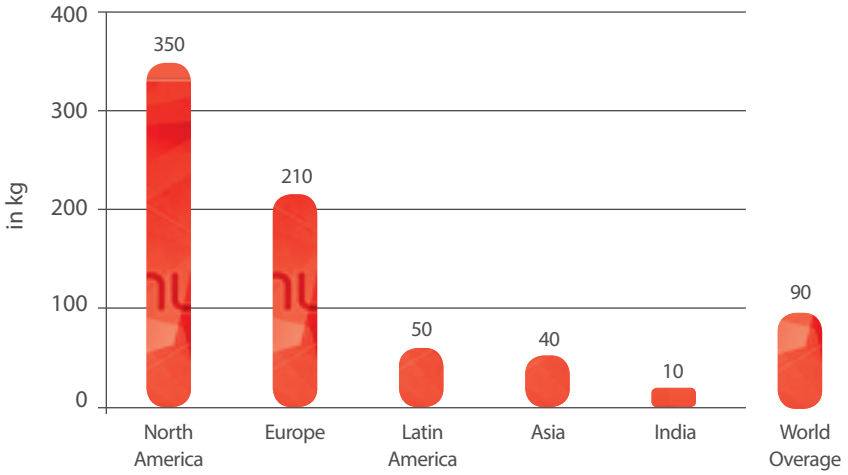
PACKAGING PRODUCTS INDUSTRY

Containers and packaging products are essential for storage, transportation and protection of goods across industrial and consumer sectors. Containers and packaging innovations help in the preservation of quality, and also give food and other perishables a longer shelf life. These innovations also aid safer and more efficient transportation of innumerable products. Packaging materials chiefly used by the industry include metal, plastic, paper, and glass.

The packaging industry in India is one of the fastest growing industries with an annual average growth rate of 13-15 per cent. The consumption of packaging materials is expected to increase significantly, driven by market dynamics. These include factors such as a large and growing Indian middle class, expansion of organised retail and e-retail in the country, and rapid growth of exports. Moreover, the per capita consumption of packaged goods in India is still very low compared to other regions. While in countries like Germany and Taiwan, the per capita consumption is 42 kg and 19 kg respectively, in India it is only 4.3kg, indicating bright prospects for the packaging industry. As per a report prepared by FICCI and Tata Strategic Management Group (TSMG), the packaging industry in India is expected to reach US$73 Billion in 2020 from US$32 Billion in FY 2015. In the coming years, as per the same report, the Indian packaging industry is projected to clock an attractive 18 percent annual growth rate.

(Sources: www.indiapack.org, www.business-standard.com)
http://www.packworld.com/trends-and-issues/global/indian-packaging-industry-turnover-reach-32-billion-2020 Image 2

Figure 1:
Per capita consumption of packaged products in India



(Source: Paper, Film, Foil Conservation Association, India)

Container Glass Segment

Container glass plays a pivotal role in the packaging industry and is used by various sectors such as liquor and beer; food and beverages; pharmaceuticals; cosmetics; and perfumes. Globally, glass container manufacturing has faced some challenges as a lot of the packaging has moved to paper, plastic and metal. There has also been volatility in raw material prices, energy inputs, and freight costs. However, the glass packaging market is expected to recover and reach US$45.9 Billion by 2018 globally.

(Source: Lucintel)

Given the benefits of glass packaging, the global glass packaging market for food and beverages is estimated to grow at a CAGR of 2.71 per cent over the period 2014-2019. (Source: Research and Markets). However, the packaging industry as a whole is projected to grow at a CAGR of 6.87 per cent over the same period.

(Source: TechNavio)

Lifestyle choices and disposable income influence this market, like any other, but the sector has some difficulties to overcome, especially competition from lighter, unbreakable packaging alternatives such as rigid plastic and pouches. In the process, established manufacturers across the world have had to look for new ways to stay relevant in the glass container industry, such as by offering value-added products, lighter weight packages and products with a degree of novelty, or by drastically slashing the cost of glass container manufacturing to make up for the drop in profits.

Benefits of glass packaging

Container Glass Segment

The main advantage of glass is that it is easily recyclable – in the European Union, glass recycling hit 73 per cent in 2015. (Source: Packaging Europe) Corresponding figures are, however, not available for the Indian recycling industry as it is mostly unorganised.

Glass packaging causes much less environmental damage than plastic, even if it ends up in a landfill. Glass being inert, no toxicity leaches into the stored liquid. For example, clear glass is the most preferred type of container for most varieties of food and beverage packaging.

While plastic is replacing glass as packaging material in many segments, the premium appeal and better barrier properties of glass make it indispensable for beer and liquor industry. Also, expensive, high-quality products such as injectables, security drugs, liquids etc. are mostly packaged in glass as it is much better for preservation, guaranteeing a much longer shelf life. Thus, beauty and personal care products, as well as organic and healthy food products are popularly using glass as a packaging material.

When it comes to aerated drinks, the urban Indian market is flooded with PET bottles and aluminium cans, but the rural market still relies on refillable glass packaging.

2.71%

Compound annual growth rate for global glass packaging for food and beverages during 2014-2019

(Source: Research and Markets)

US$45.9 billion

Estimated size of the global glass packaging market by 2019

(Source: Lucintel)

Lightweight glass

One way for glass packaging manufacturers to stay in the game is to adopt advanced technology to cut manufacturing cost and freight charges. Lightweight glass packaging is the answer. Indian manufacturers have adopted the 'narrow neck press and blow' (NNPB) technology to create lightweight glass packaging for their end users.

DEMAND DRIVERS FOR THE CONTAINER GLASS SEGMENT

Premium feel

With India being one of the youngest consumer markets demographically, brand consciousness is high. This provides a big thrust to the demand for branded products, with customers inclined towards buying products which are packaged attractively. Glass containers carry a higher quality or premium image compared to plastic and metal containers, thereby facilitating growth of the container glass segment.

Liquor and beer industry

Urban India is seeing the rise of a huge 'going out for a drink' culture. This is encouraging increased use of container glass as a packaging material,with liquor and beer representing the largest user segments of container glass. In fact, more than 50 per cent of the container glass is used to package liquor and beer and this share has been growing.



Indian Made Foreign Liquor (IMFL) is the largest segment in the Indian alcoholic beverage industry. IMFL and Indian Made Indian Liquor (IMIL) constitute 42.8 per cent and 30-36 per cent respectively of the alcoholic beverage market in India. India's favourable demographics of a large working age population, increasing disposable income, and growing social acceptance of alcohol consumption is stimulating the market for IMFL, which in turn fuels the demand for container glass. The total IMFL market was estimated at around 320 million cases in year 2015-16, as against 316 million cases in 2014-15.

Within the alcoholic beverage industry, beer is a rapidly expanding segment. It is currently ranked as the third largest and second fastest growing market in the Indian alcoholic beverages industry. Since beer has to be packed in either glass bottles or metal cans, this provides a fillip to the packaging industry. In 2015, the beer market in the country was estimated at 250 million cases, with over 98 per cent beer packaged in glass bottles with crown closure.

Indian wine is also growing in popularity and the best packaging option for wine is glass. By 2017, Indian wine consumption is estimated to rise to 2.1 million cases per year – an increase of 73 per cent from 1.21 million in 2013. The opportunity this provides for the growth of the container glass segment is immense.

(Source: India Briefing)

Packaged foods and beverages

Food items such as pickles, sauces and honey are now processed and marketed on a large scale through retail outlets. On the beverages front, carbonated soft drinks, fruit drinks and milk-based drinks are popular across the country. The predominant packaging material for these foods and beverages is glass. This is because glass does not deteriorate, corrode, stain or fade, enabling products inside glass containers to retain their original freshness and purity.

There is significant headroom for growth of container glass as a medium for packaging food and beverages. This is because the per capita consumption of packaged beverages and food in India is still very low relative to other countries. In the next five years, the expenditure on this category is projected to increase by 14 per cent annually, driven by growing disposable incomes, urbanisation and a young population. The current size of the food service industry is estimated to be nearly US$13.79 Billion, and its healthy CAGR of 17 per cent will boost the packaging sector.

(Source: Packworld - Global Indian Packaging Industry)

The demand for returnable glass bottles for packaging soft drinks, especially in rural and semi-urban areas, continues to grow. The market for carbonated soft drinks is estimated at ₹ 25,000 Crores. The market size of flavoured milk is estimated at ₹ 1,600 Crores and fruit juice at ₹ 8,000 Crores. As per industry estimates, the demand for non-alcoholic beverages, which constitute carbonated soft drinks, juices, bottled water, ready to drink tea and coffee and sports drinks, is estimated at ₹ 65,000 Crores. The per capita consumption of non alcoholic beverages in India is 3 litres, compared to 90 litres in the US and 16 litres in Pakistan, providing huge growth opportunity for the glass packaging industry.

Pharmaceutical industry

Glass is commonly used in pharmaceutical packaging because it possesses superior protective qualities - inertness, impermeability, no deterioration with age, protection against light through use of coloured glass, availability of effective closures, etc. The technological advancements made by the glass packaging industry

are also reinforcing the demand from the pharmaceutical industry.

The growth of the Indian pharmaceutical packaging industry is directly linked to the growth of the pharmaceutical manufacturing industry. India's large population base, increasing prevalence of chronic diseases, discovery of new medicines, and better healthcare awareness are expected to help the pharmaceutical industry maintain a CAGR of 18 per cent till 2020. In turn,the pharmaceutical packaging industry in India is expected to grow at a CAGR of 5.46 per cent till 2020, as per the 'Pharmaceuticals Packaging Industry in India 2015-2020' report, published by Novonous.

Shift towards eco-friendly and healthy packaging

Eco-friendly packaging is gaining preference among endusers as customers increasingly seek packaging that can be reused and causes minimum environmental damage. Glass packaging, with its 100 per cent recyclable property,has a considerable advantage vis-à-vis other materials.

Being a pure and green medium, glass also fits the bill for non-toxic packaging. Many households have begun shunning plastic bottles at home, preferring to store drinking water and other potable liquids in glass bottles. The key factor behind this trend is that glass is not only extremely classy but is also considered absolutely safe year after year, whereas there are concerns over the gradual disintegration of the surface of plastic containers.

PET BOTTLES

Among the vast family of plastics, Polyethylene Terephthalate, popularly known as PET, is expected to grow the fastest. Most of the PET available in India is utilised in the production of bottles. In recent years, PET bottles have become ubiquitous in the Indian market, with annual growth rate in consumption exceeding 20.0 per cent (Source: Ken Research Report, 2014). In fact, aerated beverages in urban centres are increasingly being packaged in PET bottles, as are energy drinks and fruit juices.

The Asia-Pacific region is potentially the biggest market for PET bottles. (Source: Euromonitor) In 2015, the global consumption of PET bottles across industries, e.g. beverages, foods, beauty and home care, amounted to 471 Billion bottles. About 42 per cent of this demand came from the Asia-Pacific region, and consumption is set to rise to 47 per cent by 2019 in this region.

(Source- Asia Pacific- consolidates)



HSIL -PACKAGING PRODUCTS DIVISION

HSIL's Packaging Products Division (PPD) is one of the leading container glass manufacturers in India, with a 17 per cent market share. The Company's packaging products range includes glass containers, PET bottles and yet to be introduced, security closures and caps, specially coloured glass bottles for packaging beverages, food, liquor, beer and pharmaceutical products. The glass and PET bottles are available under brand AGI and Garden Polymers (GP) respectively. Under the flagship brand AGI, HSIL also manufactures light weight glass bottles using NNPB technology on several lines.

Product innovation, world-class technology and superior customer connect has helped HSIL maintain its leadership position in the glass container packaging industry, even as glass packaging industries across the country faced stiff competition from other materials, along with operational and financial challenges.

Sales across the glass packaging industry continued to be impacted due to weak user demand during the year under review. The key initiatives that enabled HSIL to create opportunity and improve profitability amid this challenging scenario were:

- Switched to lower-cost fuel at the manufacturing facilities.
- Renegotiated various raw materials and other input material costs to optimise overall costs.
- Adopted new technologies and process modernisation, leading to improvement in input/output ratio by 2 per cent.
- Offered value-added products, such as coloured bottles and smaller sized bottles, which helped in getting better realisations.
- Used advanced technology (NNPB), with significant capital investments, to make several varieties of lightweight bottles for pharma and beverage industries.
- Improved process control, increased cullet use, and reduced wastages and rejects to build operating efficiencies.
- Further strengthened customer relationships by offering value-added services.

Venturing into New Product Lines

An important development during the year was that the Company embarked on a new product line. The new products the Company will be manufacturing are security caps and closures, aimed at blocking counterfeit goods in the liquor market, as most of the liquor companies in India do not have a speciality product to prevent counterfeiting. The estimated market size for these products is 3,700 million pieces of caps per annum, indicating a strong growth potential.

HSIL had worked on the R&D for this along with an international consultant for two years. The product has been developed and tested in the market, and the response from customers has been good. The necessary product patents have already been filed in this regard. This new product line will be a value addition to the existing portfolio of HSIL's packaging products, offering clients a brand new and tremendously useful packaging feature.

A manufacturing plant is coming up in Telangana at an investment cost of ₹ 112 Crores to leverage the large market for these products in the southern states of India.



Key Differentiators

Client relationships: HSIL's strong and lasting relationships with its clients are a crucial factor behind its success. A significant number of the Company's institutional clients include the world's leading and famous brands across diverse industries. The Company is continuously collaborating with them to develop products as per their specifications. During the year under review, HSIL took the idea of security caps to institutional clients who are seriously affected by counterfeit products. This is not only a new business opportunity but also an innovation that would benefit clients and strengthen HSIL's client relationships.

Location advantage: HSIL's packaging plants are in close proximity to customers' filling locations, thereby minimising logistics and freight costs. The Company's container glass plants

are situated in Telangana, a strategic state since various alcoholic and other bottling operations are located in nearby regions.

Exciting portfolio: In a crowded and competitive market, customers are increasingly focussed on speciality bottles to differentiate their products. HSIL's state-of-the-art technology and innovation in product development enables it to manufacture bottles of various sizes, colours and shapes. The Company's portfolio includes 541 glass bottle variants. Also, HSIL is the only Indian company to possess the technology to manufacture speciality coloured bottles as per specific client needs. This puts HSIL in a very strong position as the only replacement available to a customer is an imported bottle, which is costlier as against sourcing it from us.

Stringent quality standards: Manufacturing and product excellence lies at the heart of HSIL's strategy to achieve sustainable growth. The Company's products go through the most stringent quality checks, enabling it to ensure lower rejection rates and minimal customer complaints.

Quick technology upgrade: HSIL's plants are equipped with the latest and the most modern technology, enabling it to deliver cost-effective as well as niche products. This strengthens the Company's competitive edge in the industry. Seeing the benefits of making lightweight glass containers, the Company has invested capital to quickly upgrade its manufacturing facilities, ensuring that its products remain relevant for customers.

Highlights of 2015-16

- There was a significant improvement in profitability due to concerted measures
- 39 new glass bottles, including 9 lightweight bottle varieties, were introduced,
- 20 new PET bottles introduced
- 66 new clients were added

Outlook

The packaging industry in India is poised for stable growth as existing markets continue to evolve and new ones are continuously opening up. According to the Packaging Industry Association of India (PIAI), packaging is one of the fastest growing sectors in the country, partly because of it's usage across industries. From food and beverages, pharmaceutical formulations to personal care products, packaging is now a vital aspect across all sectors to protect and transport products, apart from enhancing their visual appeal.

Going forward, companies catering to India's food, beverage, health and beauty, and pharmaceuticals sectors are expected to witness rapid growth, pulling up demand for packaging. The preference for clean, safe and branded products will also create new opportunities for packaging. The Asia-Pacific region is the fastest growing market for PET bottles, which offers bright prospects for PET bottle manufacturers.

EVOK

HSIL had forayed into speciality home interior products, which are sold under the brand name 'EVOK'. The home interior business is spearheaded by Hindware Home Retail Private Ltd (HHRPL), a wholly-owned subsidiary of HSIL. Evok stores showcase over 20000+ world class contemporary products in home interiors and also provides a vast array of services which includes Design to Build (Interior Design Services), Turnkey Installation and Post Care Services.

During the year, HHRPL continued to leverage the core strengths and learnings of the Group in the building products segment to step up the pace for its home interior solutions business.



Business Strategy

Create a platform for sustained growth

- Continue to diversify into allied product lines to create the next level of growth.
- To further reduce debt equity ratio.
- Brownfield expansion of sanitaryware capacities at Bibinagar and Bahadurgarh plants.
- Leverage operational and business best practices to enhance financial performance year on year.
- Ensure lasting customer satisfaction by understanding, anticipating and responding to customer needs across all divisions.

BUILDING PRODUCTS DIVISION

Maintain lead and seek new opportunities

- To offer innovative new sanitaryware and bathroom products across categories, keeping in mind the aspirations for international quality and price sensitivity.
- To capture a large chunk of the booming household durables market hindware brand will introduce products that are – or will soon be – in great demand.
- Continue to work with internationally acclaimed technology partners.
- Invest more in R&D to stay ahead of the competition in terms of innovation and cost-effective manufacturing.
- Extend distribution network also in Tier II and Tier III cities, which have a huge market potential, apart from major towns and metropolises.

Reinforce brand connect

- Invest in brand-building through 360 degree advertising campaigns to increase top-of-the-mind recall and to position hindware brand as the epitome of sophistication, as well as fantastic value for money.
- Tap further into the Indian desire for creating luxurious spaces within the home, without spending on luxury real estate,through the QUEO and Amore (Italian collection) product ranges.
- Tap the mass market category through enhancing visibility of the mid-market brand Benelave.
- Continue to strengthen digital initiatives to engage better with the public, increase visibility in search engine rankings, and take advantage of the publicity power of social media.

Packaging Products Division

Improve performance across all parameters

- Maintain cost reduction performance by using alternative fuels for glass furnaces and focusing on cost-saving technologies.
- Drive higher value realisations not only by developing novel products, using size, colour and shape as differentiators, but also by working with customers strategically and proactively.
- Improve capacity utilisation at the plants and drive further improvement in efficiencies and material usage.

HUMAN RESOURCES

An organisation is what the team is. It is a proven fact now that the long-term success of a company, the prospect of staying highly relevant, competitive and profitable, and of being always trusted by customers, depends on

its employees. Without talented and committed employees, an organisation is a shell without a soul, but with their vision and energy and innovation, it is transformed into a vibrant, living entity with a bright future.

Recognising this fundamental aspect of building a great Company from within – using the same principles of extreme care and quality assurance that it puts into its products – HSIL has a policy of proactively attracting, training, and retaining the best people in the business. This is the policy that has helped the Company remain the market leader for years.

Just as the Company reaches out to its external stakeholders in every way possible, internally, too, the employees know that they have one of the best work environments in the industry, where they can share their ideas, and can communicate with the management in an open, transparent manner to address any issues. Such an enabling environment lets HSIL's talented employees stay completely focussed on developing their own skills while nurturing the business, thus reaching their goals or even exceeding them. The Company instils the spirit of entrepreneurship in its employees and encourages them to advance professionally to the fullest extent of their abilities. The Company, in fact, works constantly on enhancing those abilities through in-house training.

HSIL's human resource development practices are in line with the best international norms, and these are revisited and revised as often as necessary in order to accommodate employee requirements and increase work satisfaction. This investment in the human capital has enabled the Company to not only survive the toughest economic conditions, but also to create opportunities out of those conditions.

The Company recruits from the top institutions, spotting talent in both Tier I and Tier II cities. The new hires from Tier II cities, where a lot of growth is happening in India, are given extensive training for 60 days, following which they start working in the field in frontline sales. This training programme is called SAKSHAM, and under SAKSHAM, about 50-60 students are hired every year, and they help reinforce the HSIL brand name across the country.

The HR training calendar is prepared at the beginning of each year in consultation with employees and their reporting managers to identify areas of skill gaps and decide how to close those gaps through tailored training modules. Everything from matters pertaining to basic organisational culture to specific technical skill requirements or problem-solving is looked at. Just as the Company works upon capacity utilisation in its manufacturing units, it also invests in capacity utilisation of its employees.

As a performance-oriented company, HSIL depends highly on qualified and talented personnel. Its 'MUST RETAIN' list is a list of those who add the most value to the Company, which gives the employees everything in its power, including mentoring and development opportunities, to help fulfil their potential.

Every year, TOWN HALL meets are organised, so that employees at every level get to directly interact with the senior management. At these meets, the Company's JMD shares his vision for the organisation; this face-to-face exchange is both an informative and a trust-building exercise. It helps every employee, whatever their function, to see the important role they play in making HSIL great.

As of March 31, 2016, the Company's total employee strength stood at over 3554.



RISK MANAGEMENT

CORPORATE LEVEL

Risk Description

Economic Slowdown

The risk of economic slowdown and its impact on the demand for HSIL products.

Mitigation

India continues to be one of the fastest growing economies in the world, remaining relatively unscathed even in the face of global turmoil. Renewed government focus on key areas, including fiscal prudence, infrastructure, power and rural sectors, is expected to stimulate the economy and lay the foundation for growth rates of 8 per cent or higher in the next couple of years. Further, growing urbanisation and rise in the middle class is expected to drive consumption in India. With its strong market presence and brand equity, HSIL strives to catalyse the demand for its products. Moreover, the Company is now present across various product categories, insulating it from vagaries in any one sector and, at the same time, providing new opportunities for growth.

Risk Description

Liquidity Risk

Inability to meet short term financial demands.

Mitigation

HSIL has substantially reduced its finance cost due to repayment of debt and equity offering which also increased liquidity in the company thereby lowering of the working capital cost. The company is working on the plans to lower the working capital requirements by striving to optimise amount of receivables & inventories and extending the maturities of payables.

Risk Description

Funding and Other Financial Risks

Risks related to the cost and availability of funds to meet business needs.

Mitigation

HSIL's financial risk management is based upon sound economic objectives and good corporate practice. The Company negotiates funding requirements in a timely manner, thus ensuring that there is sufficient margin to mitigate the risk of lack of availability of funds.

Its superior credit profile and strong relationship with lenders allows it to tie up optimal financing mix at competitive costs. HSIL also strives to manage its debt portfolio, by actively exploring opportunities to reduce cost of existing long-term debt, as well as to increase the average maturity of its proposed debts to optimal level. It has also led to the upgradation of its credit rating this year.

BUILDING PRODUCTS DIVISION

Risk Description

Market Conditions and Growth

Adverse trends in the real estate sector and reduced activity in property repair and renovation may impact demand for HSIL products.

Mitigation

Improvement in macro-economic stability is expected to drive investments in real estate, which in turn will push demand for the Company's products. Additionally, the government's vision to provide 'Housing for All by 2022' is expected to provide a thrust to the real estate and housing sector. The government's sanitation campaign is also expected to benefit the industry.

Increased buying power of consumers, triggered by economic growth and aspirations to improve lifestyle, is expected to stimulate expenditure on new construction and renovation, thus pushing the demand for HSIL's products. Moreover, the Company maintains a healthy balance between its retail and institutional clients. During the year under review, the Company reduced its dependence on institutional sectors to 24 per cent from 30 per cent earlier, thus further curtailing the risk factor.

Risk Description

Product Innovation

Failure to anticipate and meet customer requirements may adversely affect market share.

Mitigation

HSIL has an extensive range of products across the value chain to reach out to more customers and drive market penetration. Through its extensive market insights and R&D efforts, the Company is continually exploring new horizons in products and services, in line with customer aspirations. Embracing cutting edge technology, using cost-effective raw materials, and deploying improved processes, the Company is making available an array of quality products to customers. Further, recognising that the premium segment is the fastest growing category in the Building Products Division, the Company is proactively innovating and developing premium and luxury products. During 2015-16, 126 new products were launched in this division.

Risk Description

Competition

Market conditions remain highly competitive, which could lead to increased downward pressure on sales, prices and profit margins.

Mitigation

The presence of brands at every price point makes HSIL connect with a wider customer profile. The Company has a formidable reputation and legacy in the sanitaryware business, which gives it a competitive edge vis-à-vis market peers. The hindware brand enjoys top-of-the-mind recall and is a market leader in the sanitaryware industry. Further, focussed expenditure on advertising and promotional activities has enabled HSIL to reinforce the strength, appeal and relevance of its brands. Its wide distribution network and after-sales service enables the Company to reach out to customers better, encouraging brand loyalty. Anticipating the aspirations of its customers, the Company remains focussed on creating exclusive products and services that will enable it to hold its own in a competitive market place.

Risk Description

Quality

Inconsistent product quality could lead to customer dissatisfaction, hampering reputation, sales and business.

Mitigation

At HSIL, quality control is a top and an uncompromising priority. The Company has stringent and exhaustive quality checks, in line with international standards, at every stage of manufacturing. The plants are accredited with ISO: 9001, ISO: 14001 and OHSAS: 18001 certifications. Load testing is done for random products and if any discrepancy is found, the entire batch is rejected. Additionally, the Company continues to improve resource utilisation and minimise in-process rejections by leveraging quality tests across all facilities. Going forward, the Company remains focussed on improving quality systems and their effectiveness to lessen the incidence of this risk, and simultaneously improve operational efficiencies.

PACKAGING PRODUCTS DIVISION

Risk Description

Market Conditions and Growth

Slowdown in end-user segments could impact sales.

Mitigation

While in the short term, sales could be impacted, the medium and long-term growth story remains intact. This is because per capita packaging consumption in India is significantly lower compared to other developed nations. As India moves forward on a higher growth trajectory, and with the expansion of the middle class, consumerism is expected to increase further. Sectors such as food processing, organised retail, alcoholic beverages, chemical and pharmaceuticals will benefit, providing direct stimulus to the packaging industry. Further, with more health awareness, there is an upward trend of using packaged goods and branded products rather than unpackaged items.

Risk Description

Operational Challenges

Cost pressures and reduced productivity could negatively impact operating margins and expansion plans.

Mitigation

HSIL is consistently strengthening this business division by making the operations more competitive and disciplined. Concentrated efforts to reduce costs and enhance productivity have yielded tangible results, with a marked reduction in controllable costs. The use of alternative fuels instead of high-cost fuel has had a significant bearing on margins in the container glass segment. Productivity has been improved across all the plants through debottlenecking and capacity augmentation; steps for further improvement are being taken. By leveraging best manufacturing practices and processes, enhancing capacity utilisation, renegotiating prices with suppliers, and reducing wastages, HSIL has been able to improve operational efficiencies. Moreover, HSIL is the sole producer in the country for speciality coloured bottles, which helps improve realisations.

Risk Description

Product Substitution

The use of plastic for packaging can reduce the demand for container glass.

Mitigation

Though the glass packaging market faces a growing threat from plastics, glass is expected to witness sustained growth as

the material continues to remain a superior packaging choice, especially for food and beverages, alcoholic drinks, pharmaceuticals, chemicals, cosmetics etc, owing to its unique properties such as the ability to preserve products longer, aesthetic qualities and cleanliness. Moreover, glass is preferred for being environment-friendly as it is infinitely recyclable. In addition, HSIL has forayed into the lightweight glass bottles segment, which helps reduce logistical costs for customers.

Risk Description

Quality

Inconsistent product quality may drive client attrition, hampering business growth.

Mitigation

HSIL follows stringent controls at every stage of manufacturing to ensure that all its products meet the highest standards of quality and safety. The plants have international accreditations to endorse this quality focus. Automatic computerised checking, followed by rigorous manual inspection, ensures that HSIL remains an industry leader when it comes to product quality. The uncompromising attention to delivering quality products is validated by the Company's prestigious client list, featuring some of the world's most acclaimed companies and brands.

Risk Description

Client Attrition

Overdependence on a few clients may have an adverse effect on sales in case of client attrition.

Mitigation

The Company's client profile is wide and spread across several industries. HSIL remains committed to building successful relationships to foster a loyal customer base. Moreover, for the year under review, no single client accounted for more than 23 per cent of the division's sales. The Company strengthened its customer base by adding 66 new clients in 2015-16.

INTERNAL CONTROLS AND ADEQUACY

The Company believes that a strong internal control framework is necessary for business efficiency, management effectiveness and safeguarding assets. Led by a strong legal compliance focus, combined with high values of integrity and ethical behaviour, the Company has a well-established framework of internal controls and procedures. These cover all financial and operating functions, and are commensurate with the nature of its business and the size and complexity of its operations.

The Company regularly revisits the risks in totality to ensure that managing or mitigating risk strategies are in place. Continuous efforts provide a reasonable assurance with regard to maintaining accounting controls and safeguarding assets from unauthorised use or losses. The audit committee continuously monitors the adequacy and effectiveness of the internal controls environment across the Company, and also the status of compliance with operating systems, internal policies and regulatory requirements.

CAUTIONARY STATEMENT

Certain statements in the Management Discussion and Analysis describing the Company's objectives, 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 strategies it devises for the future. The Company does not undertake to update these statements.



DIRECTORS' REPORT

YOUR COMPANY'S PAT GREW BY 12.05% TO ₹ 11,670.32 LACS FROM ₹ 10,414.97 LACS IN THE PREVIOUS FISCAL, AND EPS WENT UP TO ₹ 16.14 IN 2015-16 FROM ₹ 15.70 IN 2014-15, POSTING AN INCREASE OF 2.80%.

Dear Members,

Your Directors are pleased to present the Fifty Sixth Annual Report and the Company's audited financial statement for the year ended 31 March 2016.

FINANCIAL RESULTS

The Company's standalone financial performance, for the year ended 31 March 2016 is summarized below:

(₹ in lacs)

Parameters	2015-16	2014-15
Gross Revenue (including other income)	2,09,789	2,00,477
Less: Excise duty	14,974	14,414
Net revenue (including other income)	1,94,815	1,86,063
EBITDA	33,799	34,505
Profit before taxation and extraordinary items	18,497	15,225
Add: Exceptional item	-	-
Profit before taxation	**18,497**	**15,225**
Less: Provision for taxation	6,826	4,810
Profit after taxation	**11,670**	**10,415**
Add: balance brought forward	39,294	34,350
Amount available for appropriation	**50,964**	**44,765**
APPROPRIATIONS :		
Carrying value of assets which has completed its depreciation period charged to opening balance of retained earning as per note 7(b) of Schedule II of Companies Act, 2013 (net of deferred tax)	-	435
Transferred to General Reserve	-	2,000
Proposed dividend on equity shares	2,892	2,532
Tax on Proposed Dividend	589	504
Short provision of Dividend Distribution Tax for previous year	9	-
Balance carried forward	**47,474**	**39,294**

(Figures have been rounded off)

OPERATIONAL REVIEW

Despite a challenging macro economic environment, your Company reported consistent performance during FY2015-16 to post continued growth across its key business segments. Your Company's net sales grew by 3.90% to reach ₹ 189195.83 lacs in 2015-16, compared with ₹ 1,82,088.96 lacs in 2014-15. Though overall, EBITDA declined marginally by 2.04% to ₹ 33,799.42 lacs in 2015-16 from ₹ 34,504.90 lacs in 2014-15, cash profit stood at ₹ 22,798.95 lacs in 2015-16 as against ₹ 21,473.60 lacs in 2014-15.

Your Company's PAT grew by 12.05% to ₹ 11,670.32 lacs from ₹ 10,414.97 lacs in the previous fiscal, and EPS went up to ₹ 16.14 in 2015-16 from ₹ 15.70 in 2014-15, posting an increase of 2.80%.

Building Products Division

The BPD gross revenue went up by 10.74% to touch ₹ 1,09,298.70 lacs in 2015-16, as against ₹ 98,698.90 lacs in 2014-15. EBIT before unallocable expenditure declined by 15.09%. Capital employed increased 3.37%, going up from ₹ 94,991.35 lacs in 2014-15 to ₹ 98,189.61 lacs in 2015-16.

The division's highlights during 2015-16 spanned a series of innovative developments, including:

Highlights of 2015-16

- Foray into the high-potential household durables market
- Manufacture of the largest range of faucets in the industry
- Kaharani faucet plant became fully operational
- Diversification into new product lines to address the demands of rapid urbanization
- Expansion into new Tier II and III cities
- Enhancement of brand visibility through new campaigns, led by brand ambassadors Shah Rukh Khan and Jacqueline Fernandez
- Further development of brand salience through digital initiatives across multiple touch points

Packaging Products Division

For the Packaging Products Division, the gross revenue was marginally down 1.33%, going from ₹ 1,01,571.91 lacs in 2014-15 to ₹ 1,00,221.64 lacs in 2015-16. EBIT before unallocable expenditure increased by 34.54%. Capital employed went down commensurately from ₹ 1,23,119.18 lacs in 2014-15 to ₹ 1,13,354.01 lacs in 2015-16.

The division reported excellent operational performance at the back of various initiatives.

- Foray into new product lines – security caps and closures, to prevent counterfeit goods in the liquor market; new manufacturing plant coming up in Telangana for manufacture of these products
- Introduction of 39 new glass bottles, including 9 lightweight bottle varieties
- Launch of 20 new PET bottles
- New value-added products, such as coloured bottles and small-sized bottles
- Addition of 66 new clients
- Optimisation of costs and process modernization

There is no change in the nature of the business(es) during the year.

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. HSIL Associates Limited ceased to be a Subsidiary of the Company w.e.f 28 May 2015.

During the year the Board of Directors reviewed the affairs of the subsidiaries. In accordance with Section 129(3) of the Companies Act, 2013, we have prepared consolidated financial statements of the Company and all its subsidiaries, which form part 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 subsidiary.

In accordance with Section 136 of the Companies Act, 2013, the audited financial statements, 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 http://www.hindwarehomes.com. These documents will also be available for inspection at our registered office in Kolkata, India, between 3:00 p.m. and 5:00 p.m. in working days till the date of ensuing AGM.

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

DIVIDEND

Your Directors have recommended a dividend of ₹ 4 (i.e. 200%) per equity share (last year ₹ 3.50 (i.e. 175%) per equity share) on equity shares of ₹ 2/- each for the financial year ended 31 March 2016, amounting to ₹ 3,481 lacs (inclusive of Dividend Distribution Tax ₹ 589 lacs). The dividend payout is subject to approval of members at the ensuing Annual General Meeting.

The dividend will be paid to those Members whose names appear in the Register of Members as on 1 September 2016 and in respect of shares held in dematerialised form, it will be paid to those Members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited, as beneficial owners as on 31 August 2016.

TRANSFER TO RESERVES

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

DEPOSITS

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

AUDITORS AND AUDITORS' REPORTS

Statutory Auditors

M/s Walker Chandiok & Co LLP, Chartered Accountants, Statutory Auditors of the Company, having Firm's Registration No. 001076N/N500013 hold office till the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Company has obtained written confirmation from the Statutory Auditors, confirming that they are eligible for re-appointment as Auditors of the Company under Section 139 of the Companies Act, 2013 and meet the criteria for appointment specified under Section 141 of the Companies Act, 2013.

The Audit Committee and the Board of Directors recommend re-appointment of M/s Walker Chandiok & Co LLP, Chartered Accountants, as the Company's Statutory Auditors from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting of the Company.

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

Secretarial Auditor

The Board had appointed M/s DMK Associates, Company Secretaries, New Delhi, (Ms. Monika Kohli, Practicing Company Secretary CP No.4936) to conduct Secretarial Audit for the financial year 2015-16, pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Secretarial Audit Report in Form MR – 3 for the financial year 2015-16 is enclosed herewith as Annexure "A" to this Report. The Secretarial Audit Report does not contain any observation or adverse remark.

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

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

SHARE CAPITAL

During the year under review, the Company did not issue equity shares. The paid-up Equity Share Capital as on 31 March 2016 was ₹ 1,445.97 lacs.

EXTRACT OF ANNUAL RETURN

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

a) in the preparation of the annual accounts for the year ended 31 March 2016, 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 2016 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 Auditors of the Company confirming compliance with the conditions of corporate governance is attached to the report on Corporate Governance.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. The disclosure in Form AOC-2 is enclosed as Annexure "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: http://www.hindwarehomes.com/pdf/Related-Party-Transaction-Policy-Version-II.pdf

Your Directors draw attention of the members to Note 38 to the financial statements which set out related party disclosures.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company has a Corporate Social Responsibility Committe in place as per the provisions of Section 135 of the Companies Act, 2013, comprising of Mr. Salil Bhandari, Chairman, Mr. Rajendra Kumar Somany and Mr. Sandip 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 fulfill the expectation of our Stakeholders and to continuously improve our social, environmental and economical performance while ensuring sustainability and operational success of our Company. The Company would also undertake other need based initiatives in compliance with Schedule VII to the Companies Act, 2013.

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

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

The CSR Policy may be accessed on the Company's website at the link: http://www.hindwarehomes.com/pdf/CSR_Policy_HSIL.pdf

The Annual Report on CSR Activities for the financial year 2015-16 is enclosed as Annexure "E" to this report.

NUMBER OF BOARD MEETINGS

During the year under review, Five 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 Independent Directors namely Mr. V.K. Bhandari, Chairman, Mr. Salil Bhandari, Mr. N.G. Khaitan and Mr. Ashok Jaipuria as other members of the Committee. 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: http://www.hindwarehomes.com/vigil-mechanism.aspx.

REMUNERATION POLICY

On the recommendation of the Nomination and Remuneration Committee, the Board has formulated Remuneration Policy for appointment of Directors, Key Managerial Personnel, Senior Management and their remuneration.

The Remuneration Policy of the Company is enclosed as Annexure "F" to this Report.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Particulars of loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 forms part of the notes to the Financial Statements (Please refer Note Nos. 14, 15, 20 and 48).

PARTICULARS OF EMPLOYEES

Information required as per Section 197(12) of the Companies Act, 2013 read with Rule 5(1), 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed as Annexure G forming part of this Report.

INTERNAL CONTROLS

The Company deploys a robust system of internal controls that facilitates the accurate and timely compilation of financial statements and management reports, ensures regulatory and statutory compliance, and safeguards investor interest by ensuring the highest level of governance. The control system ensures that all assets are safeguarded and protected and that the transactions are authorised, recorded and reported correctly. A CEO and CFO Certificate included in the Corporate Governance Report confirms the existence of effective internal control systems and procedures in the Company.

The Audit Committee reviews the effectiveness of the internal control system across the Company. The Company's internal control system comprises audits by outsourced consultants and supplemented by in-house Internal Audit Division.

INTERNAL FINANCIAL CONTROLS

The Company has in place well defined and adequate Internal Financial Controls which are tested from time to time for necessary improvement, if any required.

RISK MANAGEMENT

The Company has adopted a Risk Management Policy which establishes various levels of accountability within the Company. The Company had also constituted a Risk Management Committee which ensures that the Company has appropriate and effective risk management systems which carries out risk assessment and ensures that risk mitigation plans are in place. In addition, all the key risks get continuously deliberated and discussed at the Risk Management Committee meetings as well as the Business Unit level.

The Company has been taking necessary steps to mitigate foreseeable business risks. Business risk evaluation and management is an ongoing and continuous process within the Company and regularly updated to the Audit Committee.

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

The Company has in place a 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 endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment. The Internal Complaints Committees (ICC) have been set up to redress complaints regarding sexual harassment, if any.

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, there was no change in the Board of Directors of the Company. Mr. V. K. Ajmera resigned as Chief Financial Officer of the Company with effect from 6 April 2015. Mr. Sandeep Sikka was appointed as Chief Financial Officer and designated as Key Managerial Personnel of the Company w.e.f. 6 April 2015.

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Rajendra Kumar Somany, Chairman and Managing Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, offered himself for re-appointment.

The present term of Mr. Sandip Somany as Joint Managing Director of the Company will expire by efflux of time on 30 November 2016. The Board is seeking shareholder's approval at the ensuring Annual General Meeting for re-appointment of Mr. Sandip Somany and his re-designation as Vice Chairman and Managing Director of the Company, for a further period of five consecutive years, commencing from 1 December 2016 upto 30 November 2021. Profile of Mr. Sandip Somany is given in the Statement under Section 102 of the Companies Act, 2013 to the Notice of the 56th Annual General Meeting of the Company.

DECLARATION BY INDEPENDENT DIRECTORS

The Company has received necessary declarations from all the Independent Directors confirming that they meet the

criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 criterias.

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.

None of the Independent Directors are due for re-appointment.

TRAINING OF INDEPENDENT DIRECTORS

The details of programmes conducted for familiarization of Independent Directors with the Company, nature of the industry in which the Company operates, business model of the Company has been uploaded on the Company's website at the web link http://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 employee of the Company under any scheme.
4. Issue of Employees Stock Option to employee of the Company under any scheme.
5. Neither the Managing Director nor the Whole-time Directors of the Company 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.
7. Business Responsibility Report as per Regulation 34 (2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, describing the initiatives taken by them from an environmental, social and governance perspective is not applicable to the Company, for the financial year 2015-2016 as per the SEBI Circular SEBI/LAD-NRO/GN/2015-16/27 dated 22 December 2015 and Frequently Asked Questions issued by SEBI on SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 dated 29 January 2016.

ACKNOWLEDGEMENT

Your Directors would like to express their appreciation for the 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 the employees of the Company.

For and on behalf of the Board of Directors

Place: Gurgaon
Date: 23 May 2016

Rajendra Kumar Somany
Chairman and Managing Director

ANNEXURE - A

Form No. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31 March 2016

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

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2016 (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 March 31, 2016 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; (Not applicable to the Company during the Audit Period)

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment(FDI), Overseas Direct Investment(ODI) and External Commercial Borrowings (ECB); (No FDI and ECB 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 (Prohibition of Insider Trading) Regulations, 1992;

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not applicable to the Company during the Audit Period)

d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (Not applicable to the Company during the Audit Period)

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the Audit Period)

f) 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)

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the Audit Period) and

h) 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 Apprentice Act, 1961

x. The Industrial Dispute Act, 1947 and rules made thereunder,

xi. The Equal Remuneration Act, 1976 and rules made thereunder,

xii. Trade Union Act, 1926 and rules made thereunder,

xiii. The Employees Compensation Act, 1923 and rules made thereunder,

xiv. Maternity Benefit Act, 1961 and rules made thereunder,

xv. The Air (Prevention and Control of Pollution) Act, 1981 and rules made thereunder,

xvi. The Water (Prevention and Control of Pollution) Act, 1974 and rules made thereunder,

xvii. Hazardous Waste (Management and Handling) Rules, 1989 and Amendment Rules, 2003,

xviii. Legal Metrology Act, 2009,

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

xx. Personal Injuries (Compensation Insurance) Act,

xxi. Custom Act,

xxii. Petroleum Act, 1934 & rules framed thereunder,

xxiii. Industrial Employment (Standing Orders) 1946,

xxiv. Environment Protection Act, 1986,

xxv. Punjab Industrial Establishment (National, Festival, Casual and Sick Leave) Rules, 1968,

xxvi. Punjab Labour Welfare Fund, 1965,

xxvii Andhra Pradesh Labour Welfare Fund Act, 1987,

xxviii Employers Liability Act, 1938,

xxix Indian Contract Act, 1872,

xxx Income Tax Act, 1961 and Indirect Tax Laws,

xxxi Indian Stamp Act, 1999,

xxxii Negotiable Instruments Act, 1881,

xxxiii Maharashtra Shops & Establishment Act, 1948,

xxxiv Gujrat Shops & Establishment Act,1948

xxxv Delhi Shops & Establishment Act,1954,

xxxvi Karnataka Shops & Establishment Act, 1961

xxxvii Kerala Shops & Establishment Act, 1960

xxxviii West Bengal Shops & Establishment Act, 1963

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 Listing Agreements entered into by the Company with National Stock Exchange of India Limited & BSE Limited.

During the period under review the Company has complied with the provisions of the Acts, Rules, Regulations, and 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. During the audit period, one Board Meeting was held at shorter notice in compliance with the Act.

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. such as Public/Right/Preferential issue of shares / debentures/ sweat equity, redemption / buy-back of securities, major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013, merger / amalgamation / reconstruction, foreign technical collaborations.

For DMK ASSOCIATES
COMPANY SECRETARIES

(MONIKA KOHLI)
FCS, LL.B.
PARTNER
FCS 5480
C P 4936

Date: 20.05.2016
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 March 31, 2016 of even date is to be read along with this letter

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our Audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for 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.

For DMK ASSOCIATES
COMPANY SECRETARIES

(MONIKA KOHLI)
FCS, LL.B.
PARTNER
FCS 5480
C P 4936

Date: 20.05.2016
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 has been continuously making efforts to optimise energy consumption. Towards this, energy consumption is closely monitored and controlled. The Company has been choosing the most energy efficient equipments. The Company is continuously making efforts to reduce waste in all its operations.

a) Building Products Division (Sanitaryware and Faucets)

We keep close watch on the plant energy consumption, for which a separate energy cell is formed which monitors the energy consumptions at all the three plants. While as per technological upgradation/innovations in manufacturing processes, we choose and install the most energy efficient equipments in the plant to ensure optimum use of energy.

b) Packaging Products Division (Glass and Plastic Products)

Key initiatives taken are as under:

- Daily monitoring of energy consumption at various locations.
- Aerated blower provided in ETP in place of compressed air.
- One fan of 20 HP stopped after overhauling cooling tower.
- Installation of LPG operated pallet shrinking machine in place of electrical heating shrink tunnel.
- Identifying the compressed air line leaks on regular basis and rectifying the same for saving the energy.
- Lehr burners replaced with the energy efficient burners for saving the energy.

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

a) Building Products Division

NIL

b) Packaging Products Division

NIL

(iii) The capital investment on energy conservation equipments;

Sr. No.	Capital Equipment	Capital investments on energy conservation equipments (₹ in Lacs)	Energy saving / annum (units in KWH)	Financial saving (₹in Lacs)
(I)	**Building Products Division**			
	Sanitaryware: Bahadurgarh Plant (Plant 1)			
	1 Installation of Hydro pneumatic system for water supply in place of conventional pumping system.	3.90	34,529	2.97
	2 Energy saving by optimizing water consumption resulting into reduction in pumping units, LED installation in place of normal tube lights and by installation of VFDs	1.0	11,000	0.95
	Sanitaryware: Bibinagar Plant (Plant 2)			
	1 Ball mill grinding media and lining	21.5	90,747	6.50
	2 Heatless vaporizer	16.0	70,862	5.08
	3 V F D for motors	1.0	70,560	5.06
(II)	**Packaging Products Division**			
	Glass: Bhongir Plant (Plant 1)			
	Bhongir Plant (Heatless Vaporizer)	59.41	5,25,438	29.95
	Glass: Hyderabad Plant (Plant 2)			
	Hyderabad Plant (LPG Operated pallet wrapping m/c)	40.22	2,04,000	14.28

(B) Technology Absorption

(i) The efforts made towards technological absorption

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

a) Building Products Division

- Time to time in house technical training and retraining.
- Deputing concerned personnel to relevant seminars, training and workshops for upgrading their knowledge and skills.
- 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 these indigenously to save on cost and time.

b) Packaging Products Division

- Continuous in house technical training.
- Deputing concerned personnel to relevant seminars, symposiums and workshops to upgrade skill and knowledge.
- The Company has entered into an agreement with a technological partner. This enables the Company continuous access to the state of the art technology besides getting it's personnel trained in the latest technology like NNPB process to manufacture light weight bottles and closer control over manufacturing process to improve the product quality. NNPB process has resulted in weight reduction of the bottles.

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

The steps taken by Company have helped in:

a) Building Products Division

- Achieving better productivity and improvement in quality
- Conservation of energy

b) Packaging Products Division

- 97 new products developed
- Weight reduction and speed improvement of running products
- Indigenous development of pusher cables and pusher sensors
- Indigenous development of 5 1/2 DG blow head mechanism, other parts of IS machine and hot end equipment components

(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 & 2)				
Replacement of Old reciprocating type compressors with new screw type energy efficient compressor with variable speed drive.	Atlas Copco Belgium	2015	Fully Absorbed	-
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	-

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. Building Products Division (Faucets)				
GDC (Casting Machines)	Italy	2013	Fully Absorbed	-
Core shooters (sand core making)	Italy	2013	Fully Absorbed	-
Laser marking	China	2013	Fully Absorbed	-
HAAS VMC (Machining Centres)	USA	2013	Fully Absorbed	-
3 D Printer (Modelling)	Israel	2014	Fully Absorbed	-
Robotic (grinding and polishing)	Italy	2015	Fully Absorbed	-
C. Packaging Products Division (Bhongir Plant)				
LWN Blower(High speed blower)	Germany	2015-16	Fully Absorbed	-

(iv) Expenditure incurred on Research and Development

(₹in Lacs)

Particulars	2015-16	2014-15
Capital Expenditure	-	-
Recurring Expenditure	82	77
Total	82	77
Total R&D expenditure as a % of total building products revenue	0.08%	0.08%

(v) Foreign Exchange Earnings & Outgo

(₹in Lacs)

Particulars	2015-16	2014-15
Earning in foreign currency	6,070	5,476
Outgo of foreign currency	29,654	27,863
- Raw Material, spare part and others	29,023	26,868
- Capital Equipment	631	995

ANNEXURE - C

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
as on financial year ended on 31 March 2016
Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of
the Companies (Management & 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 +91-033-22487406/7
vi	Whether listed company	Yes
vii	Name, Address & Contact details of the Registrar & Transfer Agent, if any.	Maheshwari Datamatics Private Limited 6, Mangoe Lane, Kolkata – 700 001 Phone +91-033- 2243 5809/5029 Fax +91-033- 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 shall be stated

Sr No	Name and Description of main products/services	NIC Code of the Product /service	% to total turnover of the Company
1	Sanitaryware	3232	29.00%
2	Faucets	3490	12.00%
3	Glass Bottles	3213	43.45%

III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

Sr 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	Halis International Limited 4th floor, Hennesy Tower, Pope Hennessy Street, Port Louis, Mauritius	N.A	Subsidiary	100	2(87)
3	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%) Kabelweg 37, 1014 BA Amsterdam, Netherlands	N.A	Subsidiary of Halis International Limited	100	2(87)
4	Haas International B.V Kabelweg 37, 1014 DA Amsterdam, Netherlands	N.A	Subsidiary of Alchemy International Cooperatief U.A	100	2(87)
5	KS 615 Ltd. (Formerly known as Barwood Products Ltd.) Barwood House, Beta road, off Talke Road, New Castle Underlyme, Staffordshine, ST 57 UT U.K.	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 01.04.2015]				No of Shares held at the end of the year [As on 31.03.2016]				% 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	5747719	0	5747719	7.95	0.00
b) Central Govt/ State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	28314530	0	28314530	39.16	28314530	0	28314530	39.16	0.00
d) Banks/FI	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)(1)	**34062249**	**0**	**34062249**	**47.11**	**34062249**	**0**	**34062249**	**47.11**	**0.00**
(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 Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks/FI	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)	**34062249**	**0**	**34062249**	**47.11**	**34062249**	**0**	**34062249**	**47.11**	**0.00**
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	17673627	0	17673627	24.45	15953294	0	15953294	22.07	-2.38
b) Banks/FI	167078	15844	182922	0.25	254432	15844	270276	0.37	0.12
c) Central Govt/ State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
e) Insurance Companies	0	500	500	0.00	0	500	500	0.00	0.00
f) FIIs	8248698	0	8248698	11.41	3632633	0	3632633	5.02	-6.39
g) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
h) Others (specify)									
Alternate Investment Funds	0	0	0	0.00	204000	0	204000	0.28	0.28
Foreign Portfolio Investors	0	0	0	0.00	4167590	0	4167590	5.76	5.76
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)	**26089403**	**16344**	**26105747**	**36.11**	**24211949**	**16344**	**24228293**	**33.51**	**-2.60**
(2) Non-Institutions									
a) Bodies Corp.									
i) Indian	3471735	14928	3486663	4.82	2684118	10763	2694881	3.73	-1.09
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	6177975	1178014	7355989	10.17	8028023	1129683	9157706	12.67	2.50
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	826073	0	826073	1.14	736117	0	736117	1.02	-0.12
c) Others (Specify)									
i) Non Resident Indians	225365	10959	236324	0.33	875796	10959	886755	1.23	0.90
ii) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
iii) Custodian of Enemy Property	0	0	0	0.00	0	0	0	0.00	0.00
iv) Foreign Nationals	0	0	0	0.00	0	0	0	0.00	0.00
v) Clearing Members	213700	0	213700	0.30	174568	0	174568	0.24	-0.06
vi) Trusts	9650	0	9650	0.01	2600	0	2600	0.00	-0.01
vii) Foreign Bodies-D R	0	0	0	0.00	0	0	0	0.00	0.00
viii) Foreign Portfolio Investors	0	0	0	0.00	0	0	0	0.00	0.00
ix) NBFCs registered with RBI	0	0	0	0.00	353226	0	353226	0.49	0.49
x) Employee Trusts	0	0	0	0.00	0	0	0	0.00	0.00
xi) Domestic Corporate Unclaimed Shares Account	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total(B)(2)	**10924498**	**1203901**	**12128399**	**16.78**	**12854448**	**1151405**	**14005853**	**19.37**	**2.59**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**37013901**	**1220245**	**38234146**	**52.89**	**37066397**	**1167749**	**38234146**	**52.89**	**0.00**
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)	**71076150**	**1220245**	**72296395**	**100.00**	**71128646**	**1167749**	**72296395**	**100.00**	**0.00**

(ii) Shareholding of Promoters

Sr. No.	Shareholders Name	Shareholding at the beginning of the year (As on 01.04.2015)			Shareholding at the end of the year (As on 31.03.2016)			% change 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	Rajendra Kumar Somany	2,620,114	3.62	-	2,620,114	3.62	-	-
2	Sandip Somany	1,990,908	2.76	-	1,914,664	2.65	-	- 0.11
3	Murlidhar Rajendra Kumar (Represented by Rajendra Kumar Somany and others as Partner)	913,120	1.26	-	913,120	1.26	-	-
4	Divya Somany	146,912	0.20	-	146,912	0.20	-	-
5	Sumita Somany	76,665	0.11	-	76,665	0.11	-	-
6	Shashvat Somany	-	-	-	76,244	0.11	-	0.11
7	Paco Exports Ltd.	20,664,530	28.58	-	20,664,530	28.58	-	-
8	Soma Investments Ltd.	4,000,000	5.53	-	4,000,000	5.53	-	-
9	New Delhi Industrial Promotors and Investors Ltd.	3,650,000	5.05	-	3,650,000	5.05	-	-
	Total	**34,062,249**	**47.11**	-	**34,062,249**	**47.11**	-	**-**

Note: 1)Mr. Sandip Somany, promoter transferred 76,244 Equity Shares of ₹ 2/- each to his son, Mr. Shashvat Somany, being the beneficiary upon attaining the age of majority.

2) Mr. Sandip Somany, earlier holding 913120 shares of HSIL Limited through M/s Murlidhar Rajendra Kumar, as Partner.

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

Particulars	Shareholding at the beginning of the Year (As on 01.04.2015)		Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
	No of shares	% of total shares of the Company	No of shares	% of total shares of the Company
At the beginning of the year	34,062,249	47.11	34,062,249	47.11
Date wise increase/decrease in Promoters 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			34,062,249	47.11

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

Sr. No	For each of the top 10 shareholders	Shareholding at the beginning of the Year (As on 01.04.2015)		Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
		No.of shares	% of total shares of the Company	No of shares	% of total shares of the Company
1	**BIRLA SUN LIFE TRUSTEE COMPANY PRIVATE LIMITED A/C BIRLA SUN LIFE EMERGING LEADE**				
	a) At the beginning of the year	1800000	2.49	1800000	2.49
	b) Date wise increase/decrease Shareholding during the year				
	01/05/2015 - 85000 Shares Transfer			1715000	2.37
	15/05/2015 - 53000 Shares Purchase			1768000	2.45
	28/08/2015 - 20000 Shares Transfer			1748000	2.42
	04/09/2015 - 9200 Shares Transfer			1738800	2.41
	11/09/2015 - 15949 Shares Transfer			1722851	2.38
	09/10/2015 - 11500 Shares Transfer			1711351	2.37
	23/10/2015 - 26812 Shares Transfer			1684539	2.33
	06/11/2015 - 9051 Shares Transfer			1675488	2.32
	27/11/2015 - 37204 Shares Transfer			1638284	2.27
	04/12/2015 - 53576 Shares Transfer			1584708	2.19
	18/12/2015 - 41708 Shares Transfer			1543000	2.13
	31/03/2016 - 5000 Shares Purchase			1548000	2.14
	c) At the end of the year			1548000	2.14
2	**CANARA ROBECO MUTUAL FUND A/C CANARA ROBECO BALANCE #**				
	a) At the beginning of the year	828154	1.15	828154	1.15
	b) Date wise increase/decrease Shareholding during the year				
	10/04/2015 - 25000 Shares Purchase			853154	1.18
	26/06/2015 - 20000 Shares Purchase			873154	1.21
	03/07/2015 - 20000 Shares Purchase			893154	1.24
	31/07/2015 -3269 Shares Purchase			896423	1.24
	07/08/2015 - 44501 Shares Transfer			851922	1.18

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

Sr. No	For each of the top 10 shareholders	Shareholding at the beginning of the Year (As on 01.04.2015)		Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
		No.of shares	% of total shares of the Company	No of shares	% of total shares of the Company
	14/08/2015 - 133583 Shares Transfer			718339	0.99
	21/08/2015 - 100000 Shares Transfer			618339	0.86
	28/08/2015 - 776 Shares Transfer			617563	0.85
	04/09/2015 - 860 Shares Transfer			616703	0.85
	11/09/2015 - 18267 Shares Transfer			598436	0.83
	18/09/2015 - 187392 Shares Transfer			411044	0.57
	09/10/2015 - 14300 Shares Transfer			396744	0.55
	31/12/2015 - 8500 Shares Transfer			388244	0.54
	15/01/2016 - 40000 Shares Transfer			348244	0.48
	05/02/2016 - 7600 Shares Transfer			340644	0.47
	19/02/2016 - 108271 Shares Transfer			232373	0.32
	26/02/2016 - 217813 Shares Transfer			14560	0.02
	04/03/2016 - 14560 Shares Transfer			0	0.00
	c) At the end of the year			0	0.00
3	**L AND T MUTUAL FUND TRUSTEE LTD-L AND T EQUITY FUND #**				
	a) At the beginning of the year	1203225	1.66	1203225	1.66
	b) Date wise increase/decrease Shareholding during the year				
	10/04/2015 - 87043 Shares Purchase			1290268	1.78
	24/04/2015 - 30000 Shares Transfer			1260268	1.74
	07/08/2015 - 154823 Shares Transfer			1105445	1.53
	14/08/2015 - 485002 Shares Transfer			620443	0.86
	21/08/2015 - 232838 Shares Transfer			387605	0.54
	28/08/2015 - 8236 Shares Transfer			379369	0.52
	04/09/2015 - 98580 Shares Transfer			280789	0.39
	11/09/2015 - 12499 Shares Transfer			268290	0.37
	30/09/2015 - 43262 Shares Transfer			225028	0.31
	09/10/2015 - 81898 Shares Transfer			143130	0.20
	16/10/2015 - 143130 Shares Transfer			0	0.00
	c) At the end of the year			0	0.00
4	**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			0	0.00
	c) At the end of the year			750000	1.04
5	**HDFC TRUSTEE COMPANY LIMITED - HDFC PRUDENCE FUND**				
	a) At the beginning of the year	2561275	3.54	2561275	3.54
	b) Date wise increase/decrease Shareholding during the year				
	10/04/2015 - 46000 Shares Transfer			2515275	3.48
	24/04/2015 - 19000 Shares Transfer			2496275	3.45
	08/05/2015 - 31400 Shares Transfer			2464875	3.41
	22/05/2015 - 52142 Shares Transfer			2412733	3.34
	29/05/2015 - 412 Shares Transfer			2412321	3.34
	10/07/2015 - 134000 Shares Transfer			2278321	3.15
	07/08/2015 - 35000 Shares Transfer			2243321	3.10
	14/08/2015 - 21000 Shares Transfer			2222321	3.07
	28/08/2015 - 62500 Shares Transfer			2159821	2.99
	04/09/2015 - 17500 Shares Transfer			2142321	2.96
	18/09/2015 - 103500 Shares Purchase			2245821	3.11
	30/09/2015 - 24000 Shares Transfer			2221821	3.07
	c) At the end of the year			2221821	3.07
6	**RELIANCE CAPITAL TRUSTEE CO LTD-A/C RELIANCE MID & SMALL CAP FUND**				
	a) At the beginning of the year	5069218	7.01	5069218	7.01
	b) Date wise increase/decrease Shareholding during the year				
	10/04/2015 - 90000 Shares Purchase			5159218	7.14
	24/04/2015 - 75000 Shares Purchase			5234218	7.24
	07/08/2015 -300000 Shares Purchase			5534218	7.65
	18/12/2015 -9200 Shares Purchase			5543418	7.67
	15/01/2016 -61600 Shares Purchase			5605018	7.75

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

Sr. No	For each of the top 10 shareholders	Shareholding at the beginning of the Year (As on 01.04.2015)		Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
		No.of shares	% of total shares of the Company	No of shares	% of total shares of the Company
	22/01/2016 - 81500 Shares Purchase			5686518	7.87
	05/02/2016 - 40000 Shares Purchase			5726518	7.92
	12/02/2016 -35700 Shares Purchase			5762218	7.97
	19/02/2016 - 90000 Shares Purchase			5852218	8.09
	26/02/2016 - 60000 Shares Purchase			5912218	8.18
	04/03/2016 - 25000 Shares Purchase			5937218	8.21
	11/03/2016 - 26100 Shares Purchase			5963318	8.25
	18/03/2016 -20000 Shares Purchase			5983318	8.28
	31/03/2016 -62300 Shares Purchase			6045618	8.36
	c) At the end of the year			6045618	8.36
7	**SUNDARAM MUTUAL FUND A/C SUNDARAM INFRASTRUCTURE ADVANTAGE FUND**				
	a) At the beginning of the year	3836494	5.31	3836494	5.31
	b) Date wise increase/decrease Shareholding during the year				
	10/04/2015 - 46764 Shares Purchase			3883258	5.37
	19/06/2015 - 1860 Shares Purchase			3885118	5.37
	26/06/2015 - 34804 Shares Purchase			3919922	5.42
	03/07/2015 - 7000 Shares Purchase			3926922	5.43
	07/08/2015 - 100394 Shares Purchase			4027316	5.57
	28/08/2015 - 25000 Shares Purchase			4052316	5.61
	12/02/2016 - 7 Shares Transfer			4052309	5.61
	c) At the end of the year			4052309	5.61
8	**UTI - CAPITAL PROTECTION ORIENTED SCHEME - SERIES IV - I (1103 DAYS)***				
	a) At the beginning of the year	787308	1.09	787308	1.09
	b) Date wise increase/decrease Shareholding during the year				
	10/04/2015 - 5454 Shares Transfer			781854	1.08
	01/05/2015 - 87902 Shares Purchase			869756	1.20
	08/05/2015 - 11643 Shares Purchase			881399	1.22
	15/05/2015 - 6908 Shares Purchase			888307	1.23
	05/06/2015 - 20000 Shares Purchase			908307	1.26
	12/06/2015 -31207 Shares Purchase			939514	1.30
	19/06/2015 -8198 Shares Purchase			947712	1.31
	10/07/2015 - 100000 Shares Purchase			1047712	1.45
	31/07/2015 - 4475 Shares Purchase			1052187	1.46
	07/08/2015 - 12996 Shares Purchase			1065183	1.47
	14/08/2015 - 50000 Shares Purchase			1115183	1.54
	18/09/2015 - 20000 Shares Purchase			1135183	1.57
	26/02/2016 - 40000 Shares Purchase			1175183	1.63
	18/03/2016 - 48203 Shares Purchase			1223386	1.69
	31/03/2016 - 100000 Shares Transfer			1123386	1.55
	c) At the end of the year			1123386	1.55
9	**ONTARIO PENSION BOARD - MONDRIAN INVESTMENT PARTNERS LIMITED**				
	a) At the beginning of the year	943977	1.31	943977	1.31
	b) Date wise increase/decrease Shareholding during the year				
	26/06/2015 - 17000 Shares Purchase			960977	1.33
	30/06/2015 - 15600 Shares Purchase			976577	1.35
	10/07/2015 - 45155 Shares Purchase			1021732	1.41
	c) At the end of the year			1021732	1.41
10	**KOTAK MAHINDRA (UK) LTD A/C INDIA MIDCAP (MAURITIUS) LTD.***				
	a) At the beginning of the year	245902	0.34	245902	0.34
	b) Date wise increase/decrease Shareholding during the year				
	01/05/2015 - 60043 Shares Purchase			305945	0.42
	15/05/2015 - 84566 Shares Purchase			390511	0.54
	29/05/2015 - 143000 Shares Purchase			533511	0.74
	12/06/2015 - 7675 Shares Purchase			541186	0.75
	19/06/2015 -76708 Shares Purchase			617894	0.85
	26/06/2015 - 56429 Shares Purchase			674323	0.93
	11/09/2015 - 99095 Shares Purchase			773418	1.07

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

Sr. No	For each of the top 10 shareholders	Shareholding at the beginning of the Year (As on 01.04.2015)		Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
		No.of shares	% of total shares of the Company	No of shares	% of total shares of the Company
	18/09/2015 - 1200 Shares Purchase			774618	1.07
	30/09/2015 - 24061 Shares Purchase			798679	1.10
	09/10/2015 -20000 Shares Purchase			818679	1.13
	20/11/2015 - 60842 Shares Purchase			879521	1.22
	c) At the end of the year			879521	1.22
11	**MIRAE ASSET EMERGING BLUECHIP FUND**				
	a) At the beginning of the year	588761	0.81	588761	0.81
	b) Date wise increase/decrease Shareholding during the year				
	01/05/2015 - 8000 Shares Purchase			596761	0.83
	15/05/2015 - 10000 Shares Purchase			606761	0.84
	22/05/2015 - 5000 Shares Transfer			601761	0.83
	17/07/2015 - 51631 Shares Transfer			550130	0.76
	24/07/2015 - 24000 Shares Transfer			526130	0.73
	14/08/2015 -150000 Shares Purchase			676130	0.94
	21/08/2015 - 52500 Shares Purchase			728630	1.01
	28/08/2015 - 1500 Shares Purchase			730130	1.01
	c) At the end of the year			730130	1.01
12	**PRINCE STREET (INDIA) FUND PTE LTD #**				
	a) At the beginning of the year	902600	1.25	902600	1.25
	b) Date wise increase/decrease Shareholding during the year				
	24/04/2015 - 25534 Shares Transfer			877066	1.21
	01/05/2015 - 40899 Shares Transfer			836167	1.16
	08/05/2015 - 95158 Shares Transfer			741009	1.02
	15/05/2015 - 33809 Shares Transfer			707200	0.98
	19/06/2015 - 110742 Shares Transfer			596458	0.83
	26/06/2015 - 273089 Shares Transfer			323369	0.45
	30/06/2015 - 18099 Shares Transfer			305270	0.42
	03/07/2015 - 87656 Shares Transfer			217614	0.30
	10/07/2015 - 77128 Shares Transfer			140486	0.19
	17/07/2015 - 74692 Shares Transfer			65794	0.09
	24/07/2015 - 55214 Shares Transfer			10580	0.01
	31/07/2015 - 10580 Shares Transfer			0	0.00
	c) At the end of the year			0	0.00
13	**MONDRIAN EMERGING MARKETS SMALL CAP EQUITY FUND,L.P.**				
	a) At the beginning of the year	1794932	2.48	1794932	2.48
	b) Date wise increase/decrease Shareholding during the year				
	08/05/2015 - 38000 Shares Purchase			1832932	2.54
	15/05/2015 - 63908 Shares Purchase			1896840	2.62
	26/06/2015 - 40000 Shares Purchase			1936840	2.68
	30/06/2015 - 36000 Shares Purchase			1972840	2.73
	03/07/2015 -57000 Shares Purchase			2029840	2.81
	10/07/2015 - 94610 Shares Purchase			2124450	2.94
	c) At the end of the year			2124450	2.94
14	**AMBIT CORPORATE FINANCE PRIVATE LIMITED**				
	a) At the beginning of the year	810900	1.12	810900	1.12
	b) Date wise increase/decrease Shareholding during the year				
	01/05/2015 - 20000 Shares Transfer			790900	1.09
	20/11/2015 - 900 Shares Purchase			791800	1.10
	12/02/2016 - 36991 Shares Transfer			754809	1.04
	18/03/2016 - 3909 Shares Transfer			750900	1.04
	c) At the end of the year			750900	1.04

Note:

* Not in the list of Top 10 shareholders as on 01/04/2015. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31/03/2016.

\# Ceased to be in the list of Top 10 shareholders as on 31/03/2016. The same is reflected above since the shareholder was one of the Top 10 shareholders as on 01/04/2015.

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

Sr. No	For Each of the Directors & KMP	Shareholding at the beginning of the Year (As on 01.04.2015)		Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
		No.of shares	% of total shares of the Company	No of shares	% of total shares of the Company
1	**Mr. Rajendra Kumar Somany - Chairman and Managing Director**				
	At the beginning of the year	2,620,114	3.62	2,620,114	3.62
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	0	0	0	0
	At the end of the year			2,620,114	3.62
2	**Mr. Sandip Somany - Joint Managing Director**				
	At the beginning of the year	1,990,908	2.76	1,990,908	2.76
	Date wise increase/decrease in Share holding during the year: 09/09/2015 - 76244 shares inter-se-transfer	-	-	(76,244)	(0.11)
	At the end of the year			1,914,664	2.65
3	**Mrs. Sumita Somany - Director**				
	At the beginning of the year	76,665	0.11	76,665	0.11
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	0	0	0	0
	At the end of the year			76,665	0.11
4	**Mr. G.L.Sultania - Director**				
	At the beginning of the year	6705	0.01	6705	0.01
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	0	0	0	0
	At the end of the year			6705	0.01
5	**Mr. Ashok Jaipuria - Director**				
	At the beginning of the year	12000	0.02	12000	0.02
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	0	0	0	0
	At the end of the year			12000	0.02
6	**Mr. Salil Bhandari -Director**				
	At the beginning of the year	0	0	0	0
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	0	0	0	0
	At the end of the year			0	0
7	**Mr. V.K.Bhandari - Director**				
	At the beginning of the year	0	0	0	0
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	0	0	0	0
	At the end of the year			0	0
8	**Mr. N.G.Khaitan - Director**				
	At the beginning of the year	832	0.00	832	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)	0	0	0	0
	At the end of the year			832	0.00
9	**Dr. Rainer S. Simon - Director**				
	At the beginning of the year	0	0	0	0
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	0	0	0	0
	At the end of the year			0	0
10	**Mr. Sandeep Sikka - Chief Financial Officer (KMP)**				
	At the beginning of the year	0	0	0	0
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	0	0	0	0
	At the end of the year			0	0
11	**Mrs. Payal M Puri - Company Secretary (KMP)**				
	At the beginning of the year	0	0	0	0
	Date wise increase/decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	0	0	0	0
	At the end of the year			0	0

V INDEBTEDNESS

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

(₹ In lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the financial year				
i) Principal Amount	56,062.57	19,079.53	-	75,142.10
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	435.08	5.67	-	440.75
Total (i+ii+iii)	**56,497.65**	**19,085.20**	**-**	**75,582.85**
Change in Indebtedness during the financial year				
Additions	28,767.25	105,000.00	-	133,767.25
Reduction	44,220.95	104,273.18	-	148,494.13
Net Change	-15,453.70	726.82	-	-14,726.88
Indebtedness at the end of the financial year				
i) Principal Amount	40,643.87	19,771.35	-	60,415.22
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	255.12	-	-	255.12
Total (i+ii+iii)	**40,863.99**	**19,806.35**	**-**	**60,670.34**

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ In lacs)

Sr. No	Particular of Remuneration	Name of the MD/WTD/Manager		Total Amount
		Mr. Rajendra Kumar Somany	Mr. Sandip Somany	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	216.85	164.00	380.85
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	33.50	21.76	55.26
	(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	699.73	760.07	1459.8
	- others (specify)	-	-	
5	Others, please specify	-	-	
	Total (A)	950.08	945.83	1895.91
	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)			1895.91

B. Remuneration to other directors:

(₹ In lacs)

Sr. No	Particulars of Remuneration	Name of the Directors					Total Amount
1	**Independent Directors**	**Mr. Ashok Jaipuria**	**Mr. Salil K Bhandari**	**Mr. V.K. Bhandari**	**Mr. N.G. Khaitan**	**Dr. Rainer S. Simon**	
	(a) Fee for attending board committee meetings	-	0.90	0.90	0.85	-	2.65
	(b) Commission	27.15	27.15	27.15	27.15	27.15	135.75
	(c) Others, please specify	-	-	-	-	-	-
	Total (1)	**27.15**	**28.05**	**28.05**	**28.00**	**27.15**	**138.40**
2	**Other Non Executive Directors**	**Mrs. Sumita Somany**	**Mr. G.L. Sultania**				
	(a) Fee for attending board committee meetings	0.45	0.60				1.05
	(b) Commission	27.15	27.15				54.30
	(c) Others, please specify	-	-				-
	Total (2)	**27.60**	**27.75**				**55.35**
	Total (B)=(1+2)	**54.75**	**55.80**	**28.05**	**28.00**	**27.15**	**193.75**
	Total Managerial Remuneration (A+B) (excluding sitting fees)						**2085.96**
	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)						**2085.96**

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(₹ In lacs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		Ms. Payal M Puri (Company Secretary)	Mr. Sandeep Sikka (Chief Financial Officer) (Appointed as CFO on 06.04.2015)	Mr. Vijay Kumar Ajmera (Chief Financial Officer) (Ceased to be CFO on 06.04.2015)	
1	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	29.51	124.86	1.10	155.47
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	1.33	6.59	0.05	7.97
	(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	**30.84**	**131.45**	**1.15**	**163.44**

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 2016

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**
Mr. R.K.Somany - Chairman and Managing Director	Rented property in Hyderabad for the purpose of Guest House for the Company	On-going	On a monthly rental of ₹ 40000/-	-	Nil
M/s Hindware Home Retail Private Limited – Wholly owned subsidiary	Sale and Purchase of Goods	On-going	As per Purchase order and Invoices	-	Nil
Textool Merchantile Private Limited - Mr. R.K 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 01.02.2013 to 31.01.2016	On monthly rental ₹ 3000/- p.m. reimbursement of expenses	-	Nil
		Further renewed for 36 months i.e 01.02.2016 to 31.01.2019	On monthly rental of ₹ 20,000/- and actual expenses reimbursement	02.02.2016	Nil
Paco Exports Limited - Mr. R.K Somany, Mr. Sandip Somany and Mrs. Sumita Somany, Directors and holding more than 2 % in the Share Capital of the Company.	Payment of Rent for Showroom in Ernakulam	Agreement for 11 months i.e 01.07.2014 to 31.05.2015	On monthly rental of ₹ 169400/- as per the terms and conditions that mutually agreed.	29.05.2014	Nil
		Further renewed for 11 Months i.e 01.06.2015 to 30.04.2016	On monthly rental of ₹ 186340/- as per the terms and conditions that mutually agreed.	18.05.2015	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 01.04.2014 to 31.03.2017	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 ₹ 1250000/- per annum plus service tax as applicable.	11.08.2014	Nil

For and on behalf of the Board of Directors

Rajendra Kumar Somany
Chairman and Managing Director

ANNEXURE - E

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2015-2016

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.	Pl. refer Corporate Social Responsibility section in this report and also in Corporate Governance Report. Further, for detailed CSR Policy, please refer Company's website at the Link: http://www.hindwarehomes.com/pdf/CSR_Policy_HSIL.pdf
2.	The Composition of the CSR Committee.	Pl. 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	₹ 12149.65 lacs
4.	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	₹ 242.99 lacs
5.	Details of CSR spent during the financial year.	
	(a) Total amount to be spent for the financial year;	₹ 242.99 lacs
	(b) Amount unspent, if any;	₹ 116.04 lacs

(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 is 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 was undertaken	Amount outlay (budget) project or programs wise (₹ In Lacs)	Amount spent on the projects or programs Sub Heads: (1) Direct Expenditure on Projects or Programs (2) Overheads (₹ In Lacs)	Cumulative expenditure upto to the reporting period (₹ In Lacs)	Amount spent : Direct or through Implementing Agency
(i)	Project Samarth (Cutting & tailoring training to women)	Cl. (ii) Promoting education and employment enhancing vocation skills especially among children, women;	Bahadurgarh (Dist- Jhajjar, Haryana)	5.95	2.26	2.26	Direct
(ii)	Kushal Vikas (Skill development) basic computer training class	Cl. (ii) Promoting education, including special education and enhancing vocation skills especially among children, women;	Bahadurgarh (Dist- Jhajjar, Haryana)	3.00	2.63	2.63	Direct
(iii)	Swastha Sampada (Health Care) OPD facility	Cl. (i) promoting health care including prevention health care;	Bahadurgarh (Dist- Jhajjar, Haryana)	36.21	31.40	31.40	Direct
(iv)	Contribution toward Rain Water Harvesting - Pandawala Check Dam	Cl. (iv) ensuring environmental stainability, ecological balance, conservation of natural resources and maintaining quality of soil, air and water;	Khotidarifa Village (Dist- Alwar, Rajasthan)	4.75	4.75	4.75	Through Implementing agency (PHD Rural Development Foundation)
(v)	Contribution toward Rain Water Harvesting - Nariyawal Check Dam	Cl. (iv) ensuring environmental stainability, ecological balance, conservation of natural resources and maintaining quality of soil, air and water;	Guwara Village (Dist- Alwar, Rajasthan)	5.51	5.51	5.51	Through Implementing agency (PHD Rural Development Foundation)
(vi)	HSIL Aap Ke Liye - Construction of Community Water Center	Cl. (i) preventing health care and sanitation and making available safe drinking water;	Sadodh Village, Bhiwadi (Dist- Alwar, Rajasthan)	5.95	5.95	5.95	Through Implementing agency (MA MY Anchor Foundation)
(vii)	HSIL Aap Ke Liye - Construction of Household Toilets	Cl. (i) preventing health care and sanitation and making available safe drinking water;	Sadodh Village, Bhiwadi (Dist- Alwar, Rajasthan)	9.70	8.86	8.86	Through Implementing agency (MA MY Anchor Foundation)
(viii)	Toilets in Chinnaravalapally Village and Brahmanapally Village	Cl. (i) preventing health care and sanitation and making available safe drinking water;	Chinnaravalapally Village and Brahmanapally Village, Bhongir, (Dist. Nalgonda, Telangana)	6.25	5.27	5.27	Direct

S. No	CSR project or activity identified	Sector in which the projects is 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 was undertaken	Amount outlay (budget) project or programs wise (₹ In Lacs)	Amount spent on the projects or programs Sub Heads: (1) Direct Expenditure on Projects or Programs (2) Overheads (₹ In Lacs)	Cumulative expenditure upto to the reporting period (₹ In Lacs)	Amount spent : Direct or through Implementing Agency
(ix)	Donation to Indian Red Cross Society	Cl.(viii) contribution to the Prime Minister's Relief Fund or any other fund set by Central Government	District Branch, Jhajjar	5.00	5.00	5.00	Direct
(x)	Contibution to Janki Social Welfare Society	Cl. (ii) Promoting education, including special education and enhancing vocation skills especially among children, women;	Hayatpur Garhi Road, Gurgaon, Haryana	0.51	0.51	0.51	Direct
(xi)	Providing Sanitaryware products to Udayan Care (an NGO which has constructed Udayan Ghar/orphange house)	Cl. (i) preventing health care and sanitation	Noida, Uttar Pardesh	2.41	2.41	2.41	Direct
(xii)	Basic Literacy Centre (Prathamik Saksharata Kendra)	Cl. (ii) Promoting education, including special education and enhancing vocation skills especially among children, women;	Bahadurgarh (Dist- Jhajjar, Haryana)	2.22	0.81	0.81	Direct
(xiii)	Swastha Sampada (Health Care)	Cl. (i) promoting health care including prevention health care;	Kaharani, Bhiwadi, Rajasthan	21.71	15.37	15.37	Direct
(xiv)	Swastha Sampada (Health Care)	Cl. (i) promoting health care including prevention health care;	Bibinagar (Dist. Nalgonda, Telangana)	31.04	24.58	24.58	Direct
(xv)	Swastha Sampada (Health Care)	Cl. (i) promoting health care including prevention health care;	Bhongir, Telangana	54.22	4.16	4.16	Direct
(xvi)	Skills enhancement vocational training (Kaushal Vridhi)	Cl. (ii) Promoting education, including special education and enhancing vocation skills especially among children, women;	Bahadurgarh (Dist- Jhajjar, Haryana)	49.25	6.18	6.18	Direct
(xvii)	Providing Sanitaryware and Faucets products to Maheshwari Sabha Community Service Trust	Cl. (i) preventing health care and sanitation and making available safe drinking water;	Delhi -Rohtak Road, Bahadurgarh (Dist- Jhajjar, Haryana)	1.30	1.28	1.28	Direct
	TOTAL			**244.99**	**126.95**	**126.95**	

6. The Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof:-

   a) The projects-Swastha Sampada (Bibinagar), Swastha Sampada (Kaharani) and Basic Literacy Centre (Prathamik Saksharata Kendra) (Bahadurgarh) commenced in the month of November, 2015 and the project Skill Enhancing Vocational Training (Kaushal Vridhi) (Bahadurgarh) commenced in the month of February, 2016.

   b) Project- Swastha Sampada (Health Care) at Bhongir was approved in the Corporate Social Responsibility Committee meeting held on 2nd February, 2016. The permission for construction of Dispensary is still pending from the Government Authorities and therefore the project could not commence and the amount sanctioned by the CSR Committee was not spent.

   c) In few projects, the expenditure incurred was less than the budgets as anticipated at the time of approval.

7. We hereby affirm that the CSR Policy, as approved by Board of Directors, has been implemented and the CSR Committee monitors the implementation of CSR projects and activities in compliance with CSR objectives and Policy of the Company.

Rajendra K Somany
Chairman and Managing Director

Salil Kumar Bhandari
Chairman of CSR Committee

Place : Gurgaon
Date : 23 May 2016

ANNEXURE - F

REMUNERATION POLICY FOR DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

- **Guiding Principles:** This Policy of the Company aims to attract, retain and motivate professionals; in order to enable the Company to achieve its strategic objectives and develop a strong performance based culture and a competitive environment. This Policy and the compensation structure has been devised after taking into account all relevant factors and giving due regard to the interests of shareholders and the financial and commercial health of the Company.

- **Board to determine the remuneration:** The Board while determining the remuneration package of the Directors, Key Managerial Personnel and Senior Management may take into account, all or any of the following:

  (a) the requirement of the Company, specifically in terms of the skill sets required, the qualification of the persons being considered and the long term and short term goals of the Company;

  (b) interests of the shareholders and the financial and commercial health of the Company;

  (c) individual performance of the persons being considered;

  (d) performance of the Company;

  (e) remuneration packages offered by companies of comparable size in the same business as the Company;

  (f) remuneration package offered at the same level by companies of comparable size in other businesses; and

  (g) other relevant factors it deems necessary.

- **Maximum Threshold:** Except as otherwise provided under the Companies Act or with the prior approval of the Central Government, the total managerial remuneration payable by the Company, to its Directors (including managing director and whole-time director) and its manager in respect of a financial year shall not exceed 11% (eleven per cent) of the net profits of the Company in the relevant financial year, computed in the manner prescribed under the Companies Act. Further, except with the approval of the Company in general meeting:

  (a) the remuneration payable to any one managing director; or whole-time director or manager shall not exceed 5% of the net profits of the company and if there is more than one such directors, remuneration shall not exceed ten percent of the net profits to all such directors and manager taken together;

  (b) the remuneration payable to Directors who are not managing directors nor whole-time directors shall not exceed 1% (one percent) of the net profits of the Company.

- **Manner of payment:** Remuneration payable to Key Managerial Personnel and Senior Management may be mix of (i) fixed components such as salary, perquisites and allowances and (ii) variable components including commission, based on the individual performance and the performance of the Company, as determined by the Board, provided that the remuneration payable to the Directors shall be subject to the prior/post approval of the shareholders of the Company and/or the Central Government, as may be required under the applicable laws.

- **Perquisites/allowances:** The Company may offer perquisites and allowances such as house rent allowance, leave travel concession, medical reimbursement, club membership, personal accident insurance and such other benefits, facilities and allowances, to Directors, Key Managerial Personnel and Senior Management as determined by the Board from time to time.

- **Stock Options:** The Company may issue stock option to its Directors (other than Independent Directors), Key Managerial Personnel and Senior Management, as it may deem fit.

- **Sitting Fee:** Non-executive Directors of the Company may be entitled to a sitting fee, as determined by the Board or the Company in accordance with the provisions of the Companies Act. No Executive Director shall be entitled to receive a sitting fee for attending Board meeting of the Company. Sitting fee will not be considered as a part of remuneration for determining the aggregate managerial remuneration being paid to Directors in accordance with this Policy.

- **Remuneration to Non-executive Directors:** Non-executive Directors may receive remuneration by way of (i) Sitting fee (ii) reimbursement of expenses for participation in the Board and other meetings (iii) profit related commission as may be approved by the shareholders and (iv) in such other manner as may be

permitted under applicable law. An independent director shall not be entitled to any stock option.

- **Fee for professional services:** It is clarified that, the fee payable to a Director for any professional services rendered by him to the Company shall not be considered as a part of the relevant Director's remuneration. Further, payment of such professional fee shall not require approval of the shareholders, if the Committee is satisfied that the Director possesses the relevant qualifications for practicing the profession. Provided however that in case approval of the shareholders is required pursuant to the related party transactions policy of the Company or under the Companies Act (by virtue of such a transaction being considered as a contract or arrangement for availing any services and/or for appointment of a related party to any office or place of profit in the Company), such approval shall be obtained, in accordance with the provisions of the Companies Act or the Listing Agreement.

- **Professional Indemnity:** The Company may take such professional indemnity and liability insurance policy for its Directors, Key Managerial Personnel and Senior Management, as the Board may deem fit and the premium paid on such insurance shall not to be treated as part of the remuneration payable to any such personnel, except as otherwise provided under the Companies Act.

- **Minimum Remuneration:** If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.

- **Provisions for excess remuneration:** If any Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act or without the prior sanction of the Central Government, where required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it, unless permitted by the Central Government.

ANNEXURE - G

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	
Mr. Rajendra Kumar Somany	410.50
Mr. Sandip Somany	425.38
Non-Executive Directors	
Mr. G. L. Sultania	12.39
Mr. N. G. Khaitan	12.51
Mr. Salil Bhandari	12.54
Mr. V. K. Bhandari	12.54
Dr. Rainer S. Simon	12.08
Mr. Ashok Jaipuria	12.08
Mrs. Sumita Somany	10.36

**Remuneration is calculated on paid basis.*

(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 in remuneration in the financial year*
Mr. Rajendra Kumar Somany	23.23
Mr. Sandip Somany	42.06
Mrs. Sumita Somany**	-
Mr. Girdhari Lal Sultania	21.78
Mr. Ashok Jaipuria	22.46
Mr. V. K. Bhandari	20.85
Mr. Nand Gopal Khaitan	20.90
Mr. Salil Bhandari	19.66
Dr. Rainer Siegfried Simon	22.46
Mr. Sandeep Sikka***	-
Ms. Payal M Puri	29.67

**Remuneration is calculated on paid basis.*

*** Ms. Sumita Somany was appointed as Director in the FY 14-15 and therefore was not eligible for the commission for the FY 13-14. She received the commission of the FY 14-15 in the FY 15-16, therefore percentage increase is not comparable.*

**** Mr. Sandeep Sikka was appointed as Chief Financial Officer w.e.f. 6th April 2015 and therefore his remuneration is not comparable.*

(iii) The percentage increase in remuneration in the median remuneration of employee in the financial year : 8.96 %

(iv) The number of permanent employees on the rolls of the Company : 3615

(v) The explanation on the relationship between average increase in remuneration and company performance:

On an average, employees received an annual increase of 18.33 %. The increase in remuneration is in line with the market trends. In order to ensure that remuneration reflects Company performance, the performance pay is also linked to organization performance, apart from an individual's performance.

(vi) Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:

Aggregate remuneration of Key Managerial Personnel (KMP) in FY16 (₹in Lacs)	959.19
Revenue (₹in Lacs)	209789
Remuneration of KMPs (as % of revenue)	0.46 %
Profit before Tax (PBT) (₹in Lacs)	18497
Remuneration of KMP (as % of PBT)	5.19 %

(vii) Variations in the market capitalization of the Company, price earnings ratio as the closing date of the current financial year and previous year and percentage increase or decrease in market quotation of the shares of the Company in comparison to the rate at which the Company came out with the last public offer:

	Closing Market Price per share (₹)		Percentage Decrease	Price Earnings Ratio		Market Capitalization (₹ in crores)	
	As at 31 March 2015	As at 31 March 2016		As at 31 March 2015	As at 31 March 2016	As at 31 March 2015	As at 31 March 2016
NSE	450.60	278.30	38.24%	28.69	17.24	3257.68	2012.01
BSE	447.50	278.25	37.82%	28.50	17.24	3235.26	2011.65

The percentage increase in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in the year 1993.

Particulars	31 March 2016 (₹)	September 1993* (₹)	%
NSE	278.30	155	79.55
BSE	278.25	155	79.52

** The Company came out with last public offer in the month of September 1993. The figure for BSE and NSE in September 1993 are not available so comparisons are being made with the available market price as per Prospectus available. Moreover, in 1993, the face value of equity shares was ₹ 10 each and on 31 March 2016, the face value of equity shares was ₹ 2 each.*

(viii) 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: 16.78 %.

Percentile increase in the managerial remuneration of Mr. Rajendra Kumar Somany, Chairman and Managing Director and Mr. Sandip Somany, Joint Managing Director was 23.23% and 42.06% respectively.

(ix) Comparison of each remuneration of the Key Managerial Personnel against the performance of the Company:

Particulars	Mr. Rajendra Kumar Somany (Chairman and Managing Director)	Mr. Sandeep Sikka (Chief Financial Officer) (Appointed as CFO w.e.f. 06.04.2015)	Mr. Vijay Kumar Ajmera (Chief Financial Officer) (Ceased to be CFO w.e.f. 06.04.2015)	Ms. Payal M Puri (Company Secretary)
Remuneration in FY16 (₹ in Lacs)	795.76	131.44	1.15	30.83
Revenue (₹ in Lacs)	209789	209789	209789	209789
Remuneration as % of revenue	0.38	0.07	0.00	0.01
Profit before Tax (PBT) (₹ in Lacs)	18497	18497	18497	18497
Remuneration (as % of PBT)	4.30	0.71	0.01	0.17

(x) The Key parameters for any variables component of remuneration availed by the directors:

The members at the Annual General Meetings held on 27 September 2014 and 30 September 2013, approved the payment of commission of 4% of the net profits of the Company to Mr. Rajendra Kumar Somany (Chairman and Managing Director) and Mr. Sandip Somany (Joint Managing Director) respectively.

Further, the members have, at the Annual General Meeting of the Company on 30 September 2013 approved payment of commission to the Non-executive Directors within the ceiling of 1% of the net profits of the Company as computed under the applicable provisions of the Act.

(xi) The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but received remuneration in excess of the highest paid Director during the year: None

(xii) 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.

B. The information required under Section 197 of the Act read with rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:-

(i) Employed throughout the year and in receipt of remuneration not less than ₹ 60,00,000 for the year.

Name of the Employees	Designation and nature of employment	Qualification	Experience (Years)	Date of Employment	Age (years)	Remuneration received	% of Equity shares held by them (not less than 2% of the equity shares of the Company)	Last Employment and Designation
Mr. Rajendra Kumar Somany	Chairman and Managing Director (Contractual)	B.Com, FI(Ceramics)(U.K.) LFAIMA, FCMI (U.K.) Member-IOM³ (U.K.), Emeritus Member-American Ceramic Society	61	1.10.1965	79	7,95,76,289	3.62	–
Mr. Sandip Somany	Joint Managing Director (Contractual)	B.Com., Diploma in Ceramics (USA)	31	1.10.1985	53	8,24,59,490	2.65	–
Mr. Sandeep Sikka	Chief Financial Officer	B,Com (Hons), ACA, ICWA	21	01.04.2015 (Appointed as CFO w.e.f. 06.04.2015)	45	1,31,44,490	–	Usha International-Group Chief Financial Officer
Mr. Arun Kumar D	President – PPD	B.E. (Mechanical)	44	02.12.1996	69	2,38,47,883	–	Nagarjuna Acqua Ltd.-President
Mr. Ram Babu Kabra	President – BPD	B.Com., FCA, ACS	35	07.09.1981	58	1,92,74,472	–	Hyderabad Asbestoes Limited – Chief Accountant
Mr. Rakesh Kaul	President-CPD	MFT, MBA, Bsc.	20	21.01.2015	45	89,76,010	–	Karbonn Mobiles – Executive Director
Mr. Rajesh Pajnoo	President-Pipes Division	B.E., DBM, PGDM&SM	23	16.03.2015	49	66,91,107	–	Kisan Mouldings Limited- Chief Operating Officer
Mr. Sanjay Gaur	Chief Human Resources Officer	B.Com., MBA	25	04.12.2006	50	94,39,564	–	Bharti Airtel Ltd. (General Manager-HR)
Mr. Jitendra Kumar Somani	Head SCM & Commercial	B.Com, ACS	38	16.06.1977	59	1,02,70,343	–	–
Mr. Ravi Gupta	CEO-AGI Closures	B.E. (Mechanical)	42	02.01.2014	66	83,98,800	–	Gwala Closures India Pvt Ltd.-Managing Director
Mr. Vijay Kumar Ajmera	Senior Vice President	B.Com (Hons.), FCA	37	19.05.1990	61	70,10,214	–	Modi Champion Ltd., - Commercial Manager
Mr. Om Prakash Pandey	Sr. Vice President (Finance)	B.Com (Hons) Master in Business Finance	33	26.05.1986	55	64,03,373	–	Somany Pilkington Ltd.
Mr. V Krishna Murthy	Sr. Vice President	Diploma in Mechanical Engineer, MBA	32	12.08.1994	53	68,76,962	–	Sylvania & Laxman Ltd., Dy. Product Manager
Mr. Venkat Ramana Reddy .N	Vice President	B.Com, MBA	31	11.07.1990	54	65,10,739	–	Madhusudan Ceramic- Sales Officer

(ii) Employed for the part of the year and in receipt of remuneration not less than ₹ 5,00,000 per month.

Name of the Employees	Designation and nature of employment	Qualification	Experience (Years)	Date of Employment	Age (years)	Remuneration received	% of Equity shares held by them (not less than 2% of the equity shares of the Company)	Last Employment and Designation
Mr. Manish Bhatia	President- Sales & Marketing	B.E (Mech),PGDM	19	01.07.2015	45	67,16,318	–	Akzonobel – Business Director – Automotive Coating Division
Mr. Ravendranath Saxena	CEO	BSc (Chemistry) , MA (Economics), PGBBA, Diploma in Foreign Trade	29	16.01.2012	54	64,24,477	–	Amcor Regid Plastics India, Unit Head
Mr. Kular Satish Shetty	President (Operations & Technical)	B.Tech. (Mechanical)	33	28.01.2016	57	15,10,442	–	Saudi Arabian Glass Co. Ltd

Name of the Employees	Designation and nature of employment	Qualification	Experience (Years)	Date of Employment	Age (years)	Remuneration received	% of Equity shares held by them (not less than 2% of the equity shares of the Company)	Last Employment and Designation
Mr. Ajay Seth	Chief Operating Officer	BE., PGDBM	26	10.09.2007	49	17,66,117	–	Reliance Retail Ltd.- Head Operations
Mr. Anil Kumar Chandani	Sr. Vice President (Corporate Finance)	B.Com.(Hons), FCA, FCS, AICWA, DBF (ICFAI)	26	21.04.2008	49	1,07,64,090	–	GHCL Limited – General Manager (Corporate Finance)
Mr. Chembil Palat Suresh	Sr. Vice President (Mktg)	B.Sc,PGDBM	43	09.11.1977	66	1,16,22,619	–	–
Mr. Ashok Rao Manikala	Sr. Vice President (Operations)	B.E. Mech.	29	02.12.1996	55	27,57,075	–	J.G. Containers, Malaysia
Mr. A S Prasad	Sr. Vice President (Personnel & Admin)	MBA	45	14.07.1995	66	51,87,552	–	MVR Industries Ltd.

(iii) Employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager.

Name of the Employees	Designation and nature of employment	Qualification	Experience (Years)	Date of Employment	Age (years)	Remuneration received	% of Equity shares held by them (not less than 2% of the equity shares of the Company)	Last Employment and Designation
			NIL					

Note:

Mr. Rajendra Kumar Somany, Chairman and Managing Director and Mr. Sandip Somany, Joint Managing Director are related to each other. None of the other employees are related to any of the Directors of the Company.

CORPORATE GOVERNANCE REPORT

COMPANY PHILOSOPHY

HSIL's business philosophy is highly ethical, open and transparent. The Company, led by its Board of Directors, is committed to upholding the highest standards of accountability through an integrated way of thinking.

The Company has in place a robust corporate governance framework, which is well aligned with the new guidelines of the Companies Act, 2013. We are continuously nurturing and strengthening this framework through concerted and collective efforts of our people, under the guidance of our leadership team.

To keep our Board well informed and independent, we have adhered ourselves to the highest standards of corporate governance. Our Board fully supports and endorses corporate governance practices in accordance with the provisions of Regulation 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Our corporate governance system is founded on the pillar of transparency, and we believe in making timely disclosures and sharing accurate information regarding our financials and performance. We are also transparent in sharing information about the company's leadership and governance with our stakeholders, to whom we are committed to driving enhanced value year on year.

Value creation, in fact, lies at the heart of our business decisions and actions and, to this end we are perpetually striving to identify new potential and possibilities, and augment our capabilities to align them with the transforming industry demands.

The Securities and Exchange Board of India (SEBI) had issued a circular dated 13th October, 2015, pursuant to which the Company has signed a new Listing Agreement with Stock Exchanges within six months from the date of notification of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 i.e. 2nd September, 2015, to bring in additional corporate governance norms for listed entities. The norms provide for stricter disclosures and protection of investor rights, including equitable treatment for minority and foreign shareholders.

A. BOARD OF DIRECTORS

The Company is managed and controlled by a professional Board comprising a blend of Executive and Non-executive professional Directors. As on 31 March 2016, the Board of Directors consisted of nine Directors, including Chairman and Managing Director, Joint Managing Director and others.

As on 31 March 2016, none of the Directors on the Company's Board was a Director in more than 20 Companies, neither a Chairman of more than five Committees nor a member of more than 10 Committees in accordance with Companies Act, 2013. Further, all the Directors have made necessary disclosures regarding their Directorship and Chairmanship/Committee Membership in other Companies as per the requirement of Companies Act, 2013.

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

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

Five Board meetings were held during 2015-16 and the gap between two meetings did not exceed 120 days. The dates, on which the Board meetings were held, are as follows:

6 April 2015, 18 May 2015, 30 July 2015, 3 November 2015 and 2 February 2016

Dates for the Board meetings are decided well in advance and the Agenda, along with the supporting documents, explanatory notes and information, as enumerated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are made available to the Board along with the notice of respective 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 2016, and at the last Annual General Meeting, and the number of other Directorship and Chairmanship/ Membership of Committees held by them, are given below:

Name of the Director	No. of Board meetings attended during tenure	Whether attended the last AGM	No. of other Directorships*	Committee position of other Companies**		No. of Equity Shares held
				Chairman	Member	
Executive						
Mr. Rajendra Kumar Somany (Chairman and Managing Director)	4	Yes	4	Nil	Nil	26,20,114
Mr. Sandip Somany (Joint Managing Director)	4	No	3	Nil	Nil	19,14,664
Non-executive and Non- Independent						
Mrs. Sumita Somany	4	No	3	Nil	Nil	76,665
Mr. G. L. Sultania	4	Yes	8	Nil	2	6,705
Non-executive and Independent						
Mr. Ashok Jaipuria	5	No	2	Nil	1	12,000
Mr. N. G. Khaitan	4	Yes	6	1	5	832
Dr. Rainer Siegfried Simon	4	No	Nil	Nil	Nil	Nil
Mr. V. K. Bhandari	4	Yes	8	3	4	Nil
Mr. Salil Bhandari	4	No	2	Nil	2	Nil

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

B. COMMITTEES OF THE BOARD

The Board of Directors has constituted the following Committees of Directors 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
- Stakeholder 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:

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 atleast 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, five meetings of the Audit Committee were held on 6 April 2015, 18 May 2015, 30 July 2015, 3 November 2015 and 2 February 2016. The Chairman of the Audit Committee also attended the Company's last Annual General Meeting.

The following table summarizes 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	5	4
Mr. N. G. Khaitan	Member	5	4
Mr. Salil Bhandari	Member	5	4
Mr. Ashok Jaipuria	Member	5	2

The Committee's existing composition meets with requirements of Section 177 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges.

The scope of the Audit Committee is as follows:

Powers of Audit Committee

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

Terms of Reference

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

- Reviewing reports of Cost audit, if any, and discussion with Cost Auditors on any significant findings by them;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- To review the functioning of the Vigil (Whistle Blower) mechanism;
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- Recommending to the Board, the appointment and fixation of remuneration of Cost Auditors, if applicable;
- Evaluating Internal Financial Controls and Risk Management Systems and reviewing the Company's financial and risk management policies;
- Looking into the reasons for substantial defaults, if any, in payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- Reviewing the Management Discussion and Analysis of financial condition and results of operation;
- Reviewing the statement of significant related-party transactions;
- Reviewing the Management letters/letters of internal control weaknesses issued by the Statutory Auditors;
- To review the appointment, removal and terms of remuneration of the Chief internal auditor; and
- To review the internal audit report relating to internal control weaknesses.

Corporate Affairs Committee

Composition

The Company's Corporate Affairs Committee comprises two Executive Directors and two Non-executive Directors. Mr. 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 ten occasions during 2015-16, on 27 April 2015, 6 May 2015, 1 June 2015, 25 August 2015, 19 October 2015, 9 November 2015, 15 December 2015, 22 January 2016, 23 February 2016 and 11 March 2016.

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
Mr. Rajendra Kumar Somany	Chairman	10	10
Mr. Sandip Somany	Member	10	9
Mr. G. L. Sultania	Member	10	Nil
Mr. Salil Bhandari	Member	10	1

Scope of the Corporate Affairs Committee

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

Corporate Social Responsibility (CSR) Committee

Composition

The Company's Corporate Social Responsibility Committee comprises of two Executive Directors and an 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.

Meetings and Attendance

During the year, the Corporate Social Responsibility Committee met four times on 18 May 2015, 30 July 2015, 3 November 2015 and 2 February 2016. 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	4	3
Mr. Rajendra Kumar Somany	Member	4	3
Mr. Sandip Somany	Member	4	4

Scope of the Corporate Social Responsibility Committee

The above constituted Corporate Social Responsibility Committee formulated the Corporate Social Responsibility Policy to achieve its objective that being a corporate entity, HSIL acknowledges its obligation to contribute to the economic development of the State and the country while improving the quality of life of its workforce and their immediate families as well as of the community and society at large. While undertaking statutorily required CSR projects/ programmes within India, the Company will consistently strive for opportunities to meet the expectation of its stakeholders by pursuing the concept of sustainable development with focus on improving the quality of life. The Company also places emphasis on development of knowledge and skills in the young, both male and female, in order to make them economically productive.

The Committee oversees the activities/functioning in identifying the area of Corporate Social Responsibility activities as specified in our CSR Policy in accordance with schedule VII of the Companies Act, 2013 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.

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 Company Secretary acts as Secretary to the Committee.

Meetings and Attendance

During the year, the Nomination and Remuneration Committee met once on 2 February 2016. 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	1	Nil
Mrs. Sumita Somany	Member	1	1
Mr. Ashok Jaipuria	Member	1	1
Mr. V.K. Bhandari	Member	1	1

Terms of reference

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

- formulating criteria for determining qualifications, positive attributes and independence of Directors and recommending to the Board a policy relating to the remuneration of the directors, Key managerial personnel and other employees;
- formulating criteria for evaluation of performance of Independent Directors and the Board;
- devising a policy on diversity of the Board;
- 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;
- recommending appropriate training program for new Directors, Key Managerial Personnel and Senior Management and periodically reviewing the same;
- evaluating the performance of the Directors based on the evaluation criteria and furnishing the Board with the necessary report for further evaluation;
- 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;

- assisting the Board, as and when required, in relation to matters relating to remuneration and incentives payable to Directors, Key Managerial Personnel and Senior Management, including increments to the compensation structure;
- 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;
- reviewing remuneration of the Directors, Key Managerial Personnel and Senior Management based on performance criteria and recommending any changes thereto to the Board;
- determining whether the relevant Director has the requisite qualifications for practice of a profession in terms of Section 197 of the Companies Act in relation to payment of remuneration for services rendered by such Director;
- undertaking such other functions as may be determined by the Board or required under the provisions of the Companies Act or the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; and
- undertaking such other actions as may be necessary or appropriate for performance of the aforementioned functions.

The Remuneration Policy of the Company is attached as Annexure F to the Board's Report.

Detail of Remuneration of Directors

The table below provides the details of the remuneration paid to the Directors during the financial year 2015-16:

(Amount in ₹)

Name of Directors	Basic	Perquisites	Commission (for the year 2014-15)	Contribution to PF	Sitting Fee	Total
Mr. Rajendra K Somany	2,16,85,484	7,47,303	5,45,41,244	26,02,258	-	7,95,76,289
Mr. Sandip Somany	1,64,00,000	2,08,246	6,38,83,244	19,68,000	-	8,24,59,490
Ms. Sumita Somany	-	-	19,62,558	-	45,000	20,07,558
Mr. V. K. Bhandari	-	-	23,40,959	-	90,000	24,30,959
Mr. Ashok Jaipuria#	-	-	23,40,959	-	-	23,40,959
Mr. N. G. Khaitan	-	-	23,40,959	-	85,000	24,25,959
Mr. G. L. Sultania	-	-	23,40,959	-	60,000	24,00,959
Dr. Rainer S. Simon	-	-	23,40,959	-	-	23,40,959
Mr. Salil Bhandari	-	-	23,40,959	-	90,000	24,30,959
TOTAL	3,80,85,484	9,55,549	13,44,32,800	45,70,258	3,70,000	17,84,14,091

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. 38 of financial statements as stipulated under Accounting Standard 18 (AS-18). Apart from related party transactions furnished in note no. 38, 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 Companies Act, 2013, containing 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., Proprietor

Mr. G. L. Sultania, Non-executive 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 27 September 2014.

With the applicability of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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.

Stakeholder Relationship (Shareholders'/Investors' Grievance) Committee

Composition

The Committee comprises four members, three of them being 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 18 May 2015, 30 July 2015, 3 November 2015 and 2 February 2016.

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	3

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

- Reviewing and redressing Shareholders' and Investors' complaints / grievances concerning transfer of shares, non-receipt of dividends and non-receipt of Annual Reports, among others;
- Recommending measures for overall improvement in the quality of services being provided to the Shareholders / Investors.

During the year, 23 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 2016, 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-appointed Registrar and Transfer Agent.

C. OTHER MEETING

Independent Directors Meeting

During the year under review, the Independent Directors met on 2 February 2016 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 of the Company, taking into account the view of the Executive and Non-Executive Directors.
- The quality, quantity and time lines of flow of information between the company management and the board that is necessary for the board to effectively and reasonably perform their duties.

All the Independent Directors were present at the meeting except Mr. Salil Bhandari.

D. GENERAL BODY MEETINGS

Annual General Meeting

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Venue
2014-15	23 September 2015	11.00 a.m.	Sripati Singhania Hall, Rotary Sadan, 94/2, Chowringhee Road, Kolkata – 700 020
2013-14	27 September 2014	11.00 a.m.	Somany Conference Hall, MCC Chamber of Commerce & Industry, 15-B, Hemanta Basu Sarani, Kolkata – 700 001
2012-13	30 September 2013	11.00 a.m.	

Five 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	
23 September 2015	NIL		
27 September 2014	2	1.	Re-appointment of Mr. Rajendra Kumar Somany as Chairman and Managing Director of the Company w.e.f. 9 January 2015.
		2.	Authorisation to enter into Consultancy Contract with M/s. G. L. Sultania & Co., proprietor Mr. G. L. Sultania Non Executive Director of the Company for a period of 3 years w.e.f. 1 April 2014.
30 September 2013	3	1.	Re-appointment of Mr. Sandip Somany as Joint Managing Director of the Company w.e.f. 1 December 2013.
		2.	Payment of Remuneration to Dr. Rainer Siegfried Simon, Non-Executive Director of the Company for 2 years w.e.f. 1 June 2013.
		3.	Remuneration by way of Commission to Non-Executive Directors of the Company during a period of 5 years from 1 April 2013.

Extra Ordinary General Meeting

During the financial year 2015-16, no Extra Ordinary General Meeting was held.

Postal Ballot

During the financial year 2015-16, the Company did not pass any resolution through Postal Ballot.

Board of Directors of the Company has approved the Postal Ballot Notice in their meeting held on 23 May 2016, for increase in the Borrowing Powers of the Board of Directors and to consider and approve issue of Non- Convertible Debentures on Private Placement basis. There is no immediate proposal for passing any other resolution through postal ballot.

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 adopted a Risk Management Policy which establishes various levels of accountability and overview within the Company. The Company had also constituted a Risk Management Committee which ensures that the Company has an appropriate and effective risk management system which carries out risk assessment and ensures that risk mitigation plans are in place. In addition, all the key risks get continuously deliberated and discussed at the Risk Management Committee meetings as well as the Business Unit level.

The Company has been taking necessary steps to mitigate foreseeable business risks. Business risk evaluation and management is an ongoing and continuous process within the Company and regularly updated to the Audit Committee.

Strictures/Penalties

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

Proceeds from public issues, right issues, preferential issues

During the financial year 2015-16, the Company did not raise capital through public, rights and/or preferential issue.

Management

The Management Discussion and Analysis Report forms a part of the Annual Report and is in accordance with the requirements laid down in Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

Vigil Mechanism (Whistle Blower Policy)

It is a recognized and globally accepted fact that a genuine whistle blower can safeguard a Company against any fraud, malpractice or wrongdoing.

The Company promotes ethical behavior in all its business activities and has put in place a mechanism for reporting illegal, unethical behavior, malpractice, impropriety, abuse 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 Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually, Chairman as well as the evaluation of the working of its Nomination and Remuneration Committee. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Boards functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligation and governance.

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

HSIL Code of Conduct for the Prevention of Insider Trading

The Company implemented a 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) Regulations, 2015, as amended till date.

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 Promoters, Directors, Designated Employees, Key Managerial Personnel, Connected 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 20% 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 http://www.hindwarehomes.com/pdf/Material-Subsidiary-Policy-Version-II.pdf.

Particulars of Director seeking re-appointment

Pursuant to provisions of Companies Act, 2013, Mr. Rajendra Kumar Somany shall retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

For detailed particulars on the Director seeking re-appointment, please refer to Notice dated 23 May 2016 of the Annual General Meeting scheduled to be held on 7 September 2016.

Training of Independent Directors

As per Regulation 25 (7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company shall provide suitable training to the Independent Directors to familiarize them with the Company, their roles, rights, responsibilities, nature of the industry in which the Company operates, 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: http://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: http://www.hindwarehomes.com/appointment_letter_independent_director.aspx.

Adoption of mandatory and non–mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations)

The Company has complied with all mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has adopted following non-mandatory requirements of the Listing Regulations:

Audit Qualification

The Company is in the regime of unqualified financial statements.

Reporting of Internal Auditor

The Internal Auditor directly reports to the Audit Committee.

F. MEANS OF COMMUNICATION

Results

The Quarterly, Half yearly and Annual results are submitted to the Stock Exchange(s) in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, the quarterly/half yearly/ annual results in the prescribed format, are published within 48 hours in any prominent daily newspaper, such as The Economic Times, The Financial Express, English Dailies and Kalantar 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, among others

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

Presentation

HSIL 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 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 complaints 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 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 7406/07
email: hsilinvestors@hindware.co.in

Corporate Office

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

Division and Plant Locations

Location	Address
Building Products Division	**Haryana**
	Bahadurgarh, District Jhajjar -124507
	Telangana
	Somanypuram, Brahmanapally, Bibinagar, District Nalgonda – 508126
	Rajasthan
	G 470-471, Phase I, RIICO Industrial Area, Bhiwadi–301019
	Plot No. SPI – 254, RIICO Industrial Area, Kaharani, Bhiwadi - 301019
Packaging Products Division	**Telangana**
	Glass Factory Road, Off Motinagar, P.B No. 1930, Sanathnagar, P.O. Hyderabad - 500 018
	Glass Factory Road, Thukkapur Road, Bhongir, District Nalgonda – 508116
	Karnataka
	KIADB Industrial Area, Lakamanhalli, Dharwad – 580004
	Uttarakhand
	F-86, UPSIDC, Industrial Area, Selaqui, Dehradun – 248197

Company Secretary

Ms. Payal M. Puri

Annual General Meeting

The 56th Annual General Meeting is scheduled to be held on 7 September 2016, at 12:00 Noon at Sripati Singhania Hall, Rotary Sadan, 94/2, Chowringhee Road, Kolkata -700 020.

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

Date of Book Closure

1 September 2016 to 7 September 2016 (both days inclusive)

Dividend Payment Date

Latest by 12 September 2016

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 2016-17, have been paid to the Stock Exchanges.

Monthly Stock Market Data

Month	NSE High Price	NSE Low Price	BSE High Price	BSE Low Price
Apr-15	474.40	372.00	477.00	374.10
May-15	407.50	351.45	407.35	351.50
Jun-15	363.80	317.55	361.80	317.10
Jul-15	371.00	299.00	370.30	299.00
Aug-15	316.80	236.00	317.00	238.00
Sep-15	283.45	239.00	283.00	239.00
Oct-15	314.70	263.00	315.00	263.05
Nov-15	323.00	260.00	323.00	265.00
Dec-15	325.40	290.00	325.50	290.40
Jan-16	303.00	246.00	302.20	249.30
Feb-16	281.00	223.60	280.95	224.00
Mar-16	289.90	241.65	290.35	242.00

Registrar and Share Transfer Agent

M/s. Maheshwari Datamatics Private Limited is the Company's Registrar and Share Transfer Agent (RTA) for its equity shares. The contact details of RTA are:

Maheshwari Datamatics Private Limited
6, Mangoe Lane, Kolkata – 700 001
Phone +91-33- 2243 5809/5029
Fax +91-33- 2248 4787
Email: mdpldc@yahoo.com

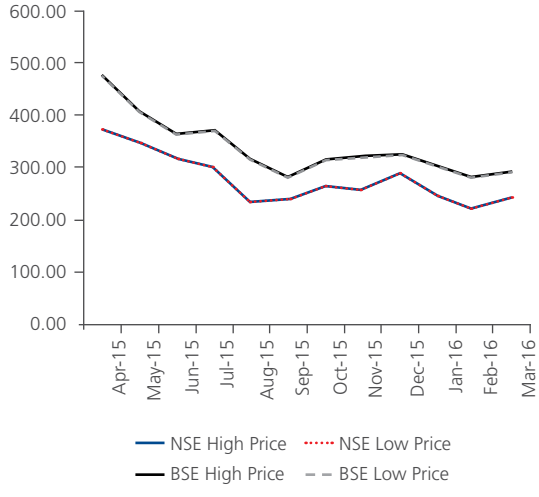
Share Transfer System

The Company has constituted a Share Transfer Committee to approve the transfer of securities. Share transfers, which are received in physical form, are processed and the share certificates returned within 15 days from the date of receipt, subject to the documents being valid and complete in all respects. 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 2015-16 and their performance, in comparison with the broad-based index, comprise:

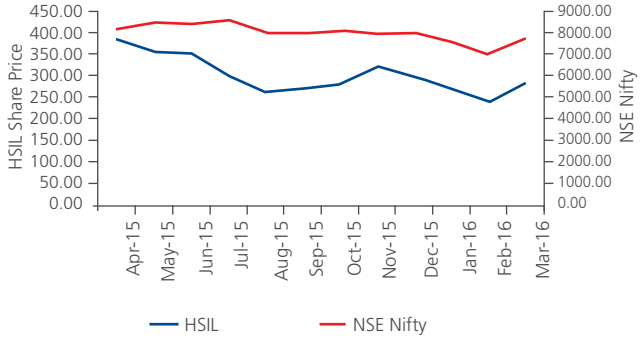
Monthly NSE and BSE prices of equity shares



Monthly closing price of HSIL shares on NSE and NSE Nifty

Month	HSIL	NSE Nifty
Apr-15	387.15	8181.50
May-15	353.45	8433.65
Jun-15	350.15	8368.50
Jul-15	301.65	8532.85
Aug-15	263.10	7971.30
Sep-15	268.70	7948.90
Oct-15	279.90	8065.80
Nov-15	319.00	7935.25
Dec-15	299.70	7946.35
Jan-16	274.15	7563.55
Feb-16	240.60	6987.05
Mar-16	278.30	7738.40

Monthly closing prices of HSIL shares and NSE NIFTY



Distribution of Shareholding as on 31 March 2016

Number of Shares held	Shareholders		Shares	
	Number	% of Total	Number	% of Total
Up to 500	23,490	83.83	2,577,659	3.57
501-1,000	2,406	8.59	1,900,764	2.63
1,001-2,000	1,149	4.10	1,691,747	2.34
2,001-3,000	335	1.20	853,827	1.18
3,001-4,000	167	0.60	595,044	0.82
4,001-5,000	95	0.34	442,655	0.61
5,001-10,000	164	0.59	1,203,202	1.66
10,001 and above	215	0.77	63,031,497	87.18
Total	**28,021**	**100.00**	**72,296,395**	**100.00**

Category of Shareholders as on 31 March 2016

Category	No. of Shares of ₹ 2 each	% of Total
Promoters, Directors and Relatives	34,081,786	47.14
Mutual Fund/UTI	15,953,294	22.07
Alternative Investment Funds	204,000	0.28
Foreign Portfolio Investors	4,167,590	5.76
Financial Institutions/Banks	270,276	0.37
Insurance Companies	500	0.00
Foreign Institutional Investors	3,632,633	5.02
Foreign Companies	NIL	NIL
Domestic Companies/Bodies Corporate	3,048,107	4.22
Non-resident Individual	886,755	1.23
Others	10,051,454	13.90
Total	**72,296,395**	**100.00**

Dematerialisation of Shares

The detail of shares dematerialised and those held in physical form, as on 31 March 2016

Particulars of Shares	Shares of ₹ 2 each		Shareholders	
	Number	% of Total	Number	% of Total
Dematerialised Form				
National Securities Depository Ltd. (NSDL)	63,729,671	88.15	17,732	63.28
Central Depository Services (India) Ltd. (CDSL)	7,398,975	10.23	7,912	28.24
Physical Form	1,167,749	1.62	2,377	8.48
Total	**72,296,395**	**100.00**	**28,021**	**100.00**

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

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 2015-16.

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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges, duly signed by the Chairman and Managing Director and Chief Financial Officer, was placed before the Board, and the same is provided as Annexure to this report.

J. CERTIFICATION BY AUDITORS

As required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company's Statutory Auditors, M/s Walker Chandiok & Co LLP, have verified the compliances of the Corporate Governance by the Company. We have obtained a Certificate affirming the compliance from M/s Walker Chandiok & Co LLP, the Company's Statutory Auditors, and the same is annexed to this Report and forms a part of the Annual Report.

DECLARATION BY CHAIRMAN AND MANAGING DIRECTOR UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 REGARDING ADHERENCE TO THE CODE OF CONDUCT

In accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 2016.

Place: Gurgaon
Date: 23 May 2016

Rajendra Kumar Somany
Chairman and Managing Director

CEO/CFO CERTIFICATION

To the Board of Directors
We hereby certify that:

a) We have reviewed the financial statements and the cash flow statement of HSIL Limited ('the Company') for the year ended 31 March 2016 and that to the best of our knowledge and belief:

   i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) There were, to the best of our knowledge and belief, no transactions entered into by the Company during the above-mentioned period, which were fraudulent, illegal or violate 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 Company's internal control systems; we have disclosed to the Auditors and the Audit Committee deficiencies in the design or operation of internal controls, if any, and the steps we have undertaken or propose to undertake 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-mentioned period;

   ii. Significant changes in accounting policies, if any, during the above-mentioned period and that the same have been disclosed in the notes to the financial statements;

   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 internal control system over financial reporting.

Rajendra Kumar Somany
Chairman and Managing Director

Sandeep Sikka
Chief Financial Officer

Place: Gurgaon
Date: 23 May 2016

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of HSIL Limited

We have examined the compliance of conditions of corporate governance by HSIL Limited (the 'Company') for the year ended on 31 March 2016, as stipulated in:

- Clause 49 {excluding Clause 49 (VII) (E)} of the Listing Agreement of the Company with the Stock Exchanges ('Listing Agreement') for the period 1 April 2015 to 30 November 2015;
- Clause 49 (VII) (E) of the Listing Agreement for the period 1 April 2015 to 1 September 2015;
- Regulations 17 to 27 {excluding regulation 23(4)}, clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for the period 1 December 2015 to 31 March 2016; and
- Regulation 23(4) of the Listing Regulations for the period 2 September 2015 to 31 March 2016.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India.

In our opinion and to the best of our information and according to our examination of the relevant records, the explanations and the written representations provided to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in Clause 49 of the Listing Agreement and Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Listing Regulations for the respective periods of applicability as specified under paragraph 1 above during the year ended 31 March 2016.

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.

This certificate is issued solely for the purpose of complying with the aforesaid regulations and may not be suitable for any other purpose.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No. 001076N/N500013

Per **Lalit Kumar**
Partner
Membership No.: 095256

Place: Gurgaon
Date: 23 May 2016

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INDEPENDENT AUDITOR'S REPORT

To the Members of HSIL Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of HSIL Limited (the 'Company'), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the 'Act') with respect to the preparation of these standalone financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; safeguarding the assets of the Company; 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

8. 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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016, its profit and its cash flows for the year ended on that date.

Emphasis of Matter

9. We draw attention to Note 49 to the financial statements regarding the utilisation of the Business Reconstruction Reserve ('BRR') created in accordance with a scheme of arrangement (the 'Scheme') approved by the Hon'ble Calcutta High Court. The Scheme provides that the Board of Directors of the Company can utilise the BRR, inter alia, to recognize diminution in the value of investment. In terms of the Scheme, the Board of Directors of the Company have credited an amount of Rs. 1,643.46 lacs to the statement of profit and loss towards diminution in the carrying value of a long-term investment in one of its overseas subsidiaries. The applicable accounting standards and accounting principles generally accepted in India do not provide for credit of amounts released

STATEMENT OF PROFIT & LOSS ACCOUNT

for the year ended 31st March, 2016

from reserves to the statement of profit and loss. Had the accounting principles generally accepted in India been followed, the exceptional item of expense in the statement of profit and loss would have been higher by Rs. 1,643.46 lacs and the profit after tax and the balance of surplus in the statement of profit and loss would have been lower by Rs. 1,643.46 lacs. Our audit opinion is not qualified in the respect of this matter.

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016 (the 'Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.

11. 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 purpose of our audit;

    b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c. the standalone financial statements dealt with by this report are in agreement with the books of account;

    d. in our opinion, read with paragraph 9 above, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

    e. on the basis of the written representations received from the directors as on 31 March 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164(2) of the Act;

    f. we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 23 May 2016 as per Annexure II expressed an unqualified opinion; and

    g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

        i. as detailed in Note 31 to the standalone financial statements, the Company has disclosed the impact of pending litigations on its standalone financial position;

        ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

        iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Lalit Kumar**
Partner
Membership No.: 095256

Place : Gurgaon
Date : 23 May 2016

ANNEXURE I

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

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

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

(c) The title deeds of all the immovable properties (which are included under the head 'fixed assets') are held in the name of the Company.

(ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit. No material discrepancies were noticed on the aforesaid verification.

(iii) The Company has granted unsecured loans to a company covered in the register maintained under Section 189 of the Act; and with respect to the same:

(a) in our opinion the terms and conditions of grant of such loans are not, *prima facie,* prejudicial to the Company's interest.

(b) the schedule of repayment of principal has been stipulated wherein the principal amounts are repayable on demand and since the repayment of such loans has not been demanded, in our opinion, repayment of the principal amount is regular;

(c) there is no overdue amount in respect of loans granted to such companies, firms, LLPs or other parties.

(iv) In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees, and security.

(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(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.

(vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.

(b) The dues outstanding in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Statement of Disputed Dues

Name of the statute	Nature of dues	Amount (₹ lacs)	Amount paid under Protest (₹ lacs)	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act, 1944	Central excise	4.98	2.50	Financial year ('FY') 1990-91	Customs, Excise and Service tax Appellate Tribunal
The Central Excise Act, 1944	Central excise	27.81	-	FY 1987-89	Commissioner of Central Excise, Rohtak
The Central Excise Act, 1944	Central excise	103.98	10.74	FY 2005-06	Customs, Excise and Service tax Appellate Tribunal
The Central Excise Act, 1944	Central excise	166.12	40.00	FY 2009-10	Customs, Excise and Service tax Appellate Tribunal
The Central Excise Act, 1944	Central excise	53.26	3.81	FY 2005-07	Customs, Excise and Service tax Appellate Tribunal

Name of the statute	Nature of dues	Amount (₹ lacs)	Amount paid under Protest (₹ lacs)	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act, 1944	Central excise	6.20	-	FY 2008-10	Commissioner, Manglore
The Central Excise Act, 1944	Central excise	7.98	-	FY 2004-05 To 2005-06	Assistant Commissioner of Central Excise, Navanagar
Delhi Sales Tax Act, 1975	Sales tax	245.82	37.25	FY 2004-05 to 2011-12	Commissioner (Appeals), Sales-tax.
Andhra Pradesh Value Added Tax Act	Sales tax	1.03	-	FY 2012-13 and 2013-14	Appellate Deputy Commissioner Rural Division, Hyderabad.
Andhra Pradesh Value Added Tax Act	Sales Tax	6.94	3.19	FY 2011-12 and 2012-13	Appellate Deputy Commissioner Rural Division, Hyderabad.
Finance Act, 1994	Service tax	3.02	1.40	March 2006 to September 2006	Customs, Excise and Service tax Appellate Tribunal, Bangalore
Finance Act, 1994	Service tax	2.57	2.57	July 2005 to March 2006	Customs, Excise and Service tax Appellate Tribunal, Bangalore
Income-tax Act, 1961	Income-tax	3.84	-	Assessment year 2011-12	Commissioner Income-tax (Appeals), Calcutta

(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 moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained.

(x) 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) Managerial remuneration has been paid and provided by the company in accordance with the requisite approvals mandated by the provisions of section 197 of the Act read with Schedule V to the Act.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion, all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

(xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Lalit Kumar**
Partner
Membership No.: 095256

Place : Gurgaon
Date : 23 May 2016

ANNEXURE II

Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the 'Act')

1. In conjunction with our audit of the standalone financial statements of HSIL Limited (the 'Company') as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting (IFCoFR) of the Company as of that date.

Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors 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 (the 'Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the company's business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

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

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, 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.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR 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 IFCoFR 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

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Lalit Kumar**
Partner
Membership No.: 095256

Place : Gurgaon
Date : 23 May 2016

BALANCE SHEET

as at 31st March, 2016

(₹ in lacs)

	Notes	As at 31 March 2016	As at 31 March 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	4	1,445.97	1,445.97
Reserves and surplus	5	1,48,660.36	1,42,123.27
		1,50,106.33	**1,43,569.24**
Non-current liabilities			
Long-term borrowings	6	20,836.94	35,711.04
Deferred tax liabilities (net)	7	10,098.01	10,449.86
Other long-term liabilities	8	2,034.67	1,798.99
Long-term provisions	9	798.65	724.52
		33,768.27	**48,684.41**
Current liabilities			
Short-term borrowings	10	27,530.48	18,823.29
Trade payables			
- Total outstanding dues of micro enterprise and small enterprises		4.83	12.77
- Total outstanding dues of creditor other than micro enterprise and small enterprises		14,558.36	12,838.12
Other current liabilities	11	36,077.60	40,200.70
Short-term provisions	12	4,318.01	4,055.86
		82,489.28	**75,930.74**
		2,66,363.88	**2,68,184.39**
Assets			
Non-current assets			
Fixed assets			
Tangible assets	13(a)	1,47,273.72	1,53,156.00
Intangible assets	13(b)	2,102.68	2,797.69
Capital work-in-progress		6,252.97	3,354.28
Non-current investments	14	15,577.40	14,448.58
Long-term loans and advances	15	4,073.48	2,787.14
Other non-current assets	16	26.56	135.58
		1,75,306.81	**1,76,679.27**
Current assets			
Inventories	17	45,467.97	43,571.44
Trade receivables	18	38,721.41	40,674.66
Cash and bank balances	19	1,810.22	2,396.46
Short-term loans and advances	20	4,888.97	4,659.34
Other current assets	21	168.50	203.22
		91,057.07	**91,505.12**
		2,66,363.88	**2,68,184.39**

Notes 1 to 51 form an integral part of these financial statements.

This is the balance sheet referred to in our report of even date.

For and on behalf of the Board of Directors

For **Walker Chandiok & Co LLP**
Chartered Accountants

Per **Lalit Kumar**
Partner

Sandip Somany
Joint Managing Director
DIN: 00053597

Payal M. Puri
Company Secretary

Rajendra K Somany
Chairman and Managing Director
DIN: 00053557

Sandeep Sikka
Chief Financial Officer

Place : Gurgaon
Date : 23 May 2016

STATEMENT OF PROFIT & LOSS ACCOUNT

for the year ended 31st March, 2016

(₹ in lacs)

	Notes	Year ended 31 March 2016	Year ended 31 March 2015
Revenue			
Revenue from operations (gross)	22	2,09,403.67	2,00,115.48
Less: Excise duty		14,974.01	14,413.80
Revenue from operations (net)		1,94,429.66	1,85,701.68
Other income	23	385.72	361.64
Total revenue		**1,94,815.38**	**1,86,063.32**
Expenses			
Cost of raw materials consumed	24	36,702.87	35,193.45
Purchases of stock-in-trade	25	35,157.36	32,814.14
Changes in inventories of finished goods, work-in-progress and stock-in-trade	26	(2,290.74)	(1,991.64)
Employee benefits expense	27	23,400.38	19,705.19
Other expenses	28	68,046.09	65,837.28
		1,61,015.96	**1,51,558.42**
Earnings before depreciation and amortisation, finance costs and tax expense		**33,799.42**	**34,504.90**
Depreciation and amortisation	14(c)	11,480.48	11,925.11
Finance costs	29	3,822.32	7,355.15
Profit before exceptional items and tax		**18,496.62**	**15,224.64**
Exceptional items (refer note 49) 1,643.46			
Less: transferred from business reconstruction reserve (1,643.46)		-	-
Profit before tax		**18,496.62**	**15,224.64**
Tax expense			
Current tax		7,178.15	5,676.15
Deferred tax credit		(351.85)	(866.48)
		6,826.30	**4,809.67**
Profit for the year		**11,670.32**	**10,414.97**
Earnings per equity share (of ₹ 2/- each)	30		
Basic and diluted		16.14	15.70

Notes 1 to 51 form an integral part of these financial statements.

This is the statement of profit and loss referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants

Per **Lalit Kumar**
Partner

Place : Gurgaon
Date : 23 May 2016

Sandip Somany
Joint Managing Director
DIN: 00053597

Payal M. Puri
Company Secretary

For and on behalf of the Board of Directors

Rajendra K Somany
Chairman and Managing Director
DIN: 00053557

Sandeep Sikka
Chief Financial Officer

CASH FLOW STATEMENT

for the year ended 31st March, 2016

(₹ in lacs)

		Year ended 31 March 2016	Year ended 31 March 2015
A.	**Cash flow from operating activities**		
	Profit before tax	**18,496.62**	**15,224.64**
	Adjustments for:		
	Depreciation and amortisation	11,480.48	11,925.11
	Gain on disposal of fixed assets	(37.81)	(27.06)
	Loss on disposal of fixed assets	17.94	10.21
	Finance costs	3,822.32	7,355.15
	Unrealised gain on foreign exchange fluctuation	(33.09)	(11.06)
	Interest income	(275.84)	(260.81)
	Gain on sale of current investments	(25.56)	(3.38)
	Provision for doubtful debts and advances	431.86	647.89
	Provision for doubtful debts and advances written back	-	(120.78)
	Bad debts written off	4.96	3.25
	Sundry balances and liabilities no longer required, written back	(948.74)	(877.45)
	Operating profit before working capital changes	**32,933.14**	**33,865.71**
	Adjustments for :		
	(Increase)/decrease in inventories	(1,896.53)	(2,998.43)
	(Increase)/decrease in trade and other receivables	110.29	(2,697.58)
	Increase/(decrease) in trade and other payables	6,168.35	2,328.35
	Cash generated from operations	**37,315.25**	**30,498.05**
	Direct taxes paid	(6,431.26)	(3,857.75)
	Net cash flow from operating activities	**30,883.99**	**26,640.30**
B.	**Cash flow from investing activities**		
	Acquisition of fixed assets including capital work in progress and movement in capital advances/creditors of capital goods	(6,828.56)	(8,809.42)
	Proceeds from disposal of fixed assets	338.83	129.90
	Purchase of investments	(16,152.27)	(5,074.59)
	Proceeds from sale of investments	13,405.56	3,903.38
	Movement in other bank balances	246.89	(11.91)
	Interest received	306.32	248.60
	Net cash used in investing activities	**(8,683.23)**	**(9,614.04)**

(₹ in lacs)

		Year ended 31 March 2016	Year ended 31 March 2015
C.	**Cash flow from financing activities**		
	Proceeds from long-term borrowings	299.24	5,139.65
	Repayment of long-term borrowings	(24,531.84)	(21,885.60)
	Movement in short-term borrowings (net)	8,722.72	(18,411.24)
	Proceeds from Qualified institution placement issue	-	24,478.04
	Interest paid	(4,007.96)	(7,491.33)
	Dividend paid	(2,516.35)	(1,993.36)
	Taxes on dividend paid	(505.93)	(336.74)
	Net cash flow from financing activities	**(22,540.12)**	**(20,500.58)**
	Net (decrease) in cash and cash equivalents	**(339.35)**	**(3,474.32)**
	Cash and cash equivalents at the beginning of the year	1,844.27	5,318.59
	Cash and cash equivalents at the end of the year	**1,504.92**	**1,844.27**
	Note:		
	Cash and bank balances include (refer note 19):		
	Cash, cheques in hand, remittances in transit and fixed deposits	1,393.85	1,546.93
	Balance with banks on current accounts	111.07	297.34
	Cash and cash equivalents	**1,504.92**	**1,844.27**
	Held as margin money in fixed deposits	204.04	464.96
	Unclaimed dividend accounts	101.26	87.23
	Other bank balances	**305.30**	**552.19**
	Cash and bank balances as per balance sheet	**1,810.22**	**2,396.46**

Notes 1 to 51 form an integral part of these financial statements.

This is the cash flow statement referred to in our report of even date.

For and on behalf of the Board of Directors

For **Walker Chandiok & Co LLP**
Chartered Accountants

Per **Lalit Kumar**
Partner

Place : Gurgaon
Date : 23 May 2016

Sandip Somany
Joint Managing Director
DIN: 00053597

Payal M. Puri
Company Secretary

Rajendra K Somany
Chairman and Managing Director
DIN: 00053557

Sandeep Sikka
Chief Financial Officer

SIGNIFICANT ACCOUNTING POLICIES

and other explanatory information to financial statements for the year ended 31 March 2016

NOTE 1 : BASIS OF ACCOUNTING AND PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared to comply with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013 (the 'Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). The financial statements have been prepared on a going concern basis under the historical cost convention on accrual basis, as supplemented by revaluation of certain fixed assets. The accounting policies have been consistently applied by HSIL Limited (the 'Company').

NOTE 2 : USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and the disclosure relating to contingent liabilities as at the date of financial statements and reported amounts of income and expenses during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimates. Any revision to accounting estimates is recognised in the current and future periods.

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

NOTE 3 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

i Fixed assets

Tangible

Tangible assets (other than those which have been revalued) are stated at cost of acquisition less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price (net of cenvat credit availed) and any attributable cost of bringing the asset to its working condition for its intended use. Expenditure on account of restoration/modification/alteration in plant and machinery/building, which increases the future benefit from the existing asset beyond its previously assessed standard of performance/estimated useful life, is capitalised.

Capital expenditure incurred on rented properties is classified as 'Leasehold improvements' under fixed assets.

Pre-operative expenditure including borrowing cost (net of revenue, where applicable) and foreign exchange differences on specific project loans incurred during the construction/trial run of the project is allocated on an appropriate basis to fixed assets upon commissioning.

Intangible

Intangible assets are recognised if and only if it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the asset can be measured reliably in accordance with the notified Accounting Standard-26.

Capital work-in-progress

Capital work-in-progress includes assets under construction/installation comprising of direct cost and related incidental expenses. Capital work-in-progress is stated at cost and not depreciated. Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

ii Depreciation and amortisation

A Tangible

a) Depreciation on fixed assets has been provided as per guidance set out in Schedule II of the Act on straight line method using the undermentioned indicative lives-

Block of assets	Useful life as per the Act (in years)
1. Plant and machinery	7.5 - 25 years*
2. Building	10 - 60 years
3. Furniture and fixtures	10 years
4. Office equipments	5 years
5. Computer including software	3 - 6 years

** inter -alia, included in the aforementioned block of assets, are furnaces pertaining to the glass plant of the Company amounting to a gross book value of ₹ 21,107.08 lacs (previous year ₹ 20,832.99 lacs) where the management has adopted a useful life different from what is prescribed under Schedule II of the Act, based on independent chartered engineer's certificate.*

b) Leasehold improvements are being amortised over the lease period or estimated useful life of the leasehold improvements, whichever is lower.

c) Leasehold land has been amortized over the period of lease except for leasehold land

SIGNIFICANT ACCOUNTING POLICIES

and other explanatory information to financial statements for the year ended 31 March 2016

which is for 99 years where no amortization is done in view of the lease being perpetual.

d) Vehicles are being depreciated using written down value method as per life of 8 years as mentioned in Schedule II of the Act.

B Intangible

a) Technical knowhow is being amortised over a period of ten years.

b) Goodwill arising on merger is amortized over a period of seven years.

iii Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that if 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.

iv Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments.

Current investments are valued at the lower of cost and fair value. Long-term investments are stated at cost.

Provision is made for diminution in the value of long-term investments to recognise a decline, if any, other than temporary in nature.

Profit/loss on sale of investments are computed with reference to their cost determined on first in first out basis.

v Inventories

a) Inventories are valued as follows:

Raw materials including components, packing materials, stores and spares and goods-in-transit - At lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Work-in-progress - At cost up to estimated stage of completion.

Finished goods and traded goods - At lower of cost and net realisable value.

b) Cost of inventories is ascertained on the following basis:

Raw materials, stores and spare parts and packing materials - On weighted average basis.

Finished goods - traded - On weighted average basis.

Cost of manufactured finished goods and stock in process determined on weighted average basis and comprises of material, labour, other related production overheads and non-recoverable duties.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost of completion to make the sale.

vi Cash and cash equivalent

Cash and cash equivalent comprise of balance at bank, cash in hand and short-term deposits with maturity of three months or less.

vii Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company, the revenue can be reliably measured and there is certainty of ultimate collection.

Sale of goods

Revenue from sale of goods is recognised when all the significant risks and rewards in respect of ownership of the goods are transferred to the customer and the Company retains no effective control of the goods transferred to the buyer and is stated inclusive of excise duty and net of trade discounts, sales return and sales tax wherever applicable.

Other income

1. Interest income is recognised on a time proportion basis at the applicable rates.

2. Insurance claims are recognised on actual realization basis.

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viii Export benefit/incentives

Benefit under the advance license scheme and duty free replenishment certificate are accounted for at the time of purchase of imported raw material or sale of the license.

ix Employee benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with the notified Accounting Standard 15, 'Employee Benefits (Revised 2005) ('Revised AS 15').

a) Provident fund

The Company makes contributions to independently constituted trusts recognized by income-tax authorities and regional provident fund. In terms of the Guidance note on implementing the Revised AS 15, issued by the Accounting Standard Board of the Institute of Chartered Accountants of India (the 'ICAI'), the provident fund set up by the Company is treated as a defined benefit plan since the Company has to meet the interest shortfall, if any. Accordingly, the contribution paid or payable and the interest shortfall, if any is recognized as an expense in the period in which services are rendered by the employee.

b) Gratuity

Gratuity is a post employment defined benefit plan. The liability recognised in respect of gratuity is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

Actuarial gains and losses arising from experience, adjustments and changes in actuarial assumptions are recorded as expense or income in the statement of profit and loss in the year in which such gains or losses arise.

c) Compensated absences

The liability in respect of compensated absences is determined on the basis of actuarial valuation performed by an independent actuary using the projected unit credit method. Actuarial gains or losses are recognised in the statement of profit and loss in the year they arise.

d) Other short term benefits

Expenses relating to other short term benefits is recognised on the basis of amount paid or payable for the period during which services are rendered by the employee.

x Leases

Operating lease

Lease rentals in respect of assets taken on operating lease are charged to the statement of profit and loss on straight line basis over the term of the lease.

xi Foreign currency transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of transaction. Differences arising out of foreign currency transactions settled during the year are recognised in the statement of profit and loss.

Monetary items outstanding at the balance sheet date and denominated in foreign currencies are restated at the exchange rates prevailing at the balance sheet date. Differences arising on such restatement are recognised in the statement of profit and loss except to the extent permitted by the transitional provisions contained in the Companies (Accounting Standards) Amendment Rules, 2009 in respect of long term foreign currency monetary items, in which case the cost of fixed assets are adjusted by the translation differences and amortised over the remaining useful life of the related asset.

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

Forward exchange contracts and other currency derivative contacts that are not in principle forward contracts in accordance with the notified Accounting Standard 11 'Effect of change in Foreign Exchange Rates' that are entered to hedge the foreign currency risk of highly probable forecast transactions and firm commitments are marked to market at the balance sheet date and exchange loss is recognised in the statement of profit and loss immediately. Any gain is ignored and not recognised in the financial statements, in accordance with the principles of prudence enunciated in the notified Accounting Standard 1- Disclosure of Accounting Policies.

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xii Research and development

Research and development expenditure is charged to statement of profit and loss except capital expenditure, which is added to the cost of respective fixed assets in the year in which it is incurred.

xiii Borrowing cost

Borrowing costs that are attributable to the acquisition and/or construction of qualifying assets are capitalised as part of the cost of such assets, in accordance with the notified Accounting Standard 16 'Borrowing Costs'. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. Capitalisation of borrowing costs is suspended in the period during which the active development is delayed other than temporary interruption. All other borrowing costs are charged to the statement of profit and loss as incurred.

xiv Taxes on income

Tax expense comprises current income-tax and deferred income-tax.

Current tax is determined as higher of the amount of tax payable in respect of taxable income for the period or tax payable on book profit computed in accordance with the provisions of section 115JB of the Income-tax Act, 1961.

Deferred income-tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable/virtual certainty, depending on the nature of the timing differences, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Minimum Alternate Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income-tax during the specified period. In the year in which MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent it is not reasonably certain that the Company will pay normal income-tax during the specified period.

xv Share issue expenses

The share issue expenses are adjusted against the balance in Securities Premium Account as permitted under Section 52 of the Act.

xvi Earnings per share

Basic earnings per share is calculated by dividing net profit or loss for the year attributable to equity shareholders by weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue, share split and any new equity issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

xvii Contingent liabilities and provisions

The Company makes a provision when there is a present obligation as a result of a past event, where the outflow of economic resources is probable and a reliable estimate of the amount of the obligation can be made.

A disclosure is made for a contingent liability when there is a:

- possible obligation, the existence of which will be confirmed by the occurrence/non-occurrence of one or more uncertain events, not fully within the control of the Company;
- present obligation, where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- present obligation, where a reliable estimate cannot be made.

When there is a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

xviii Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956 (now Schedule III of Companies Act, 2013), the Company has elected to present earnings before interest, tax, depreciation and amortisation (EBITDA) as a separate line item on the face of the statement of profit and loss. In its measurement, the Company does not include depreciation and amortisation expense, finance costs and tax expense.

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NOTE 4 : SHARE CAPITAL

Particulars	As at 31 March 2016 Number	(₹ in lacs)	As at 31 March 2015 Number	(₹ in lacs)
Authorised				
Equity shares of ₹ 2 each	11,12,50,000	2,225.00	11,12,50,000	2,225.00
		2,225.00		**2,225.00**
Issued				
Equity shares of ₹ 2 each	7,23,00,220	1,446.00	7,23,00,220	1,446.00
		1,446.00		**1,446.00**
Subscribed and paid up				
Equity shares of ₹ 2 each fully paid up	7,22,96,395	1,445.93	7,22,96,395	1,445.93
Add : forfeited shares		0.04		0.04
		1,445.97		**1,445.97**

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

Particulars	31 March 2016 Number	(₹ in lacs)	31 March 2015 Number	(₹ in lacs)
Equity shares outstanding at the beginning of the year	7,22,96,395	1,445.93	6,60,46,395	1,320.93
Add: Shares issued during the year (refer note 46)	-	-	62,50,000	125.00
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. During the year ended 31 March 2016, the amount of per share dividend is recognised as distribution to equity shareholder as ₹ 4.00 per share (previous year ₹ 3.50 per share)

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 settlement of all the 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 at: *

Particulars	31 March 2016 Number	% of holding	31 March 2015 Number	% of holding
Paco Exports Limited	2,06,64,530	28.58	2,06,64,530	28.58
Reliance Capital Trustee Company Limited	60,45,618	8.36	50,69,218	7.01
Sundaram Mutual Fund	40,52,309	5.61	38,36,494	5.31
Soma Investments Limited	40,00,000	5.53	40,00,000	5.53
New Delhi Industrial Promotors and Investors Limited	36,50,000	5.05	36,50,000	5.05

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

(d) There are no shares issued pursuant to contract without payment being received in cash, allotted as fully paid up by way of bonus issues 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 lacs (previous year ₹ 0.04 lacs).

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NOTE 5 : RESERVES AND SURPLUS

(₹ in lacs)

	Particulars	As at 31 March 2016	As at 31 March 2015
(a)	**Capital reserves**		
	Balance as at the beginning/end of the year	120.80	120.80
(b)	**Capital redemption reserve**		
	Balance as at the beginning/end of the year	15.00	15.00
(c)	**Securities premium account**		
	Balance as at the beginning of the year	45,497.87	21,144.82
	Add: Premium on allotment of shares to Qualified Institutional Buyers (refer note 46)	-	24,875.00
	Less: Share issue expenses	-	521.95
	Balance as at the end of the year	**45,497.87**	**45,497.87**
(d)	**Central subsidy reserve***		
	Balance as at the beginning/end of the year	25.00	25.00
(e)	**Business reconstruction reserve**		
	Balance as at the beginning of the year	32,267.37	32,267.37
	Less: transferred to statement of profit and loss during the year (refer note 49)	(1,643.46)	-
	Balance as at the end of the year	**30,623.91**	**32,267.37**
(f)	**General reserve****		
	Balance as at the beginning of the year	24,903.64	22,903.64
	Add: transfer from surplus in the statement of profit and loss	-	2,000.00
	Balance as at the end of the year	**24,903.64**	**24,903.64**
(g)	**Surplus in the statement of profit and loss**		
	Balance as at the beginning of the year	39,293.59	34,350.06
	Add: net profit for the year	11,670.32	10,414.97
	Appropriations :		
	Less: Depreciation adjustment***	-	(435.14)
	Less: Dividend distribution tax for earlier year	(9.20)	-
	Less: Proposed equity dividends including corporate dividend tax of ₹ 588.71 lacs (previous year ₹ 505.93 lacs)	(3,480.57)	(3,036.30)
	Less: Transfer to general reserve	-	(2,000.00)
	Balance as at the end of the year	**47,474.14**	**39,293.59**
		1,48,660.36	**1,42,123.27**

** Central subsidy reserve was created for subsidy received from the Government of India to install diesel generator sets.*

*** General reserve includes ₹ 10,000 lacs transferred from Business Reconstruction Reserve which cannot be used for issue of bonus shares and payment of dividend.*

**** Based on the transitional provisions provided in Schedule II of the Act, an amount of ₹ 435.14 lacs (net of deferred tax) has been adjusted with the opening reserves as at 1 April 2014.*

NOTE 6 : LONG-TERM BORROWINGS

(₹ in lacs)

Particulars	As at 31 March 2016	As at 31 March 2015
Secured		
Term loans from banks		
Foreign currency loans	27,796.32	44,065.15
Rupee loans	282.07	7,408.39
	28,078.39	**51,473.54**
Unsecured		
Deferred payment liabilities	4,806.35	4,845.27
	4,806.35	**4,845.27**
	32,884.74	**56,318.81**
Less: Current maturities (refer note 11)	12,047.80	20,607.77
	20,836.94	**35,711.04**

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Notes:

1. Foreign currency loans (including current maturities) comprises of:

a) The External commercial borrowings ('ECB') of USD 16 million from Standard Chartered Bank, London, United Kingdom ('UK') carries an interest @ 6 months LIBOR plus 177 basis points ('bps'), is repayable in 6 yearly instalments ranging from USD 0.962 million to USD 4.322 million commencing from September 2010. This ECB is 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 the glass plants of the Company situated at Sanathnagar and Bhongir in Telangana. Outstanding as at 31 March 2016 ₹ Nil (previous year ₹ 2,704.90 lacs).

b) The ECB of USD 17 million from the Hongkong and Shanghai Banking Corporation Bank Plc, London, UK, carries interest @ 6 months LIBOR plus 200 bps, is repayable in 30 instalments ranging from USD 0.40 million to USD 1.00 million commencing from September 2011. This ECB is secured by way of hypothecation of first pari passu charge over the Company's movable fixed assets, plant and machinery, machine spares, tools and accessories (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 the glass plants of the Company situated at Sanathnagar and Bhongir in Telangana. Outstanding as at 31 March 2016 ₹ Nil (previous year ₹ 2,128.08 lacs).

c) The ECB of USD 16.75 million from Citibank N.A., London, UK carries an interest @ 6 months LIBOR plus 181 bps, is repayable in 9 half yearly instalments ranging from USD 1.250 million to USD 1.938 million commencing from September 2011. This ECB is secured by way of hypothecation of first pari passu charge on moveable fixed (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 the glass plants of the Company situated at Sanathnagar and Bhongir in Telangana. Outstanding as at 31 March 2016 ₹ Nil (previous year ₹ 1,212.69 lacs).

d) The ECB of USD 8 million from Standard Chartered Bank (Mauritius) Limited carries and interest @ 6 months LIBOR plus 225 bps, is repayable in 32 equal instalments of USD 0.25 million commencing from September 2012. This ECB is secured by way of hypothecation of first pari passu charge on movable fixed assets including plant and machinery, furniture and fittings, equipments, computer hardware, computer software, machinery spares, tools and accessories (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 the glass plants of the Company situated at Sanathnagar and Bhongir in Telangana. This ECB will be repayable by July 2016. Outstanding as at 31 March 2016 ₹ 497.50 lacs (previous year ₹ 1,721.25 lacs).

e) The ECB of USD 8.955 million from DBS Bank Limited, Singapore carries an interest @ 3 months LIBOR plus 200 bps, is repayable in 32 instalments ranging from USD 0.278 million to USD 0.281 million commencing from October 2012. This is secured by first pari passu charge by way of mortgage of deposit of title deeds of immovable property situated at Sitarampur, Isnapur, PO Medak District, Hyderabad, Telangana. This ECB will be repayable by August 2016. Outstanding as at 31 March 2016 ₹ 742.47 lacs (previous year ₹ 2,101.77 lacs).

f) The ECB of USD 20 million from Standard Chartered Bank, London, UK carries an interest @ LIBOR plus 250 bps, is repayable in 50 instalments ranging from USD 0.225 million to USD 0.90 million commencing from March 2014. This ECB is secured by way of hypothecation of first pari passu charge on movable fixed assets including plant and machinery, furniture and fittings, equipments, computer hardware, computer software, machinery spares, tools and accessories (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

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properties (both present and future) of the glass plants of the Company situated at Sanathnagar and Bhongir in Telangana. This ECB will be repayable by March 2019. Outstanding as at 31 March 2016 ₹ 9,137.36 lacs (previous year ₹ 10,499.61 lacs).

g) The ECB of USD 25 million from DBS Bank Limited, Singapore carries an interest @ 6 months LIBOR plus 260 bps, is repayable in 50 instalments ranging from USD 0.32 million to USD 0.72 million commencing from March 2014. This ECB is secured by way of first pari passu hypothecation and floating charge on movable fixed assets including plant and machinery, furniture and fittings, equipments, computer hardware, computer software, machinery spares, tools and accessories (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 of the glass plants of the Company situated at Sanathnagar and Bhongir in Telangana. This ECB will be repayable by January 2019. Outstanding as at 31 March 2016 ₹ 10,958.19 lacs (previous year ₹ 12,843.62 lacs).

h) The ECB of USD 20 million from the HSBC Bank (Mauritius) Limited carries an interest @ 6 months LIBOR plus 300 bps, is repayable in 35 instalments ranging from USD 0.09 million to USD 1.14 million starting from November 2014. This ECB is secured by first pari-passu charge over all present and future movable and immovable fixed assets of the Sanitaryware plant situated at Bibinagar, Telangana. This ECB will be repayable by April 2018. Outstanding as at 31 March 2016 ₹ 6,460.80 lacs (previous year ₹ 10,853.23 lacs).

2) Rupee loans (including current maturities) comprises of:

a) Term loan of ₹ 5,000 lacs from DBS Bank Limited carries an interest @ 10.70% per annum and is repayable in 48 quarterly instalments ranging from ₹ 62.50 lacs to ₹ 125.00 lacs commencing from February 2014. The loan is secured by first pari-passu charge on movable and immovable fixed assets situated at the Company's sanitaryware plant in Parnala and Bahadurgarh, District Jhajjar, Haryana. Outstanding as at 31 March 2016 ₹ Nil (previous year ₹ 3,812.50 lacs).

b) Term loan of ₹ 2,900 lacs from Bank of Bahrain & Kuwait carries an interest @ 10.80% per annum and is repayable in 12 quarterly instalments ranging from ₹ 241.30 lacs to ₹ 241.70 lacs commencing from April 2015. The loan is secured by first pari passu charge on vacant freehold land and building situated at Sitarampur, Isnapur, PO Medak District, Hyderabad, Telangana. Outstanding as at 31 March 2016 ₹ Nil (previous year ₹ 2,900 lacs).

c) Vehicle loans amounting to ₹ 888.04 lacs are secured by way of hypothecation of the asset thus purchased. The interest ranges from 9.30% to 13.60% per annum. The aforementioned loans are repayable in 36-48 equal monthly instalments and the final instalment is due for repayment in December 2017. Outstanding as at 31 March 2016 ₹ 282.07 lacs (previous year ₹ 695.89 lacs).

3) Deferred payment liabilities 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 2031. The outstanding amount of deferred sales tax credit is subject to assessment by sales tax authorities. Outstanding as at 31 March 2016 ₹ 4,806.35 lacs (previous year ₹ 4,845.27 lacs).

NOTE 7: DEFERRED TAX LIABILITIES (NET)

(₹ in lacs)

Particulars	As at 31 March 2016	As at 31 March 2015
Deferred tax liability arising on account of		
Depreciation and amortisation	14,070.72	14,596.51
	14,070.72	**14,596.51**
Deferred tax asset arising on account of		
Provision for doubtful debts and loans and advances	700.67	541.37
Employee benefits	252.46	220.58
Foreign exchange adjustments on external commercial borrowings	2,962.90	3,316.37
Others	56.68	68.33
	3,972.71	**4,146.65**
	10,098.01	**10,449.86**

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NOTE 8 : OTHER LONG-TERM LIABILITIES

(₹ in lacs)

Particulars	As at 31 March 2016	As at 31 March 2015
Trade deposits from dealers (refer note 43)	1,911.66	1,612.42
Others		
Earnest money deposits	14.92	3.96
Vehicle loan deposits from employees	77.42	127.17
Security deposits/retention money payable	25.36	50.18
Other liabilities	5.31	5.26
	2,034.67	**1,798.99**

NOTE 9: LONG-TERM PROVISIONS

(₹ in lacs)

Particulars	As at 31 March 2016	As at 31 March 2015
Provision for warranties(refer note 50)	263.84	253.85
Provision for employee benefits		
Compensated absences (refer note 35)	534.81	470.67
	798.65	**724.52**

NOTE 10: SHORT-TERM BORROWINGS

(₹ in lacs)

Particulars	As at 31 March 2016	As at 31 March 2015
Secured - from banks		
Buyer's credit facilities	4,815.75	1,783.64
Cash credit facilities	7,051.40	2,805.38
Packing credit facilities	663.33	-
	12,530.48	**4,589.02**
Unsecured - from banks		
Buyer's credit facilities	-	3,734.27
Short-term loans	-	1,500.00
Commercial papers	15,000.00	9,000.00
	15,000.00	**14,234.27**
	27,530.48	**18,823.29**

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

Buyer's credit facilities :

Buyer's credit facilities from HDFC Bank, Citibank and Standard Chartered Bank, carrying interest ranging between LIBOR plus 35bps to LIBOR plus 70bps per annum (p.a.) and is repayable within 6 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 fixed assets (both present and future) of the Company situated at Bahadurgarh plant, Bibinagar plant, Sanathnagar plant and Bhongir plant.

Packing credit facilities (in foreign currency):

Packing credit in foreign currency facilities from DBS Bank and Citibank, carrying interest LIBOR+ 70bps p.a. is repayable within 6 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 fixed assets (both present and future) of the Company situated at Bahadurgarh plant, Bibinagar plant, Sanathnagar plant and Bhongir plant.

Cash credit facilities :

a) Cash credit facilities from Central Bank of India carrying interest @ 12.70% p.a. is repayable on demand and is

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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 fixed assets (both present and future) of the Company situated at Bahadurgarh plant, Bibinagar plant, Sanathnagar plant and Bhongir plant.

b) Cash credit facilities from Canara Bank carrying interest @ 11.40% p.a. 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 fixed assets (both present and future) of the Company situated at Bahadurgarh plant, Bibinagar plant, Sanathnagar plant and Bhongir plant.

c) Cash credit facilities from Standard Chartered Bank carrying interest @ 11.50% p.a. 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 fixed assets (both present and future) of the Company situated at Bahadurgarh plant, Bibinagar plant, Sanathnagar plant and Bhongir plant.

d) Cash credit facilities from Citibank N.A. carrying interest @ 12.50% p.a. 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 fixed assets (both present and future) of the Company situated at Bahadurgarh plant, Bibinagar plant, Sanathnagar plant and Bhongir plant.

e) Cash credit facilities from DBS Bank Limited carrying interest @ 9.30% p.a. 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 fixed assets (both present and future) of the Company situated at Bahadurgarh plant, Bibinagar plant, Sanathnagar plant and Bhongir plant.

f) Cash credit facilities from Andhra Bank carrying interest @ 11.50% p.a. 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 fixed assets (both present and future) of the Company situated at Bahadurgarh plant, Bibinagar plant, Sanathnagar plant and Bhongir plant.

g) Cash credit facilities from Hongkong and Shanghai Banking Corporation Limited carrying interest @ 10.70% p.a. 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 fixed assets (both present and future) of the Company situated at Bahadurgarh plant, Bibinagar plant, Sanathnagar plant and Bhongir plant.

h) Cash credit facilities from State Bank of India carrying interest @ 10.55% p.a. 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 fixed assets (both present and future) of the Company situated at Bahadurgarh plant, Bibinagar plant, Sanathnagar plant and Bhongir plant.

i) Cash credit facilities from HDFC Bank Limited carrying interest @ 10.10% p.a. 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 fixed assets (both present and future) of the Company situated at Bahadurgarh plant, Bibinagar plant, Sanathnagar plant and Bhongir plant.

Unsecured short term borrowings

Commercial paper :

Commercial paper from HDFC Bank Limited ₹ 15,000 lacs (previous year ₹ 9,000 lacs) carrying interest rate ranging from 8.38% p.a. to 8.71% p.a. The commercial papers are payable by 18 May 2016.

Buyer's credit facilities :

Buyer's credit facilities from IDBI Bank Ltd. carrying interest ranging between 0.72% - 1.30% p.a. is repayable within 6 months from the date of origination.

Short term loans:

Short term loan from Societe Generale Bank amounting to ₹ 1,500 lacs carrying interest @ 9.70% p.a. has been repaid on 9 April 2015.

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NOTE 11: OTHER CURRENT LIABILITIES

(₹ in lacs)

Particulars	As at 31 March 2016	As at 31 March 2015
Current maturities of long-term borrowings (refer note 6)	12,047.80	20,607.77
Interest accrued but not due on borrowings	255.12	440.76
Unclaimed dividends *	101.26	87.23
Gratuity payable (net of obligation) (refer note 35)	137.39	30.81
Other payables		
Advance from customers	1,209.18	485.64
Statutory liabilities	4,454.22	4,284.92
Payable to employees	1,744.05	1,332.28
Creditor for expenses	4,199.98	4,012.60
Commission payable to directors	1,649.81	1,344.33
Creditor for capital goods	1,317.12	366.00
Other liabilities	8,961.67	7,208.36
	36,077.60	**40,200.70**

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

NOTE 12 : SHORT-TERM PROVISIONS

(₹ in lacs)

Particulars	As at 31 March 2016	As at 31 March 2015
Provision for warranty (refer note 50)	123.81	119.12
Provision for employee benefits		
Compensated absences (refer note 35)	194.68	178.30
	318.49	**297.42**
Other provisions:		
Provision for income-tax [net of advance tax of ₹ 23,297.82 (previous year ₹ 15,916.48 lacs) and utilisation of minimum alternate tax credit amounting to ₹ Nil (previous year ₹ 757.92 lacs)]	518.95	722.14
Proposed equity dividend	2,891.86	2,530.37
Provision for corporate dividend tax	588.71	505.93
	3,999.52	**3,758.44**
	4,318.01	**4,055.86**

NOTE 13: (a) FIXED ASSETS

Tangible assets

(₹ in lacs)

Particulars	Freehold land	Leasehold land	Building	Plant and machinery	Vehicles	Office equipments	Computers (including software)	Furniture and fixtures	Leasehold improvements	Total
Gross block										
Balance as at 1 April 2014	**49,063.26**	**1,795.51**	**30,977.18**	**1,09,977.34**	**2,145.59**	**598.12**	**2,473.18**	**1,613.08**	**63.01**	**1,98,706.27**
Additions	1,941.52	22.04	6,707.60	7,286.61	828.53	167.77	783.49	300.29	-	18,037.85
Other adjustments (borrowing cost and foreign exchange fluctuation) (refer note (i) and (ii) below)	-	-	746.50	1,134.89	-	1.98	4.06	2.70	-	1,890.13
Deletions/adjustment	-	-	-	411.80	340.99	58.62	44.03	8.12	-	863.56
Balance as at 1 April 2015	**51,004.78**	**1,817.55**	**38,431.28**	**1,17,987.04**	**2,633.13**	**709.25**	**3,216.70**	**1,907.95**	**63.01**	**2,17,770.69**
Additions	-	-	854.35	1,571.05	299.91	98.86	195.51	669.45	21.08	3,710.21
Other adjustments (borrowing cost and foreign exchange fluctuation) (refer note (i) and (ii) below)	-	-	271.46	1,245.55	-	-	-	-	-	1,517.01
Deletions/adjustment	-	-	24.45	57.34	566.81	18.13	55.45	16.10	-	738.27
Balance as at 31 March 2016	**51,004.78**	**1,817.55**	**39,532.64**	**1,20,746.30**	**2,366.23**	**789.98**	**3,356.77**	**2,561.30**	**84.09**	**2,22,259.64**
Accumulated depreciation and amortisation										
Balance as at 1 April 2014	**-**	**38.02**	**4,484.43**	**45,394.86**	**994.92**	**226.48**	**1,830.80**	**471.92**	**34.45**	**53,475.88**
Charge for the year	-	1.26	1,190.71	9,532.85	404.97	221.51	326.79	211.03	0.17	11,889.29
Deletions/adjustment	-	-	-	411.06	232.25	57.61	42.43	7.13	-	750.48
Balance as at 1 April 2015	**-**	**39.28**	**5,675.14**	**54,516.65**	**1,167.64**	**390.38**	**2,115.16**	**675.82**	**34.62**	**64,614.69**
Charge for the year	-	1.26	1,304.49	8,399.73	371.70	119.16	336.64	247.67	5.16	10,785.81
Deletions/adjustment	-	-	8.43	54.30	266.43	16.47	52.85	16.10	-	414.58
Balance as at 31 March 2016	**-**	**40.54**	**6,971.20**	**62,862.08**	**1,272.91**	**493.07**	**2,398.95**	**907.39**	**39.78**	**74,985.92**
Net block										
Balance as at 31 March 2016	**51,004.78**	**1,777.01**	**32,561.44**	**57,884.22**	**1,093.32**	**296.91**	**957.82**	**1,653.91**	**44.31**	**1,47,273.72**
Balance as at 31 March 2015	**51,004.78**	**1,778.27**	**32,756.14**	**63,470.39**	**1,465.49**	**318.87**	**1,101.54**	**1,232.13**	**28.39**	**1,53,156.00**

Note:

(i) The borrowing cost capitalised during the year ended 31 March 2016 is ₹ Nil (previous year ₹ 692.33 lacs).

(ii) Foreign exchange loss amounting to ₹ 1,517.00 lacs (previous year ₹ 1,197.80 lacs) has been capitalised during the year ended 31 March 2016.

(iii) Effective from 1 April 2014, the Company has revised the estimates of computing the depreciation and amortisation based on the revised useful life of the assets as per the requirements of Schedule II of the Act. Due to the aforementioned, the depreciation and amortisation charge for the year ended 31 March 2015 is higher by ₹ 523.65 lacs and fixed assets and profit for the year are lower by a corresponding amount.

(iv) Further, based on the transitional provisions provided in Schedule II of the Act, an amount of ₹ 435.14 lacs (net of deferred tax ₹ 224.06 lacs) has been adjusted with the opening reserves as at 1 April 2014.

SIGNIFICANT ACCOUNTING POLICIES

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NOTE 13: (b) FIXED ASSETS

Intangible assets

(₹ in lacs)

Particulars	Trademarks	Technical know how	Goodwill	Total
Gross block				
Balance as at 1 April 2014/ 31 March 2015	300.00	207.30	4,715.91	5,223.21
Balance as at 1 April 2015/ 31 March 2016	**300.00**	**207.30**	**4,715.91**	**5,223.21**
Accumulated amortisation				
Balance as at 1 April 2014	300.00	83.10	1,347.40	1,730.50
Charge for the year	-	20.73	674.29	695.02
Balance as at 1 April 2015	300.00	103.83	2,021.69	2,425.52
Charge for the year	-	21.31	673.70	695.01
Balance as at 31 March 2016	**300.00**	**125.14**	**2,695.39**	**3,120.53**
Net block				
Balance as at 31 March 2016	**-**	**82.16**	**2,020.52**	**2,102.68**
Balance as at 31 March 2015	**-**	**103.47**	**2,694.22**	**2,797.69**

NOTE 13: (c) DEPRECIATION AND AMORTISATION EXPENSES

(₹ in lacs)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
- Tangible assets	10,785.81	11,889.29
- Intangible assets	695.01	695.02
Less: Transitional adjustment [refer note 13(a)(iv)]	-	(659.20)
Less: Depreciation on assets of pre-operative plant capitalised during the year*	(0.34)	-
	11,480.48	**11,925.11**

** Depreciation of ₹ 0.34 lacs (previous year ₹ Nil) on assets used for projects debited to capital work in progress.*

NOTE 14 : NON-CURRENT INVESTMENTS

(₹ in lacs)

Particulars		As at 31 March 2016	As at 31 March 2015
Trade investments (valued at cost unless stated otherwise)			
Equity shares (unquoted)			
Investment in subsidiaries			
3,20,00,000 (previous year 3,20,00,000) equity shares of ₹10 each fully paid-up in Hindware Home Retail Private Limited		5,300.00	5,300.00
Nil (previous year 50,000) equity shares of ₹10 each fully paid-up in HSIL Associates Limited		-	5.00
17,05,000 (previous year 17,05,000) equity shares of USD 1 each fully paid-up in Halis International Limited, Mauritius	782.50		
Less: Provision for diminution in the value of Investments	782.50	-	782.50
Member's contribution of Euro 180 (previous year Euro 180) in Alchemy International Cooperatief U.A., Netherlands		0.12	0.12

SIGNIFICANT ACCOUNTING POLICIES

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(₹ in lacs)

Particulars		As at 31 March 2016	As at 31 March 2015
Other investments (unquoted)			
8,04,000 (previous year 8,04,000) equity shares of ₹ 10 each fully paid-up in Andhra Pradesh Gas Power Corporation Limited		1,073.61	1,073.61
60,000 (previous year 60,000) equity shares of ₹10 each fully paid-up in Indian Plumbing Skills Council		6.00	6.00
Preference shares (unquoted)			
Investment in subsidiaries			
18,78,000 (previous year 17,57,000) redeemable preference shares of USD 1 each fully paid-up in Halis International Limited, Mauritius	1066.55		
Less: Provision for diminution in the value of Investments	860.96	205.59	989.07
89,90,000 (previous year 62,90,000) redeemable preference shares of ₹ 100 each fully paid-up in Hindware Home Retail Private Limited		8,990.00	6,290.00
		15,575.32	**14,446.30**
Non-trade investments (valued at cost unless stated otherwise)			
Equity shares (quoted)			
Other investments			
125 (previous year 125) equity shares of ₹ 10 each fully paid up in Neycer India Limited		0.01	0.01
50 (previous year 50) equity shares of ₹ 10 each fully paid up in Swastik Sanitarywares Limited		0.01	0.01
Government securities (unquoted)			
National Savings Certificates*		2.06	2.26
		2.08	**2.28**
		15,577.40	**14,448.58**
Aggregate amount of quoted investments (market value ₹ 0.02 lacs, previous year: ₹ 0.02 lacs)		0.02	0.02
Aggregate amount of unquoted investment		15,577.38	14,448.56
*Deposited with government authority			

NOTE 15: LONG-TERM LOANS AND ADVANCES

(₹ in lacs)

Particulars	As at 31 March 2016	As at 31 March 2015
(Unsecured, considered good unless otherwise stated)		
Capital advances	1,944.39	1,187.80
Security deposits	1,505.11	1,315.29
Other loans and advances, unsecured		
Prepaid expenses	126.72	27.27
Others*	497.26	256.78
	4,073.48	**2,787.14**

** represents balances with excise, sales tax and other authorities*

SIGNIFICANT ACCOUNTING POLICIES

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NOTE 16 : OTHER NON-CURRENT ASSETS

(₹ in lacs)

Particulars	As at 31 March 2016	As at 31 March 2015
Fixed deposits with banks whose original maturity is more than twelve months*	22.33	127.70
Interest accrued but not due on deposits	4.23	7.88
	26.56	**135.58**

** Includes margin money deposits amounting to ₹ 22.33 lacs (previous year: ₹ 127.70 lacs) pledged with banks against various bank guarantees/ letter of credit issued by banks on behalf of the Company.*

NOTE 17 : INVENTORIES (valued at lower of cost or net realisable value)

(₹ in lacs)

Particulars	As at 31 March 2016		As at 31 March 2015	
Raw materials and components	3,013.09		3,849.71	
Add: raw materials and components in transit	-	3,013.09	187.97	4,037.68
Work-in-progress		1,936.66		1,850.97
Finished goods		22,176.98		22,855.76
Stock in trade		14,727.85		11,266.45
Stores and spares	2,197.89		2,199.04	
Add: stores and spares in transit	181.12	2,379.01	11.54	2,210.58
Loose tools		8.51		9.99
Packing material		856.30		843.69
Oils, fuels, lubricants and others		366.57		496.32
		45,467.97		**43,571.44**

NOTE 18 : TRADE RECEIVABLES

(₹ in lacs)

Particulars	As at 31 March 2016	As at 31 March 2015
(Unsecured, unless otherwise stated)		
Debts outstanding for a period exceeding six months from the date they are due for payment:		
Considered good		
- Secured	78.40	203.60
- Unsecured	2,134.90	1,030.63
Considered doubtful	1,956.12	1,524.26
	4,169.42	**2,758.49**
Less: Provision for doubtful debts	1,956.12	1,524.26
	2,213.30	**1,234.23**
Other debts		
Considered good	36,081.22	38,978.76
Considered good, secured	426.89	461.67
	36,508.11	**39,440.43**
	38,721.41	**40,674.66**

SIGNIFICANT ACCOUNTING POLICIES

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NOTE 19 : CASH AND BANK BALANCES

(₹ in lacs)

Particulars	As at 31 March 2016	As at 31 March 2015
Cash and cash equivalents		
Balance with banks		
On current accounts	111.07	297.34
Cheques in hand	921.21	781.87
Cash in hand	164.60	104.88
Remittance in transit	299.11	360.18
Fixed deposits with original maturity of less than three months	8.93	300.00
	1,504.92	**1,844.27**
Earmarked balances with banks		
Unpaid dividends accounts*	101.26	87.23
Other bank balances		
Held as margin money in fixed deposits	203.80	464.72
Fixed deposits with original maturity of more than three months but less than twelve months	0.24	0.24
Fixed deposits with banks whose original maturity is more than twelve months (refer note 16)	22.33	127.70
	1,832.55	**2,524.16**
Less: Fixed deposits with banks whose original maturity is more than twelve months (refer note 16)	22.33	127.70
	1,810.22	**2,396.46**

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

NOTE 20 : SHORT-TERM LOANS AND ADVANCES

(₹ in lacs)

Particulars	As at 31 March 2016	As at 31 March 2015
(Unsecured, considered good)		
Advances to suppliers	1,175.67	1,567.39
Advances recoverable in cash or in kind or for value to be received	1,586.18	838.03
Balances with excise, sales tax and other authorities	2,084.76	2,232.11
Advance to employees	42.36	21.81
	4,888.97	**4,659.34**
Unsecured, considered doubtful		
Advances recoverable in cash or in kind or for value to be received	68.48	68.48
Less : Provision for doubtful loans and advances	68.48	68.48
	-	-
	4,888.97	**4,659.34**

NOTE 21 : OTHER CURRENT ASSETS

(₹ in lacs)

Particulars	As at 31 March 2016	As at 31 March 2015
Interest accrued but not due on deposits	168.50	203.22
	168.50	**203.22**

SIGNIFICANT ACCOUNTING POLICIES

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NOTE 22 : INCOME FROM OPERATIONS (GROSS)

(₹ in lacs)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Sales of products		
Finished goods	2,04,169.84	1,96,502.76
Other operating income		
Export incentives	140.74	-
Sundry balances and liabilities no longer required, written back	941.90	834.41
Gain on foreign exchange fluctuations	332.48	409.94
Maintenance service income	25.66	37.13
Insurance claims received	636.98	297.67
Scrap sales	439.13	323.18
Provision for doubtful debts and advances written back	-	120.78
Miscellaneous income	2,716.94	1,589.61
	2,09,403.67	**2,00,115.48**
Detail of products sold		
Sanitaryware, fittings and other allied products	1,06,446.43	96,370.56
Glass bottles, containers and pet bottles	97,570.92	99,987.08
Others	152.49	145.12
	2,04,169.84	**1,96,502.76**

NOTE 23 : OTHER INCOME

(₹ in lacs)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Rent received	22.11	25.11
Interest income	275.84	260.81
Sundry balances and liabilities no longer required, written back	6.84	43.04
Gain on disposal of fixed assets	37.81	27.06
Gain on sale of current investments	25.56	3.38
Miscellaneous income	17.56	2.24
	385.72	**361.64**

NOTE 24 : COST OF RAW MATERIALS CONSUMED

(₹ in lacs)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Detail of raw materials and components consumed		
Clay	797.86	1,218.27
Soda ash	11,951.58	10,327.31
Cullets	5,346.16	6,198.40
Quartz/feldspar	2,488.81	2,087.42
Others	16,118.46	15,362.05
	36,702.87	**35,193.45**
Closing stock of raw material and components		
Clay	177.50	144.02
Soda ash	225.58	1,107.60
Cullets	730.91	495.11
Quartz/feldspar	94.85	127.34
Others	1,784.25	2,163.61
	3,013.09	**4,037.68**

SIGNIFICANT ACCOUNTING POLICIES

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NOTE 25 : PURCHASES OF TRADED GOODS

(₹ in lacs)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Sanitaryware and other allied products	35,157.36	32,814.14
	35,157.36	**32,814.14**

NOTE 26 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND TRADED GOODS

(₹ in lacs)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Opening stock		
Work in progress	1,850.97	1,510.70
Finished goods	22,855.76	24,800.41
Traded goods	11,266.45	7,672.99
	35,973.18	**33,984.10**
Less: Closing stock		
Work in progress	1,936.66	1,850.97
Finished goods	22,179.98	22,855.76
Traded goods	14,727.85	11,266.45
	38,844.49	**35,973.18**
Change in stocks	**2,871.31**	**1,989.08**
Change in excise duty on closing stock	**580.57**	**(2.56)**
	2,290.74	**1,991.64**
Details of inventory		
Work-in-progress		
Sanitaryware, fittings and other allied products	1,777.42	1,673.37
Glass bottles, containers and pet bottles	159.24	177.60
	1,936.66	**1,850.97**
Finished goods		
Sanitaryware, fittings and other allied products	22,852.74	18,714.23
Glass bottles, containers and pet bottles	14,055.09	15,407.98
	36,907.83	**34,122.21**

NOTE 27 : EMPLOYEE BENEFITS EXPENSE

(₹ in lacs)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Salaries, wages and bonus	21,293.09	17,997.59
Contribution to provident and other funds	1,178.59	964.46
Staff welfare expenses	928.70	743.14
	23,400.38	**19,705.19**

SIGNIFICANT ACCOUNTING POLICIES

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NOTE 28 : OTHER EXPENSES

(₹ in lacs)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Power and fuel	23,114.10	28,012.20
Consumption of stores and spares parts	5,250.32	4,495.23
Consumption of packing material	8,702.68	8,906.10
Consumption of loose tools	55.09	61.08
Consumption of oil, fuel and lubricants	292.13	311.44
Repairs and maintenance:		
Buildings	411.42	286.64
Plant and machinery	1,012.28	836.67
Others	373.07	364.49
Rent (including hire charges)	932.70	737.97
Rates and taxes	452.47	367.22
Directors sitting fees	3.70	4.10
Expenditure on ceramic and applied research centre (refer note 41)	82.22	76.68
Insurance	615.92	494.90
Travelling and conveyance	2,307.12	1,889.20
Discounts	5,870.95	3,989.13
Commission on sales	828.27	448.40
Freight and forwarding charges - exports	1,151.58	1,460.21
Advertisement and publicity	6,786.42	4,661.88
Transportation and forwarding	3,013.41	2,832.27
Sales promotion expenses	2,907.68	2,465.99
Other selling expenses	569.20	214.36
Provision for doubtful debts and advances	431.86	647.89
Bad debts written off	4.96	3.25
Corporate social responsibility expenditure (refer note 47)	126.96	92.97
Charity and donation	6.95	30.05
Loss on foreign exchange fluctuation	547.61	261.42
Loss on disposal of fixed assets	17.94	10.21
Miscellaneous expenses	2,177.08	1,875.33
	68,046.09	**65,837.28**

NOTE 29 : FINANCE COSTS

(₹ in lacs)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Interest expense	3,716.57	7,247.84
Other borrowing costs	105.75	107.31
	3,822.32	**7,355.15**

SIGNIFICANT ACCOUNTING POLICIES

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NOTE 30 : EARNING PER SHARE

Particulars		Year ended 31 March 2016	Year ended 31 March 2015
Computation of profit			
a)	Profit attributable to equity shareholders (₹ in lacs)	11,670.32	10,414.97
b)	Computation of weighted average number of shares for Basic and diluted earnings per share (weighted number of shares)	7,22,96,395	6,63,20,368
c)	Nominal value per share (₹)	2	2
d)	Earnings per share – basic and diluted (₹)	**16.14**	**15.70**

NOTE 31 : CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:

(₹ in lacs)

Particulars		Year ended 31 March 2016	Year ended 31 March 2015
a)	Demands raised by the excise authorities against which appeals have been filed	375.92	379.72
b)	Demands made by the sales tax authorities against which appeals have been filed	253.79	261.32
c)	Demands raised by the income-tax authorities against which appeals have been filed	3.84	3.84
d)	Claims against the Company not acknowledged as debts	2,428.39	2,582.34

NOTE 32 : CAPITAL AND OTHER COMMITMENTS

(₹ in lacs)

Particulars		Year ended 31 March 2016	Year ended 31 March 2015
a)	Commitments relating to contracts remaining to be executed on capital account and other commitments not provided for	10,111.59	7,041.34
b)	Export obligation under Export Promotion Capital Goods license of Export Import Policy	27,661.58	21,227.04
c)	Bank guarantees outstanding	442.53	1,176.39
d)	Loan outstanding of ₹ 1,956.57 lacs (previous year ₹3,456.84 lacs) against corporate guarantees (as given for Barwood Products Limited and Hindware Home Retail Private Limited) of ₹8,856.00 lacs (previous year ₹ 9,177.18 lacs)		

NOTE 33 : PAYMENT TO STATUTORY AUDITORS (EXCLUDING SERVICE TAX)

(₹ in lacs)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
As auditors	26.00	25.50
Other services	10.20	38.65
For reimbursement of expenses	4.50	4.63
	40.70	**68.78**

SIGNIFICANT ACCOUNTING POLICIES

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NOTE 34 : 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 ARE MENTIONED BELOW:

(₹ in lacs)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Principal amount remaining unpaid to any supplier	4.83	12.77
Interest due thereon remaining upaind to any supplier	-	-
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

NOTE 35 : EMPLOYEE BENEFITS

During the year the Company has recognised the following amounts in the statement of profit and loss.

a) Provident and other fund*:

(₹ in lacs)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Employer's contribution to provident fund**	764.00	637.94
Employer's contribution to employee's state insurance	154.69	149.61

** included in contribution to provident and other funds (refer note 27)*

*** in terms of the guidance on implementing the revised AS 15, the provident fund set up by the Company is treated as a defined benefit plan since the Company has to meet the interest shortfall, if any. However, as at the year-end the Company is not having any interest shortfall, which remain unprovided for.*

b) Defined benefit plan - gratuity (funded)

(₹ in lacs)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Amount recognised in the balance sheet :		
Present value of obligations	1,762.77	1,594.35
Fair value of plan assets	1,625.38	1,563.54
Net liability recognised in the balance sheet (refer note 11)	**137.39**	**30.81**
Amounts recognised in the statement of profit and loss :		
Current service cost	190.97	170.00
Interest cost	119.85	98.87
Expected return on plan assets	(125.08)	(107.74)

SIGNIFICANT ACCOUNTING POLICIES

and other explanatory information to financial statements for the year ended 31 March 2016

b) Defined benefit plan - gratuity (funded) (Contd.)

(₹ in lacs)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Actuarial loss	127.41	79.68
Total included in employee benefits expense*	**313.15**	**240.81**
*refer note 27		
Return on plan assets:		
Expected return on plan assets	125.08	107.74
Actuarial loss	(127.41)	(79.68)
Actual return on plan assets	**(2.33)**	**28.06**
Reconciliation of opening and closing balances of benefit obligations and plan assets		
Change in defined benefit obligation		
Defined benefit obligation at the beginning of the year	1,594.35	1,355.55
Interest cost	119.85	98.87
Current service cost	190.97	170.00
Benefits paid	(192.45)	(239.24)
Actuarial (gain)/loss	50.05	209.17
Defined benefit obligation at the end of the year	**1,762.77**	**1,594.35**
Changes in the fair value of plan assets		
Fair value of plan assets at the beginning of the year	1,563.54	1,346.76
Expected return on plan assets	125.08	107.74
Employer's contributions	206.57	218.79
Benefits paid	(192.45)	(239.24)
Actuarial (loss)/gain	(77.36)	129.49
Fair value of plan assets at the end of the year	**1,625.38**	**1,563.54**

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Assumptions used to determine the defined benefit obligation:		
Discount rate	8.00%	8.00%
Expected rate of increase in compensation levels	6.25%	6.25%
Expected rate of return on plan assets	8.00%	8.00%
Expected average remaining working life of employees	17 years	17 years

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Demographic assumptions		
Mortality table	IALM 2006-08 Ultimate	
Superannuation age	58 years	58 years
Early retirement and disablement	10 Per thousand per annum	
- above age 45	6	6
- between 29 and 45	3	3
- below age 29	1	1

SIGNIFICANT ACCOUNTING POLICIES

and other explanatory information to financial statements for the year ended 31 March 2016

b) Defined benefit plan - gratuity (funded) (Contd.)

Amounts for the current and previous years are as follows:

(₹ in lacs)

	2015-16	2014-15	2013-14	2012-13	2011-12
Defined benefit plan – gratuity					
Defined benefit obligation	(1,762.77)	(1,594.35)	(1,355.55)	(1,329.84)	(1,210.32)
Plan assets	1,625.38	1,563.54	1,346.76	1,255.11	1,130.54
(Deficit)/surplus	**(137.39)**	**(30.81)**	**(8.79)**	**(74.73)**	**(79.78)**
Experience gain/(loss) adjustment on plan liabilities	(50.05)	(209.17)	(9.65)	(50.06)	(50.44)
Experience gain/(loss) adjustment on plan assets	(77.36)	129.49	0.73	35.93	(44.19)

The Company made annual contribution to the Birla Sun Life Insurance Company Limited ('BSL') of an amount advised by the BSL. The Company was not informed by BSL of the investment made or the break down of plan assets by investment type, accordingly related disclosures are not included in these financial statements.

c) Other long-term benefits - compensated absences (unfunded)

(₹ in lacs)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Amounts recognised in the balance sheet		
Long-term (refer note 9)	534.81	470.67
Short-term (refer note 12)	194.68	178.30
	729.49	**648.97**
Amounts recognised in the statement of profit and loss		
Current service cost	108.27	89.63
Interest cost	51.92	51.98
Actuarial loss	111.36	76.96
Total included in employee benefits expense*	**271.55**	**218.57**
*refer note 27		
Reconciliation of opening and closing balances of benefit obligations		
Change in benefit obligation		
Defined benefit obligation at the beginning of the year	648.97	611.58
Interest cost	51.92	51.98
Current service cost	108.27	89.63
Benefits paid	(191.03)	(181.18)
Actuarial loss	111.36	76.96
Defined benefit obligation at the end of the year	**729.49**	**648.97**

SIGNIFICANT ACCOUNTING POLICIES

and other explanatory information to financial statements for the year ended 31 March 2016

NOTE 36 : UN-HEDGED POSITION

The foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below as on each balance sheet date:

(₹ in lacs)

Included in	31 March 2016		31 March 2015	
	Amount in foreign currency	Amount in Indian Rupees	Amount in foreign currency	Amount in Indian Rupees
Trade receivables				
United States Dollar ('USD)	12.48	827.87	7.41	463.94
Euro	0.13	9.68	-	-
Trade payables				
USD	21.31	1,413.34	1.95	122.00
Euro	5.70	427.97	2.39	161.19
Great Britain Pound ('GBP')	0.61	58.38	0.27	24.82
Short-term borrowings				
USD	58.58	3,885.50	85.09	5,326.12
Euro	-	-	2.84	191.79
Long-term borrowings				
USD	310.33	20,585.12	434.03	27,166.26

	31 March 2016	31 March 2015
Currency rate		
USD	66.3329	62.5908
Euro	75.0955	67.5104
GBP	95.0882	92.4591

NOTE 37 : DETAILS OF DERIVATIVE INSTRUMENTS OUTSTANDING AS ON 31 MARCH 2016

(in USD lacs)

Particulars of hedged derivatives	31 March 2016	31 March 2015	Purpose
Derivative contracts	108.71	269.99	Hedge against external commercial borrowings.
Derivative contracts	14.02	-	Hedge against buyer's credit.

SIGNIFICANT ACCOUNTING POLICIES

and other explanatory information to financial statements for the year ended 31 March 2016

NOTE 38 : IN ACCORDANCE WITH THE REQUIRED ACCOUNTING STANDARD (AS-18) ON RELATED PARTY DISCLOSURES WHERE CONTROL EXIST AND WHERE TRANSACTIONS HAVE TAKEN PLACE AND DESCRIPTION OF THE RELATIONSHIP AS IDENTIFIED AND CERTIFIED BY THE MANAGEMENT ARE AS FOLLOWS:

a) List of related parties

Relationship	Name of related party
Key management personnel (KMP)	Rajendra K Somany
	Sandip Somany
	Sumita Somany
Subsidiaries	Hindware Home Retail Private Limited
	HSIL Associates Limited (ceased to be subsidiary with effect from 19 May 2015)
	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.)
	KS 615 Limited (formerly Barwood Products Limited (subsidiary of Haas International B.V.)
Entities where significant influence is exercised by KMP and/or their relatives having transactions with the company	Textool Mercantile Private Limited
	Paco Exports Limited
	New Delhi Industrial Promotors and Investors Limited
	Soma Investments Limited

b) Summary of related party transactions (₹ in lacs)

	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 2016	31 March 2015	31 March 2016	31 March 2015	31 March 2016	31 March 2015
A	**Transactions during the year**						
a)	**Sale of goods**						
	Hindware Home Retail Private Limited	89.06	60.96	-	-	-	-
b)	**Purchase of trading goods**						
	Hindware Home Retail Private Limited	5.45	19.71	-	-	-	-
c)	**Expenses paid on behalf of subsidiary**						
	Hindware Home Retail Private Limited	1.59	7.89	-	-	-	-
d)	**Expenses paid by subsidiary on our behalf**						
	Hindware Home Retail Private Limited	-	0.79	-	-	-	-
e)	**Rent paid**						
	Hindware Home Retail Private Limited	-	9.72	-	-	-	-
	Rajendra K Somany	-	-	4.80	4.80	-	-
	Textool Mercantile Private Limited	-	-	-	-	2.61	1.46
	Paco Exports Limited	-	-	-	-	25.26	19.87

SIGNIFICANT ACCOUNTING POLICIES

and other explanatory information to financial statements for the year ended 31 March 2016

	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 2016	31 March 2015	31 March 2016	31 March 2015	31 March 2016	31 March 2015
f)	**Interest income**						
	Hindware Home Retail Private Limited	80.91	9.03	-	-	-	-
g)	**Rent income**						
	Soma Investments Limited	-	-	-	-	-	0.01
	New Delhi Industrial Promotors and Investors Limited	-	-	-	-	-	0.01
	Paco Exports Limited	-	-	-	-	-	0.01
h)	**Investment made**						
	Hindware Home Retail Private Limited	2,700.00	1,000.00	-	-	-	-
	Halis International Limited	77.46	174.56	-	-	-	-
i)	**Intercorporate loan given**						
	Hindware Home Retail Private Limited	1,650.00	600.00	-	-	-	-
j)	**Intercorporate loan received back**						
	Hindware Home Retail Private Limited	1,200.00	600.00	-	-	-	-
k)	**Advances against order to subsidiary**						
	Hindware Home Retail Private Limited	-	2.60	-	-	-	-
l)	**Director's remuneration**						
	Rajendra K Somany	-	-	950.08	800.42	-	-
	Sandip Somany	-	-	945.83	800.42	-	-
	Sumita Somany	-	-	27.60	19.98	-	-
m)	**Dividend payment**						
	Rajendra K Somany	-		91.70	78.60	-	-
	Sandip Somany	-		98.97	87.12	-	-
	Sumita Somany	-		2.68	2.30	-	-
	Paco Exports Limited	-		-	-	723.26	619.94
	Soma Investments Limited	-		-	-	140.00	120.00
	New Delhi Industrial Promotors and Investors Limited	-		-	-	127.75	109.50
B	**Balance outstanding at the year end**						
	Hindware Home Retail Private Limited (receivable)	56.24	51.43	-	-	-	-
	Hindware Home Retail Private Limited (loan)	450.00	-	-	-	-	-
	Remuneration payable						
	Rajendra K Somany	-	-	699.73	545.41	-	-
	Sandip Somany	-	-	760.07	638.83	-	-
	Sumita Somany	-	-	27.15	19.63	-	-

SIGNIFICANT ACCOUNTING POLICIES

and other explanatory information to financial statements for the year ended 31 March 2016

NOTE 39 : PAYMENT TO DIRECTORS*

(₹ in lacs)

	Particulars	Year ended 31 March 2016	Year ended 31 March 2015
a)	Salary	380.85	326.85
b)	Contribution to provident fund	45.70	39.22
c)	Commission	1,649.81	1,344.33
d)	Perquisites	9.56	50.53
e)	Directors' sitting fee	3.70	4.10
	Total	**2,089.62**	**1,765.03**

** 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.*

NOTE 40 : PARTICULARS RELATING TO FOREIGN EXCHANGE

a) Value of imports calculated on C.I.F. basis during the year in respect of

(₹ in lacs)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Raw materials and components	13,611.99	9,970.28
Stores and spares	1,245.18	1,282.52
Capital goods	631.49	995.08
Sanitaryware and other allied products	12,186.68	13,127.41
Total	**27,675.33**	**25,375.29**

b) Expenditure in foreign currency (on accrual basis)

(₹ in lacs)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Commission on exports	44.78	28.04
Travelling	340.85	256.13
Consultancy fee	155.30	244.88
Finance cost	1,197.35	1,956.00
Rent	240.17	2.99
Others	0.34	0.13
Total	**1,978.79**	**2,488.17**

c) Earnings in foreign exchange (on accrual basis)

(₹ in lacs)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
FOB value of export of goods	6,070.39	5,476.19
Total	**6,070.39**	**5,476.19**

SIGNIFICANT ACCOUNTING POLICIES

and other explanatory information to financial statements for the year ended 31 March 2016

d) Value of imported and indigenous raw materials and component, packing material, loose tools, oil, fuel and lubricants, stores and spares consumed

Raw materials and components

(₹ in lacs)

Particulars	Year ended 31 March 2016		Year ended 31 March 2015	
	Value	%	Value	%
Imported	12,722.80	34.66	11,238.05	31.93
Indigenous	23,980.07	65.34	23,955.40	68.07
Total	**36,702.87**	**100.00**	**35,193.45**	**100.00**

Packing material, loose tools and oil, fuel and lubricants

(₹ in lacs)

Particulars	Year ended 31 March 2016		Year ended 31 March 2015	
	Value	%	Value	%
Imported	13.36	0.15	14.15	0.15
Indigenous	9,036.54	99.85	9,264.47	99.85
Total	**9,049.90**	**100.00**	**9,278.62**	**100.00**

Stores and spare parts

(₹ in lacs)

Particulars	Year ended 31 March 2016		Year ended 31 March 2015	
	Value	%	Value	%
Imported	1,261.77	24.03	1,020.20	22.70
Indigenous	3,988.66	75.97	3,475.03	77.30
Total	**5,250.43**	**100.00**	**4,495.23**	**100.00**

NOTE 41 : EXPENDITURE ON CERAMIC AND APPLIED RESEARCH CENTRE

(₹ in lacs)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Salaries, wages and bonus	62.47	58.12
Contribution to provident and other funds	2.70	2.52
Others	17.05	16.04
Total	**82.22**	**76.68**

NOTE 42 : Details of amount due from entities pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Loans and advances

(₹ in lacs)

Particulars	31 March 2016		31 March 2015	
	Maximum balance outstanding during the year	Closing Balance	Maximum balance outstanding during the year	Closing Balance
Hindware Home Retail Private Limited	1,200.00	450.00	600.00	-

NOTE 43 : In view of long term business relations, trade deposits from dealers are considered as long term liabilities.

NOTE 44 : Segment information, as required under AS-17 "Segment Reporting", 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.

SIGNIFICANT ACCOUNTING POLICIES

and other explanatory information to financial statements for the year ended 31 March 2016

NOTE 45 : LEASES

Lease payments under cancelable operating leases amounting to ₹ 932.70 lacs (previous year ₹ 737.97 lacs) for the year has been charged to the statement of profit and loss as rentals.

(₹ in lacs)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Lease commitments		
Payable not later than one year	183.48	123.55
Payable later than one year not later than five years	302.68	452.62

NOTE 46 : During the year ended 31 March 2015, the Company made a Qualified Institution Placement ('QIP') and allotted 6,250,000 equity shares on 16 March 2015, of face value ₹ 2 at a premium of ₹ 398 per equity share. Pursuant to Regulation 32 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the proceeds from the aforementioned QIP has been utilised for the following:

Particulars	(₹ in lacs)
Share issue expenses (on accrual basis)	521.95
Repayment of borrowings	24,478.05

NOTE 47 : 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 ₹ 242.99 lacs (previous year ₹ 175 lacs) towards CSR activities during the year ended 31 March 2016. 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 period ended 31 March 2016, Company has contributed the following sums towards CSR initiatives.

(₹ in lacs)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
	Total paid in cash	Total paid in cash
(i) Construction/acquisition of any asset	56.29	-
(ii) On purposes other than (i) above	70.67	92.97
Total	**126.96**	**92.97**

NOTE 48 : The Company has given the undermentioned corporate guarantee in respect of the loans taken by the following companies for business purpose:

(₹ in lacs)

Particulars	Halis International Limited, Mauritius (Wholly owned subsidiary)	Hindware Home Retails Private Limited (wholly owned subsidiary)	KS 615 Limited (formerly Barwood Products Limited UK (wholly owned subsidiary))	Halis International Limited, Mauritius (Wholly owned subsidiary)	Hindware Home Retails Private Limited (wholly owned subsidiary)	KS 615 Limited (formerly Barwood Products Limited UK (wholly owned subsidiary))
	Year ended 31 March 2016			Year ended 31 March 2015		
Guarantee						
Guarantees given as at the beginning of the financial year	-	8,456.00	721.18 *	-	7,456.00	778.83*
Guarantees given during the financial year	-	1,400.00	-	-	1,000.00	-
Guarantee closed during the year	-	1,000.00	721.18 *	-	-	-
Guarantees given as at the end of the financial year	-	8,856.00	-	-	8,456.00	721.18*
Investments						
Investments at the beginning of the financial year	1771.57	11590	-	1597.03	10590	-
Additions during the financial year	77.48	2700	-	174.54	1000	-
Provision for diminution in the value of during the year	1643.46	-	-	-	-	-
Investment at the end of the financial year	205.59	14290	-	1771.57	11590	-

SIGNIFICANT ACCOUNTING POLICIES

and other explanatory information to financial statements for the year ended 31 March 2016

(₹ in lacs)

Particulars	Halis International Limited, Mauritius (Wholly owned subsidiary)	Hindware Home Retails Private Limited (wholly owned subsidiary)	KS 615 Limited (formerly Barwood Products Limited UK (wholly owned subsidiary))	Halis International Limited, Mauritius (Wholly owned subsidiary)	Hindware Home Retails Private Limited (wholly owned subsidiary)	KS 615 Limited (formerly Barwood Products Limited UK (wholly owned subsidiary))
Loans and advances						
Loans at the beginning of the financial year	-	-	-	-	-	-
Additions during the financial year	-	1,650.00	-	-	600.00	-
Return back during the year	-	1,200.00	-	-	600.00	-
Loans at the end of the financial year	-	450.00	-	-	-	-

** Indian Rupee equivalent of 780,000 Great Britain Pounds*

NOTE 49 : During the year, the Board of Directors of the Company has approved utilization of Business Reconstruction Reserve (BRR) by ₹ 1,643.46 lacs subsequent to the disposal of assets by its stepdown UK subsidiary.

Aforesaid ₹ 1,643.46 lacs utilized against BRR (by credit to the statement of profit and loss under exceptional items) represents diminution, other than temporary in nature, in the carrying value of its investment in one of its overseas subsidiary. This is as per Scheme of Arrangement approved by Hon'ble High Court of Calcutta vide its order dated 26 March 2010 as per which the Company created BRR by revaluation of its certain immovable properties and the said scheme also provided the utilization of credit available in BRR for specific approved purposes as may be deemed necessary and appropriate by Board of Directors of the Company from time to time.

NOTE 50 : WARRANTY PROVISION

(₹ in lacs)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Balance at the beginning of the year	372.97	307.08
Recognised during the year	123.81	95.64
Utilised during the year	109.13	29.75
Balance at the end of the year	387.65	372.97
Bifurcated into		
Long-term	263.84	253.85
Short-term	123.81	119.12

Provision for warranty on goods sold during the year is made, on the basis of technical estimates. The provision is reviewed by management on a periodical basis and accordingly adjustments for short/excess provision are made. Future cash flows in respect of the same are expected to occur over the period of the warranty. Unutilized balances, if any, will be written back on expiry of the commitment.

NOTE 51 : Previous year figures have been regrouped/recast wherever considered necessary to make them comparable with those of the current year.

Notes 1 to 51 form an integral part of these financial statements.

This is the balance sheet referred to in our report of even date.

For and on behalf of the Board of Directors

For **Walker Chandiok & Co LLP**
Chartered Accountants

Per **Lalit Kumar**
Partner

Place : Gurgaon
Date : 23 May 2016

Sandip Somany
Joint Managing Director
DIN: 00053597

Payal M. Puri
Company Secretary

Rajendra K Somany
Chairman and Managing Director
DIN: 00053557

Sandeep Sikka
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To the Members of HSIL Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of HSIL Limited, (the 'Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as the 'Group'), which comprise the Consolidated Balance Sheet as at 31 March 2016, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (the 'Act') that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group, in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). The Holding Company's Board of Directors, and the respective Board of Directors of the subsidiaries included in the Group, are responsible for the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. Further, in terms with the provisions of the Act, the respective Board of Directors of the Holding Company and its subsidiary which are incorporated in India are responsible for maintenance of adequate accounting records; safeguarding the assets; 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 financial statements, which have been used for the purpose of preparation of the consolidated financial statements by the directors of the Holding Company, as aforesaid.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

4. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the auditor's report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 9 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries as noted below, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2016, their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

9. We did not audit the financial statements/financial information of five subsidiaries, included in the consolidated financial statements, whose financial statements / financial information reflect total assets (after eliminating intra-group transactions) of ₹ 6,370.85 lacs as at 31 March 2016, total revenues (after eliminating intra-group transactions) of ₹ 11,268.11 lacs and net cash flows amounting to ₹ 164.37 lacs for the year ended on that date. These financial statements / financial information 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-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

   Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

10. As required by Section 143(3) of the Act, and based on the auditor's reports of the subsidiaries, 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 purpose 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 and the reports of the other auditors;

    c) The consolidated financial statements 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 Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014(as amended);

    e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2016 taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

    f) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Holding Company and its subsidiary companies which are companies incorporated in India, as of 31 March 2016, in conjunction with our audit of the consolidated financial statements of the group for the year ended on that date and our report dated 23 May 2016 as per annexure I expressed an unqualified opinion; and

    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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

       (i) as detailed in Note 33, the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group;

       (ii) the Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

       (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies incorporated in India.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Lalit Kumar**
Partner
Membership No.: 095256

Place : Gurgaon
Date : 23 May 2016

ANNEXURE I

Annexure I to the Independent Auditor's Report of even date to the members of HSIL Limited, on the consolidated financial statements for the year ended 31 March 2016

Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the 'Act')

1. In conjunction with our audit of the consolidated financial statements of the HSIL Limited (the 'Holding Company') and its subsidiaries, (the Holding Company and its subsidiaries together referred to as the 'Group'), as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting (IFCoFR) of the Holding Company and its subsidiary company which is a company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding Company and its subsidiary company which is a company 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 (the 'Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the company's business, including adherence to the company's policies, the safeguarding of the company's assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the IFCoFR of the Holding Company and its subsidiary company as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, 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.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the IFCoFR of the Holding Company and its subsidiary company as aforesaid.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR 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 IFCoFR 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

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions,

or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Holding Company and its subsidiary company, which is a company incorporated in India, have, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

Other Matters

9. We did not audit the IFCoFR insofar as it relates to one subsidiary company, which is a company incorporated in India, whose financial statements / financial information reflect total assets (after eliminating intra-group transactions) of ₹ 6,488.63 lacs as at 31 March 2016, total revenues (after eliminating intra-group transactions) of ₹ 9,758.80 lacs and net cash flows amounting to ₹ 47.85 lacs for the year ended on that date. Our report on the adequacy and operating effectiveness of the IFCOFR for the Holding Company and its subsidiary company, which is a company incorporated in India, under Section 143(3)(i) of the Act insofar as it relates to the aforesaid subsidiary which is a company incorporated in India, is solely based on the corresponding report of the auditor of such company. Our opinion is not modified in respect of the above matter with respect to our reliance on the work done by and the reports of the other auditors.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Lalit Kumar**
Partner
Membership No.: 095256

Place : Gurgaon
Date : 23 May 2016

CONSOLIDATED BALANCE SHEET

as at 31st March, 2016

(₹ in lacs)

	Notes	As at 31 March 2016	As at 31 March 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	5	1,445.97	1,445.97
Reserves and surplus	6	1,36,347.55	1,30,862.83
		1,37,793.52	**1,32,308.80**
Non-current liabilities			
Long-term borrowings	7	20,836.94	35,854.90
Deferred tax liabilities (net)	8	10,098.01	10,449.86
Other long-term liabilities	9	2,034.67	1,798.99
Long-term provisions	10	858.06	780.45
		33,827.68	**48,884.20**
Current liabilities			
Short-term borrowings	11	29,343.20	21,761.29
Trade payables			
-total outstanding dues of micro enterprise and small enterprises		4.83	12.77
-total outstanding dues of creditors other than micro enterprise and small enterprises		15,822.08	14,497.37
Other current liabilities	12	37,071.23	41,572.39
Short-term provisions	13	4,320.22	4,057.90
		86,561.56	**81,901.72**
		2,58,182.76	**2,63,094.72**
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	14(a)	1,49,138.06	1,55,656.31
Intangible assets	14(b)	2,140.50	2,808.65
Capital work-in-progress		6,252.97	3,354.28
Goodwill on consolidation	14	-	347.44
Non-current investments	15	1,081.69	1,081.89
Long-term loans and advances	16	4,485.61	3,207.39
Other non-current assets	17	48.14	146.93
		1,63,146.97	**1,66,602.89**
Current assets			
Current investments	18	-	4.18
Inventories	19	49,005.55	47,436.32
Trade receivables	20	39,006.19	41,378.23
Cash and bank balances	21	1,992.22	2,511.97
Short-term loans and advances	22	4,862.92	4,956.10
Other current assets	23	168.91	205.03
		95,035.79	**96,491.83**
		2,58,182.76	**2,63,094.72**

Notes 1 to 49 form an integral part of these consolidated financial statements.

This is the consolidated balance sheet referred to in our report of even date.

For and on behalf of the Board of Directors

For **Walker Chandiok & Co LLP**
Chartered Accountants

Per **Lalit Kumar**
Partner

Place : Gurgaon
Date : 23 May 2016

Sandip Somany
Joint Managing Director
DIN: 00053597

Payal M. Puri
Company Secretary

Rajendra K Somany
Chairman and Managing Director
DIN: 00053557

Sandeep Sikka
Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT & LOSS ACCOUNT

for the year ended 31st March, 2016

(₹ in lacs)

	Notes	Year ended 31 March 2016	Year ended 31 March 2015
Income			
Income from operations (gross)	24	2,20,582.72	2,12,476.28
Less: Excise duty		14,974.01	14,413.80
Income from operations (net)		2,05,608.71	1,98,062.48
Other income	25	349.67	356.95
Total revenue		**2,05,958.38**	**1,98,419.43**
Expenses			
Cost of raw material consumed	26	37,576.97	35,411.41
Purchases of stock-in-trade	27	40,716.67	39,739.34
Changes in inventories of finished goods and work-in-progress and stock-in-trade	28	(2,029.32)	(1,999.48)
Employee benefits expense	29	25,096.98	21,594.91
Goodwill on consolidation impaired		347.44	-
Other expenses	30	72,381.45	70,064.54
		1,74,090.19	**1,64,810.72**
Earning before depreciation and amortisation, finance costs and tax expense		**31,868.19**	**33,608.71**
Depreciation and amortization	14	12,017.32	12,503.02
Finance cost	31	4,120.45	7,751.53
Profit before tax		**15,730.42**	**13,354.16**
Tax expense			
Current tax		7,178.15	5,676.16
Deferred tax credit		(351.85)	(866.48)
		6,826.30	**4,809.68**
Profit for the year		**8,904.12**	**8,544.48**
Earnings per equity share (of ₹ 2/- each)	32		
Basic and diluted		12.32	12.88

Notes 1 to 49 form an integral part of these consolidated financial statements.

This is the consolidated statement of profit and loss referred to in our report of even date.

For and on behalf of the Board of Directors

For **Walker Chandiok & Co LLP**
Chartered Accountants

Per **Lalit Kumar**
Partner

Place : Gurgaon
Date : 23 May 2016

Sandip Somany
Joint Managing Director
DIN: 00053597

Payal M. Puri
Company Secretary

Rajendra K Somany
Chairman and Managing Director
DIN: 00053557

Sandeep Sikka
Chief Financial Officer

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31st March, 2016

(₹ in lacs)

		Year ended 31 March 2016	Year ended 31 March 2015
A.	**Cash flow from operating activities**		
	Profit before tax	**15,730.42**	**13,354.16**
	Adjustments for:		
	Depreciation and amortisation	12,017.32	12,503.02
	Goodwill on consolidation impaired	347.44	-
	Gain on disposal of fixed assets	(41.83)	(29.15)
	Loss on disposal of fixed assets	130.24	19.33
	Finance costs	4,120.46	7,751.53
	Interest income	(198.38)	(253.81)
	Gain on sale of current investments	(25.59)	(3.60)
	Provision for doubtful debts and advances	494.77	647.89
	Provision for doubtful debts and advances written back	-	(120.78)
	Unrealised foreign exchange (gain)/loss	(5.51)	(61.16)
	Bad debts written off	21.15	3.96
	Sundry balances and liabilities no longer required, written back	(1,036.86)	(1,005.82)
	Operating profit before working capital changes	**31,553.63**	**32,805.57**
	Adjustments for :		
	(Increase)/decrease in inventories	(1,838.72)	(3,003.16)
	(Increase)/decrease in trade and other receivables	378.93	(2,843.87)
	Increase/(decrease) in trade and other payables	5,933.17	3,340.81
	Cash generated from operations	**36,027.01**	**30,299.35**
	Direct taxes paid	(6,431.26)	(3,857.75)
	Net cash flow from operating activities	**29,595.75**	**26,441.60**
B.	**Cash flow from investing activities**		
	Acquisition of fixed assets including capital work in progress and movement in capital advances/creditors of capital goods	(6,860.28)	(9,634.30)
	Proceeds from disposal of fixed assets	371.37	149.51
	Purchase of investments	(13,526.01)	(3,900.03)
	Proceeds from sale of investments	13,405.56	3,903.58
	Movement in other bank balances	236.66	2.44
	Interest received	299.48	240.35
	Net cash used in investing activities	**(6,073.22)**	**(9,238.45)**
C.	**Cash flow from financing activities**		
	Proceeds from long-term borrowings	299.24	5,292.93
	Repayment of long-term borrowings	(24,906.84)	(22,402.19)
	Movement in short-term borrowings (net)	8,210.57	(17,905.96)
	Proceeds from the qualified institutional placement issue	-	24,478.04
	Interest paid	(4,379.44)	(7,880.62)

(₹ in lacs)

	Year ended 31 March 2016	Year ended 31 March 2015
Dividend paid	(2,516.35)	(1,993.36)
Taxes on dividend paid	(505.93)	(336.74)
Net cash flow from financing activities	**(23,798.75)**	**(20,747.90)**
Net (decrease) in cash and cash equivalents	**(276.22)**	**(3,544.75)**
Cash and cash equivalents at the beginning of the year	1,945.51	5,490.26
Cash and cash equivalents at the end of the year	**1,669.29**	**1,945.51**
Note:		
Cash and bank balances include (refer note 21):		
Cash, cheques in hand, remittances in transit and fixed deposits	1,432.45	1,623.29
Balance with banks on current accounts	236.84	322.22
Cash and cash equivalents	**1,669.29**	**1,945.51**
Held as margin money in fixed deposits	221.67	479.23
Unclaimed dividend accounts	101.26	87.23
Other bank balances	**322.93**	**566.46**
Cash and bank balances as per balance sheet	**1,992.22**	**2,511.97**

Notes 1 to 49 form an integral part of these consolidated financial statements.

This is the consolidated cash flow statement referred to in our report of even date. For and on behalf of the Board of Directors

For **Walker Chandiok & Co LLP**
Chartered Accountants

Per **Lalit Kumar**
Partner

Place : Gurgaon
Date : 23 May 2016

Sandip Somany
Joint Managing Director
DIN: 00053597

Payal M. Puri
Company Secretary

Rajendra K 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 2016

NOTE 1 : PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the consolidated balance sheet, consolidated statement of profit and loss and consolidated cash flow statement of HSIL Limited (the 'Parent Company') and its undermentioned subsidiaries (hereinafter referred as the 'Group')

Company	Date of Shareholding/ membership	Country of Incorporation	Percentage of shareholding
Hindware Home Retail Private Limited	09 September 2006	India	100%
HSIL Associates Limited (ceased to be subsidiary with effect from 19 May 2015)	04 September 2008	India	100%
Halis International Limited	14 January 2009	Mauritius	100%
Alchemy International Cooperatief U.A.	24 April 2009	Netherlands	100%
(Subsidiary of Halis International Limited)			
Haas International B.V.	08 July 2009	Netherlands	100%
(Subsidiary of Alchemy International Cooperatief U.A.)			
KS 615 Limited (formerly known as Barwood Products Limited)	23 June 2010	United Kingdom (UK)	100%
(Subsidiary of Haas International B.V.)			

The consolidated financial statements have been prepared in accordance with the notified Accounting Standard (AS-21) on 'consolidated financial statement'. The consolidated financial statements have been prepared on the following basis:

i) Consolidated financial statement normally includes consolidated balance sheet, consolidated statement of profit and loss, consolidated cash flow statement and summary of significant accounting policies and other explanatory information that form an integral part thereof. The consolidated financial statements are presented, to the extent possible, in the same format as adapted by the Parent Company for its standalone financial statements.

ii) The consolidated financial Statements include the financial statements of the Parent Company and its subsidiaries which is more than 50 percent owned or controlled as at the year end.

iii) The consolidated financial statements have been combined on a line by line basis by adding the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances/ transactions and resulting unrealised profits/losses in full. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the Parent Company and its share in the post-acquisition profit increase in the relevant reserves of the entity to be consolidated.

iv) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Parent Company's standalone financial statements. Differences in accounting policies, if any, are disclosed separately.

v) The financial statements of the entities used for the purpose of consolidation are drawn up to same reporting date as of the Parent Company.

vi) As per Schedule III to the Companies Act, 2013 (the 'Act'), read with applicable Accounting Standard and General Circular 39/2014 dated 14 October 2014, the disclosures relevant to the consolidated financial statements have been disclosed. Further, additional statutory information disclosed in separate financial statements of the subsidiaries having no bearing on the true and fair view of the consolidated financial statements is not disclosed in these consolidated financial statements.

NOTE 2 : BASIS OF ACCOUNTING AND PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared to comply with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act 2013 (the 'Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). The financial statements have been prepared on a going

SIGNIFICANT ACCOUNTING POLICIES

and other explanatory information to the consolidated financial statements for the year ended 31 March 2016

concern basis under the historical cost convention on accrual basis as supplemented by revaluation of certain fixed assets. The accounting policies have been consistently applied by the Group.

NOTE 3 : USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and the disclosure relating to contingent liabilities as at the date of financial statements and reported amounts of income and expenses during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimates. Any revision to accounting estimates are recognised in the current and future periods.

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

NOTE 4 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

i) Fixed assets

Tangible

Tangible assets (other than those which have been revalued) are stated at cost of acquisition less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price (net of cenvat credit availed) and any attributable cost of bringing the asset to its working condition for its intended use. Expenditure on account of restoration/modification/alteration in plant and machinery/building, which increases the future benefit from the existing asset beyond its previously assessed standard of performance/estimated useful life, is capitalised.

Capital expenditure incurred on rented properties is classified as 'Leasehold improvements' under fixed assets.

Pre-operative expenditure including borrowing cost (net of revenue, where applicable) and foreign exchange differences on specific project loans incurred during the construction/trial run of the project is allocated on an appropriate basis to fixed assets upon commissioning.

Intangible

Intangible assets are recognised if and only if it is probable that the future economic benefits that are attributable to the assets will flow to the Group and the cost of the asset can be measured reliably in accordance with the notified Accounting Standard-26.

Capital work-in-progress

Capital work-in-progress includes assets under construction/installation comprising of direct cost and related incidental expenses. Capital work-in-progress is stated at cost and not depreciated. Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

ii Depreciation and amortisation

A Tangible

a) Depreciation on fixed assets has been provided as per guidance set out in Schedule II of the Act on straight line method using the undermentioned indicative lives:

Block of assets	Useful life as per the Act (in years)
1. Plant and machinery	7.5 - 25 years*
2. Building	10 - 60 years
3. Furniture and fixtures	10 years
4. Office equipments	5 years
5. Computer including software	3 - 6 years

** inter -alia, included in the aforementioned block of assets, are furnaces pertaining to the glass plant of the Parent Company amounting to a gross book value of ₹ 21,107.08 lacs (previous year ₹ 20,832.99 lacs) where the management has adopted a useful life different from what is prescribed under Schedule II of the Act, based on independent chartered engineer's certificate.*

b) Leasehold improvements are being amortised over the lease period or estimated useful life of the leasehold improvements, whichever is lower.

c) Leasehold land has been amortized over the period of lease except for leasehold land which is for 99 years where no amortization is done in view of the lease being perpetual.

d) Vehicles are being depreciated using written down value method as per life of 8 years mentioned in Schedule II of the Act.

SIGNIFICANT ACCOUNTING POLICIES

and other explanatory information to the consolidated financial statements for the year ended 31 March 2016

B Intangible

a) Technical knowhow is being amortised over a period of ten years.

b) Goodwill arising on merger is amortized over a period of seven years.

iii Impairment of assets

The Group assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that if 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.

iv Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments.

Current investments are valued at the lower of cost and fair value. Long-term investments are stated at cost.

Provision is made for diminution in the value of long-term investments to recognise a decline, if any, other than temporary in nature.

Profit/loss on sale of investments are computed with reference to their cost determined on first in first out basis.

v Inventories

a) Inventories are valued as follows:

Raw materials including components, packing materials, stores and spares and goods-in-transit - At lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Work-in-progress - At cost up to estimated stage of completion.

Finished goods and traded goods - At lower of cost and net realisable value.

b) Cost of inventories is ascertained on the following basis:

Raw materials, stores and spare parts and packing materials - On weighted average basis.

Finished goods - traded - On weighted average basis.

Cost of manufactured finished goods and stock in process determined on weighted average basis and comprises of material, labour, other related production overheads and non-recoverable duties.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost of completion to make the sale.

vi Cash and cash equivalent

Cash and cash equivalent comprise of balance at bank, cash in hand and short-term deposits with maturity of three months or less.

vii Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group, the revenue can be reliably measured and there is certainty of ultimate collection.

Sale of goods

Revenue from sale of goods is recognised when all the significant risks and rewards in respect of ownership of the goods are transferred to the customer and the Group retains no effective control of the goods transferred to the buyer and is stated inclusive of excise duty and net of trade discounts, sales return and sales tax wherever applicable.

Other income

1. Interest income is recognised on a time proportion basis at the applicable rates.
2. Insurance claims are recognised on actual realization basis.

viii Export benefit/incentives

Benefit under the advance license scheme and duty free replenishment certificate are accounted for at the time of purchase of imported raw material or sale of the license.

SIGNIFICANT ACCOUNTING POLICIES

and other explanatory information to the consolidated financial statements for the year ended 31 March 2016

ix Employee benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Accounting Standard 15, 'Employee Benefits (Revised 2005) ('Revised AS 15').

a) Provident fund

The Parent Company makes contributions to independently constituted trusts recognized by income tax authorities and regional provident fund. In terms of the Guidance note on implementing the Revised AS 15, issued by the Accounting Standard Board of the Institute of Chartered Accountants of India (the 'ICAI'), the provident fund set up by the Parent Company is treated as a defined benefit plan since the Parent Company has to meet the interest shortfall, if any. Accordingly, the contribution paid or payable and the interest shortfall, if any is recognized as an expense in the period in which services are rendered by the employee.

For other companies of the Group, provident fund benefit is a defined contribution plan where fixed contributions are made into funds established under Employees Provident Fund and Miscellaneous Provision Act, 1952.

b) Gratuity

Gratuity is a post employment defined benefit plan. The liability recognised in respect of gratuity is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

Actuarial gains and losses arising from experience, adjustments and changes in actuarial assumptions are recorded as expense or income in the statement of profit and loss in the year in which such gains or losses arise.

c) Compensated absence

The liability in respect of compensated absences is determined on the basis of actuarial valuation performed by an independent actuary using the projected unit credit method. Actuarial gains or losses are recognised in the statement of profit and loss in the year they arise.

d) Other short term benefits

Expenses relating to other short term benefits is recognised on the basis of amount paid or payable for the period during which services are rendered by the employee.

x Leases

Operating lease

Lease rentals in respect of assets taken on operating lease are charged to the statement of profit and loss on straight line basis over the term of the lease.

xi Foreign currency transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of transaction. Differences arising out of foreign currency transactions settled during the year are recognised in the statement of profit and loss.

Monetary items outstanding at the balance sheet date and denominated in foreign currencies are restated at the exchange rates prevailing at the balance sheet date. Differences arising on such restatement are recognised in the statement of profit and loss except to the extent permitted by the transitional provisions contained in the Companies (Accounting Standards) Amendment Rules, 2009 in respect of long term foreign currency monetary items, in which case the cost of fixed assets are adjusted by the translation differences and amortised over the remaining useful life of the related asset.

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

Forward exchange contracts and other currency derivative contacts that are not in principle forward contracts in accordance with the notified Accounting Standard 11 'Effect of change in Foreign Exchange Rates' that are entered to hedge the foreign currency risk of highly probable forecast transactions and firm commitments are marked to market at the balance sheet date and exchange loss is recognised in the statement of profit and loss immediately. Any gain is ignored

SIGNIFICANT ACCOUNTING POLICIES

and other explanatory information to the consolidated financial statements for the year ended 31 March 2016

and not recognised in the financial statements, in accordance with the principles of prudence enunciated in the notified Accounting Standard 1- Disclosure of Accounting Policies.

xii Research and development

Research and development expenditure is charged to statement of profit and loss except capital expenditure, which is added to the cost of respective fixed assets in the year in which it is incurred.

xiii Borrowing cost

Borrowing costs that are attributable to the acquisition and/or construction of qualifying assets are capitalised as part of the cost of such assets, in accordance with Accounting Standard 16 'Borrowing Costs'. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. Capitalisation of borrowing costs is suspended in the period during which the active development is delayed other than temporary interruption. All other borrowing costs are charged to the statement of profit and loss as incurred.

xiv Taxes on income

Tax expense comprises current income-tax and deferred income tax.

Current tax is determined as higher of the amount of tax payable in respect of taxable income for the period or tax payable on book profit computed in accordance with the provisions of section 115JB of the Income tax Act, 1961.

Deferred income-tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable/virtual certainty, depending on the nature of the timing differences, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Minimum Alternate Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Group will pay normal income-tax during the specified period. In the year in which MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT credit entitlement. The Group reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent it is not reasonably certain that the Group will pay normal income tax during the specified period.

xv Share issue expenses

The share issue expenses are adjusted against the balance in Securities Premium Account as permitted under Section 52 of the Act.

xvi Earnings per share

Basic earnings per share is calculated by dividing net profit or loss for the year attributable to equity shareholders by weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue, share split and any new equity issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

xvii Contingent liabilities and provisions

The Group makes a provision when there is a present obligation as a result of a past event where the outflow of economic resources is probable and a reliable estimate of the amount of the obligation can be made.

A disclosure is made for a contingent liability when there is a:

- possible obligation, the existence of which will be confirmed by the occurrence/non-occurrence of one or more uncertain events, not fully within the control of the Group;
- present obligation, where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

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- present obligation, where a reliable estimate cannot be made.

  When there is a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

xviii Segment reporting

The accounting policies adopted for segment reporting are in line with those of the Group with the following additional policies for segment reporting:

a) Revenues and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment.

b) Revenues and expenses, which relate to the Group as a whole and are not allocable to segments on a reasonable basis, have been included as unallocated corporate expenses.

c) Assets and liabilities, which relate to the Group as a whole and are not allocable to segments on a reasonable basis, are shown as unallocated assets and liabilities respectively.

xix Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956 (now Schedule III of Companies Act, 2013), the Group has elected to present earnings before interest, tax, depreciation and amortisation (EBITDA) as a separate line item on the face of the statement of profit and loss. In its measurement, the Group does not include depreciation and amortisation expense, finance costs and tax expense.

NOTE 5 : SHARE CAPITAL

Particulars	As at 31 March 2016 Number	(₹ in lacs)	As at 31 March 2015 Number	(₹ in lacs)
Authorised :				
Equity shares of ₹ 2 each	11,12,50,000	2,225.00	11,12,50,000	2,225.00
		2,225.00		**2,225.00**
Issued				
Equity shares of ₹ 2 each	7,23,00,220	1,446.00	7,23,00,220	1,446.00
		1,446.00		**1,446.00**
Subscribed and paid up				
Equity shares of ₹ 2 each fully paid up	7,22,96,395	1,445.93	7,22,96,395	1,445.93
Add : forfeited shares		0.04		0.04
		1,445.97		**1,445.97**

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

Particulars	31 March 2016 Number	(₹ in lacs)	31 March 2015 Number	(₹ in lacs)
Equity shares outstanding at the beginning of the year	7,22,96,395	1,445.93	6,60,46,395	1,320.93
Add: Shares issued during the year (refer note 44)	-	-	62,50,000	125.00
Equity shares outstanding at the year end	**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. During the year ended 31 March 2016, the amount of per share dividend is recognised as distribution to equity shareholder as ₹ 4 per share (previous year ₹ 3.50 per share)

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 setting off all the liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

	31 March 2016		31 March 2015	
	Number	% of holding	Number	% of holding
Paco Exports Limited	2,06,64,530	28.58	2,06,64,530	28.58
Reliance Capital Trustee Company Limited	60,45,618	8.36	50,69,218	7.01
Sundaram Mutual Fund	40,52,309	5.61	38,36,494	5.31
Soma Investments Limited	40,00,000	5.53	40,00,000	5.53
New Delhi Industrial Promotors and Investors Limited	36,50,000	5.05	36,50,000	5.05

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

(d) There are no shares issued pursuant to contract without payment being received in cash, allotted as fully paid up by way of bonus issues 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 lacs (previous year ₹ 0.04 lacs).

NOTE 6 : RESERVES AND SURPLUS

(₹ in lacs)

	Particulars	As at 31 March 2016	As at 31 March 2015
(a)	**Capital reserves**		
	Balance as at beginning/end of the year	120.80	120.80
(b)	**Capital redemption reserve**		
	Balance as at beginning/end of the year	15.00	15.00
(c)	**Securities premium account**		
	Balance as at beginning of the year	45,497.87	21,144.82
	Add: Premium on allotment of shares to Qualified Institutional Buyers (refer note 44)	-	24,875.00
	Less: Share issue expenses	-	521.95
	Balance as at the end of the year	**45,497.87**	**45,497.87**
(d)	**Central subsidy reserve***		
	Balance as at beginning/end of the year	25.00	25.00
(e)	**Business reconstruction reserve**		
	Balance as at beginning/end of the year	32,267.37	32,267.37
(f)	**General reserve****		
	Balance as at beginning of the year	24,903.64	22,903.64
	Add: transfer from surplus in the consolidated statement of profit and loss	-	2,000.00
	Balance as at the end of the year	**24,903.64**	**24,903.64**
(g)	**Foreign currency translation reserve**		
	Balance as at beginning of the year	(34.90)	15.19
	Add: change during the year	40.21	(50.09)
	Balance as at the end of the year	**5.31**	**(34.90)**
(h)	**Surplus in the statement of profit and loss**		
	Balance as at beginning of the year	28,068.05	25,016.49
	Add: net profit for the year	8,904.12	8,544.48

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(₹ in lacs)

Particulars	As at 31 March 2016	As at 31 March 2015
Appropriations :		
Less: Depreciation adjustment***	-	(456.62)
Add: Adjustment on account of sale of UK subsidiary business	30.22	-
Less: Dividend distribution tax of earlier year	(9.20)	-
Less: Proposed equity dividends including corporate dividend tax of ₹ 588.71 lacs (previous year ₹ 505.93 lacs)	(3,480.57)	(3,036.30)
Less: Transfer to general reserve	-	(2,000.00)
Balance as at the end of the year	**33,512.62**	**28,068.05**
	1,36,347.61	**1,30,862.83**

** Central subsidy reserve was created for subsidy received from the Government of India to install diesel generator sets.*

*** General reserve includes ₹ 10,000 lacs transferred from Business Reconstruction Reserve which cannot be used for issue of bonus shares and payment of dividend.*

**** Based on the transitional provisions provided in Schedule II of the Act, an amount of ₹ 456.62 lacs (net of deferred tax) has been adjusted with the opening reserves as at 1 April 2014.*

NOTE 7 : LONG-TERM BORROWINGS

(₹ in lacs)

Particulars	As at 31 March 2016	As at 31 March 2015
Secured		
Term loans from banks		
Foreign currency loans	27,796.32	44,065.15
Rupee loans	425.92	7,927.25
	28,222.24	**51,992.40**
Unsecured		
Deferred payment liabilities	4,806.35	4,845.27
	4,806.35	**4,845.27**
	33,028.59	**56,837.67**
Less: Current maturities (refer note 12)	12,191.65	20,982.77
	20,836.94	**35,854.90**

Notes:

1. **Foreign currency loans (including current maturities) comprises of:**

   a) The External commercial borrowings ('ECB') of USD 16 million from Standard Chartered Bank, London, United Kingdom ('UK') carries an interest @ 6 months LIBOR plus 177 basis points ('bps'), is repayable in 6 yearly instalments ranging from USD 0.962 million to USD 4.322 million commencing from September 2010. This ECB is 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 the glass plants of the Company situated at Sanathnagar and Bhongir in Telangana. Outstanding as at 31 March 2016 ₹ Nil (previous year ₹ 2,704.90 lacs).

   b) The ECB of USD 17 million from the Hongkong and Shanghai Banking Corporation Bank Plc, London, UK, carries interest @ 6 months LIBOR plus 200 bps, is repayable in 30 instalments ranging from USD 0.40 million to USD 1.00 million commencing from September 2011. This ECB is secured by way

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of hypothecation of first pari passu charge over the Company's movable fixed assets, plant and machinery, machine spares, tools and accessories (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 the glass plants of the Company situated at Sanathnagar and Bhongir in Telangana. Outstanding as at 31 March 2016 ₹ Nil (previous year ₹ 2,128.08 lacs).

c) The ECB of USD 16.75 million from Citibank N.A., London, UK carries an interest @ 6 months LIBOR plus 181 bps, is repayable in 9 half yearly instalments ranging from USD 1.250 million to USD 1.938 million commencing from September 2011. This ECB is secured by way of hypothecation of first pari passu charge on moveable fixed (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 the glass plants of the Company situated at Sanathnagar and Bhongir in Telangana. Outstanding as at 31 March 2016 ₹ Nil (previous year ₹ 1,212.69 lacs).

d) The ECB of USD 8 million from Standard Chartered Bank (Mauritius) Limited carries and interest @ 6 months LIBOR plus 225 bps, is repayable in 32 equal instalments of USD 0.25 million commencing from September 2012. This ECB is secured by way of hypothecation of first pari passu charge on movable fixed assets including plant and machinery, furniture and fittings, equipments, computer hardware, computer software, machinery spares, tools and accessories (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 the glass plants of the Company situated at Sanathnagar and Bhongir in Telangana. This ECB will be repayable by July 2016. Outstanding as at 31 March 2016 ₹ 497.50 lacs (previous year ₹ 1,721.25 lacs).

e) The ECB of USD 8.955 million from DBS Bank Limited, Singapore carries an interest @ 3 months LIBOR plus 200 bps, is repayable in 32 instalments ranging from USD 0.278 million to USD 0.281 million commencing from October 2012. This is secured by first pari passu charge by way of mortgage of deposit of title deeds of immovable property situated at Sitarampur, Isnapur, PO Medak District, Hyderabad, Telangana. This ECB will be repayable by August 2016. Outstanding as at 31 March 2016 ₹ 742.47 lacs (previous year ₹ 2,101.77 lacs).

f) The ECB of USD 20 million from Standard Chartered Bank, London, UK carries an interest @ LIBOR plus 250 bps, is repayable in 50 instalments ranging from USD 0.225 million to USD 0.90 million commencing from March 2014. This ECB is secured by way of hypothecation of first pari passu charge on movable fixed assets including plant and machinery, furniture and fittings, equipments, computer hardware, computer software, machinery spares, tools and accessories (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 the glass plants of the Company situated at Sanathnagar and Bhongir in Telangana. This ECB will be repayable by March 2019. Outstanding as at 31 March 2016 ₹ 9,137.36 lacs (previous year ₹ 10,499.61 lacs).

g) The ECB of USD 25 million from DBS Bank Limited, Singapore carries an interest @ 6 months LIBOR plus 260 bps, is repayable in 50 instalments ranging from USD 0.32 million to USD 0.72 million commencing from March 2014. This ECB is secured by way of first pari passu hypothecation and floating charge on movable fixed assets including plant and machinery, furniture and fittings, equipments, computer hardware, computer software, machinery spares, tools and accessories (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 of the glass plants of the Company situated at Sanathnagar and Bhongir in Telangana. This ECB will be repayable by January 2019. Outstanding as at 31 March 2016 ₹ 10,958.19 lacs (previous year ₹ 12,843.62 lacs).

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h) The ECB of USD 20 million from the HSBC Bank (Mauritius) Limited carries an interest @ 6 months LIBOR plus 300 bps, is repayable in 35 instalments ranging from USD 0.09 million to USD 1.14 million starting from November 2014. This ECB is secured by first pari-passu charge over all present and future movable and immovable fixed assets of Sanitaryware plant situated at Bibinagar, Telangana. This ECB will be repayable by April 2018. Outstanding as at 31 March 2016 ₹ 6,460.80 lacs (previous year ₹ 10,853.23 lacs).

2) Rupee loans (including current maturities) comprises of:

a) Term loan of ₹ 5,000 lacs from DBS Bank Limited carries an interest @ 10.70% per annum and is repayable in 48 quarterly instalments ranging from ₹ 62.50 lacs to ₹ 125.00 lacs commencing from February 2014. The loan is secured by first pari-passu charge on movable and immovable fixed assets situated at the Company's sanitaryware plant in Parnala and Bahadurgarh, District Jhajjar, Haryana. Outstanding as at 31 March 2016 ₹ Nil (previous year ₹ 3,812.50 lacs).

b) Term loan of ₹ 2,900 lacs from Bank of Bahrain & Kuwait carries an interest @ 10.80% per annum and is repayable in 12 quarterly instalments ranging from ₹ 241.30 lacs to ₹ 241.70 lacs commencing from April 2015. The loan is secured by first pari passu charge on vacant freehold land and building situated at Sitarampur, Isnapur, PO Medak District, Hyderabad, Telangana. Outstanding as at 31 March 2016 ₹ Nil (previous year ₹ 2,900 lacs).

c) Disclosure of loans taken by Hindware Home Retail Private Limited (one of the subsidiary of the Company): Term loan of ₹ 1,500 lacs from Central bank of India carries an interest rate of base rate plus 3.5% per annum. The loan is repayable in 16 quarterly instalments of ₹ 93.75 lacs starting from third quarter of 2013-14. Outstanding as at 31 March 2016 ₹ 143.85 (previous year ₹ 518.85 lacs). The aforementioned term loans is secured by way of - Hypothecation of fixed assets (both present and future) of Hindware Home Retail Private Limited and corporate guarantee of HSIL Limited (Parent Company).

d) Vehicle loans amounting to ₹ 884.04 lacs, are secured by way of hypothecation of asset thus purchased. The interest ranges from 9.30% to 13.60% per annum. The aforementioned loans are repayable in 36-48 equal monthly instalments and final instalment is due for repayment in December 2017. Outstanding as at 31 March 2016 ₹ 282.07 lacs (previous year ₹ 695.89 lacs)

3) Deferred payment liabilities 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 2031. The outstanding amount of deferred sales tax credit is subject to assessment by sales tax authorities. Outstanding as at 31 March 2016 ₹ 4,806.35 lacs (previous year ₹ 4,845.27 lacs).

NOTE 8 : DEFERRED TAX LIABILITIES (NET)

(₹ in lacs)

Particulars	As at 31 March 2016	As at 31 March 2015
Deferred tax liability arising on account of		
Depreciation and amortisation	14,070.72	14,596.51
	14,070.72	**14,596.51**
Deferred tax asset arising on account of		
Provision for doubtful debts and loans and advances	700.67	541.37
Employee benefits	252.46	220.58
Foreign exchange adjustments on external commercial borrowings	2,962.90	3,316.37
Others	56.68	68.33
	3,972.71	**4,146.65**
	10,098.01	**10,449.86**

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NOTE 9 : OTHER LONG TERM LIABILITIES

(₹ in lacs)

Particulars	As at 31 March 2016	As at 31 March 2015
Trade deposits from dealers (refer note 42)	1,911.66	1,612.42
Others		
Earnest money deposits	14.92	3.96
Vehicle loan deposits from employees	77.42	127.17
Security deposits/retention money payable	25.36	50.18
Other liabilities	5.31	5.26
	2,034.67	**1,798.99**

NOTE 10 : LONG TERM PROVISION

(₹ in lacs)

Particulars	As at 31 March 2016	As at 31 March 2015
Provision for warranty (refer note 46)	263.83	253.85
Provision for employee benefits		
Gratuity (refer note 37)	34.23	31.00
Compensated absences (refer note 37)	560.00	495.60
	858.06	**780.45**

NOTE 11 : SHORT-TERM BORROWINGS

(₹ in lacs)

Particulars	As at 31 March 2016	As at 31 March 2015
Secured - from banks		
Buyer's credit facilities	4,815.75	1,783.64
Cash credit` facilities	8,863.91	5,743.38
Packing credit facilities	663.33	-
	14,342.99	**7,527.02**
Unsecured - from banks		
Buyer's credit facilities	-	3,734.27
Short term loans	0.21	1,500.00
Commercial papers	15,000.00	9,000.00
	15,000.21	**14,234.27**
	29,343.20	**21,761.29**

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

Buyer's credit facilities :

Buyer's credit facilities from HDFC Bank, Citibank and Standard Chartered Bank, carrying interest ranging between LIBOR plus 35 bps to LIBOR plus 70 bps per annum (p.a.) and is repayable within 6 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 fixed assets (both present and future) of the Parent Company situated at Bahadurgarh plant, Bibinagar plant, Sanathnagar plant and Bhongir plant.

Packing credit facilities (in foreign currency):

Packing credit in foreign currency facilities from DBS Bank and Citibank, carrying interest ranging between LIBOR plus 70bps p.a. is repayable within 6 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 fixed assets (both present and future)

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of the Parent Company situated at Bahadurgarh plant, Bibinagar plant, Sanathnagar plant and Bhongir plant.

Cash credit facilities :

a) Cash credit facilities from Central Bank of India carrying rate of interest of 12.70% p.a.is repayable on demand and is secured by hypothecation of stocks and book debts and further secured by second pari-passu charge on all the fixed assets (both present and future) of the Parent Company situated at Bahadurgarh, Bibinagar, Sanathnagar and Bhongir plant.

b) Cash credit facilities from Canara Bank carrying rate of interest of 11.40% p.a.is repayable on demand and is secured by hypothecation of stocks and book debts and further secured by second pari-passu charge on all the fixed assets (both present and future) of the Parent Company situated at Bahadurgarh, Bibinagar, Sanathnagar and Bhongir plant.

c) Cash credit facilities from Standard Chartered Bank carrying rate of interest of 11.50 % p.a.is repayable on demand and is secured by hypothecation of stocks and book debts and further secured by second pari-passu charge on all the fixed assets (both present and future) of the Parent Company situated at Bahadurgarh, Bibinagar, Sanathnagar and Bhongir plant.

d) Cash credit facilities from Citibank N.A. carrying rate of interest 12.50 % p.a. is repayable on demand and is secured by hypothecation of stocks and book debts and further secured by second pari-passu charge on all the fixed assets (both present and future) of the Parent Company situated at Bahadurgarh, Bibinagar, Sanathnagar and Bhongir plant.

e) Cash credit facilities from DBS Bank Limited carrying rate of interest 9.30 % p.a. is repayable on demand and is secured by hypothecation of stocks and book debts and further secured by second pari-passu charge on all the fixed assets (both present and future) of the Parent Company situated at Bahadurgarh, Bibinagar, Sanathnagar and Bhongir plant.

f) Cash credit facilities from Andhra Bank carrying rate of interest 11.50 % p.a. is repayable on demand and is secured by hypothecation of stocks and book debts and further secured by second pari-passu charge on all the fixed assets (both present and future) of the Parent Company situated at Bahadurgarh, Bibinagar, Sanathnagar and Bhongir plant.

g) Cash credit facilities from the Hongkong and Shangai Banking Corporation Limited carrying rate of interest 10.70 % p.a. is repayable on demand and is secured by hypothecation of stocks and book debts and further secured by second pari-passu charge on all the fixed assets (both present and future) of the Parent Company situated at Bahadurgarh, Bibinagar, Sanathnagar and Bhongir plant.

h) Cash credit facilities from the State Bank of India carrying rate of interest 10.55 % p.a. is repayable on demand and is secured by hypothecation of stocks and book debts and further secured by second pari-passu charge on all the fixed assets (both present and future) of the Parent Company situated at Bahadurgarh, Bibinagar, Sanathnagar and Bhongir plant.

i) Cash credit facilities from HDFC Bank Limited carrying rate of interest 10.10 % p.a. is repayable on demand and is secured by hypothecation of stocks and book debts and further secured charge on all the fixed assets (both present and future) of the plants of the Parent Company Dharwar, Telangana and Selaque, Uttaranchal.

j) Hindware Home Retail Private Limited (one of the subsidiary of the Company) obtained cash credit facility from Central bank of India which carries an interest @ base rate plus 2% per annum and is repayable on demand. This facility is secured by hypothecation against stocks, goods in transit, receivables and all other current assets of the subsidiary company and also secured against a corporate guarantee provided by HSIL Limited, the Parent Company.

k) Hindware Home Retail Private Limited (one of the subsidiary of the Company) obtained cash credit facility from Standard Chartered Bank which carries an interest @ base rate plus 2% per annum and is repayable on demand. This facility is secured by hypothecation against stocks, goods in transit, receivables and all other current assets of the subsidiary company and also secured against a corporate guarantee provided by HSIL Limited, the Parent Company.

l) Hindware Home Retail Private Limited (one of the subsidiary of the Company) obtained cash credit facility from IndusInd Bank which carries an interest rate of base rate plus 1% per annum and is repayable on demand. This facility is secured by hypothecation against stocks, goods in transit, receivables and all other current assets and also having corporate guarantee from HSIL Limited, the Parent Company.

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Terms of repayment of each type of unsecured short-term borrowing:

Short term loans :

Hindware Home Retail Limited (one of the subsidiary of the Company) availed cash credit facility amounting to ₹ 0.21 lacs (previous year ₹ 606.02 lacs) from Deutsche Bank carrying an interest rate of base rate plus 2% per annum and is repayable on demand.

Short term loans:

Short term loan from Societe Generale Bank amounting to ₹ 1,500 lacs carrying interest @ 9.70% p.a. has been repaid on 9 April 2015.

Commercial paper:

Commercial paper from HDFC Bank Limited ₹ 15,000 lacs (previous year ₹ 9,000 lacs) carrying interest rate ranging from 8.38% p.a. to 8.71% p.a. The commercial papers are payable by 18 May 2016.

Buyer's credit facilities :

Buyer's credit facilities from IDBI Bank Ltd. carrying interest ranging between 0.72% - 1.30% p.a. is repayable within 6 months from the date of origination.

NOTE 12 : OTHER CURRENT LIABILITIES

(₹ in lacs)

Particulars	As at 31 March 2016	As at 31 March 2015
Current maturities of long term borrowings (refer note 7)	12,191.65	20,982.77
Interest accrued but not due on borrowings	257.72	447.85
Unclaimed dividends *	101.26	87.23
Gratuity payable (net of obligation) (refer note 37)	137.39	30.81
Other payables		
Advance from customers	1,362.32	732.04
Statutory liabilities	4,559.77	4,405.64
Payable to employees	1,886.88	1,471.19
Creditor for expenses	4,609.47	4,420.95
Commission payable to directors	1,649.81	1,344.33
Creditor for capital goods	1,324.96	376.05
Other liabilities	8,990.00	7,273.53
	37,071.23	**41,572.39**

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

NOTE 13 : SHORT-TERM PROVISIONS

(₹ in lacs)

Particulars	As at 31 March 2016	As at 31 March 2015
Provision for warranty (refer note 46)	123.81	119.12
Provision for employee benefits		
Gratuity (refer note 37)	0.84	0.63
Compensated absences (refer note 37)	196.05	179.70
	320.70	**299.45**
Other provisions:		
Provision for income-tax [net of advance tax of ₹ 23,297.82 lacs (previous year ₹ 15,916.48 lacs)]	518.95	722.15
Proposed equity dividend	2,891.86	2,530.37
Provision for corporate dividend tax	588.71	505.93
	3,999.52	**3,758.45**
	4,320.22	**4,057.90**

NOTE 14 (a) : FIXED ASSETS

Tangible assets

(₹ in lacs)

Particulars	Freehold land	Leasehold land	Building	Plant and machinery	Vehicles	Office equipments	Computers (including software)	Furniture and fixtures	Leasehold improvements	Total
Gross block										
Balance as at 1 April 2014	**49,063.26**	**1,795.51**	**30,977.18**	**1,08,607.11**	**2,178.95**	**923.44**	**2,865.18**	**3,813.88**	**1,233.33**	**2,01,457.84**
Additions	1,941.52	22.04	6,707.60	8,458.04	828.53	201.29	842.23	364.16	108.63	19,474.04
Other adjustments (borrowing cost and foreign exchange fluctuation) (refer note (i) and (i) below)	-	-	61.56	663.13	-	0.34	0.70	0.46	-	726.19
Deletions/adjustment	-	-	-	448.78	340.99	30.79	45.17	41.23	-	906.96
Balance as at 1 April 2015	**51,004.78**	**1,817.55**	**37,746.34**	**1,17,279.50**	**2,666.49**	**1,094.28**	**3,662.94**	**4,137.27**	**1,341.96**	**2,20,751.11**
Additions	-	-	854.35	1,572.94	299.91	103.34	198.50	672.82	37.86	3,739.73
Other adjustments (borrowing cost and foreign exchange fluctuation) (refer note (i) and (ii) below)	-	-	271.46	1,245.55	-	-	-	-	-	1,517.00
Deletions/adjustment	-	-	24.45	128.30	566.81	23.56	64.15	158.15	28.90	994.31
Balance as at 31 March 2016	**51,004.78**	**1,817.55**	**38,847.70**	**1,19,969.69**	**2,399.58**	**1,174.07**	**3,797.29**	**4,651.94**	**1,350.92**	**2,25,013.53**
Accumulated depreciation										
Balance as at 1 April 2014	**-**	**38.02**	**4,484.43**	**43,932.35**	**1,007.78**	**264.23**	**2,145.23**	**898.69**	**602.66**	**53,373.39**
Charge for the year	-	1.26	1,190.71	9,545.00	411.10	369.62	382.68	456.12	132.21	12,488.69
Deletions/adjustment	-	-	423.30	229.26	51.33	43.56	19.84	-	-	767.28
Balance as at 1 April 2015	**-**	**39.28**	**5,251.84**	**53,248.09**	**1,367.55**	**590.29**	**2,508.07**	**1,354.81**	**734.86**	**65,094.80**
Depreciation for the year	-	1.26	1,304.49	8,408.08	376.20	220.36	379.35	488.40	137.06	11,315.20
Deletions/adjustment	-	-	8.43	94.45	266.43	21.10	57.45	74.39	12.27	534.53
Balance as at 31 March 2016	**-**	**40.53**	**6,547.91**	**61,561.73**	**1,477.32**	**789.55**	**2,829.97**	**1,768.81**	**859.65**	**75,875.47**
Net block										
Balance as at 31 March 2016	**51,004.78**	**1,777.02**	**32,299.79**	**58,407.96**	**922.26**	**384.52**	**967.32**	**2,883.13**	**491.27**	**1,49,138.06**
Balance as at 31 March 2015	**51,004.78**	**1,778.27**	**32,494.50**	**64,031.41**	**1,298.94**	**503.99**	**1,154.87**	**2,782.46**	**607.10**	**1,55,656.31**

(i) The borrowing cost capitalised during the year ended 31 March 2016 is ₹ Nil lacs (previous year ₹ 692.32 lacs).

(ii) Foreign exchange loss amounting to ₹ 1,517.00 lacs (previous year ₹ 1,197.80 lacs) has been capitalised during the year ended 31 March 2016.

(iii) Effective from 1 April 2014, the Company has revised the estimates of computing the depreciation and amortisation based on the revised useful life of the assets as per the requirements of Schedule II of the Act. Due to the aforementioned, the depreciation and amortisation charge for the year ended 31 March 2015 is higher by ₹ 680.68 lacs and fixed assets and profit for the year are lower by a corresponding amount.

(iv) Further, based on the transitional provisions provided in Schedule II of the Act, an amount of ₹ 456.62 lacs (net of deferred tax ₹ 224.06 lacs) has been adjusted with the opening reserves as at 1 April 2014.

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NOTE 14 (b) : FIXED ASSETS

Intangible assets

(₹ in lacs)

Particulars	Trademarks	Technical know how	Goodwill	Total
Gross block				
Balance as at 1 April 2014	**310.84**	**207.30**	**5,063.58**	**5,581.72**
Balance as at 31 March 2015	**310.84**	**207.30**	**5,063.58**	**5,581.72**
Additions	30.43	-	-	30.43
Deletions/adjustment	0.11	-	-	0.11
Balance as at 31 March 2016	**341.16**	**207.30**	**5,063.58**	**5,612.04**
Accumulated amortisation				
Balance as at 1 April 2014	**300.00**	**82.98**	**1,347.64**	**1,730.62**
Charge for the year	-	20.73	674.28	695.01
Deletions/adjustment	-	-	-	-
Balance as at 1 April 2015	**300.00**	**103.71**	**2,021.92**	**2,425.63**
Charge for the year	7.44	21.31	673.70	702.46
Goodwill generated on consolidation impaired	-	-	347.44	347.44
Deletions/adjustment	-	0.11	3.88	3.99
Balance as at 31 March 2016	**307.44**	**124.91**	**3,039.18**	**3,471.54**
Net block				
Balance as at 31 March 2016	**33.72**	**82.39**	**2,024.40**	**2,140.50**
Balance as at 31 March 2015	**10.84**	**103.59**	**3,041.66**	**3,156.09**

NOTE 14 (c) : DEPRECIATION AND AMORTISATION EXPENSES

(₹ in lacs)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
- Tangible assets	11,315.20	12488.69
- Intangible assets	702.46	695.01
Less: Transitional adjustment	-	(680.68)
Less: Depreciation on assets of pre-operative plant capitalised during the year*	(0.34)	-
	12,017.32	**12503.02**

** Depreciation of ₹ 0.34 lacs (previous year ₹ Nil) on assets used for projects debited to capital work in progress.*

NOTE 15 : NON-CURRENT INVESTMENTS

(₹ in lacs)

Particulars	As at 31 March 2016	As at 31 March 2015
Non-current investments		
Trade investments (valued at cost unless stated otherwise)		
Equity shares (unquoted)		
Other investments		
8,04,000 (previous year 8,04,000) equity shares of ₹ 10 each fully paid-up in Andhra Pradesh Gas Power Corporation Limited	1,073.61	1,073.61
60,000 (previous year 60,000) equity shares of ₹ 10 each fully paid-up in Indian Plumbing Skills Council	6.00	6.00
	1,079.61	**1,079.61**

SIGNIFICANT ACCOUNTING POLICIES

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(₹ in lacs)

Particulars	As at 31 March 2016	As at 31 March 2015
Non-trade investments (valued at cost unless stated otherwise)		
Government securities (unquoted)		
National Savings Certificates*	2.06	2.26
Equity shares (quoted)		
Other investments		
125 (previous year 125) equity shares of ₹ 10 each fully paid in Neycer India Limited	0.01	0.01
50 (previous year 50) equity shares of ₹ 10 each fully paid in Swastik Sanitarywares Limited	0.01	0.01
	2.08	**2.28**
	1,081.69	**1,081.89**
Aggregate amount of quoted investments (market value ₹ 0.02 lacs (previous year: ₹ 0.02 lacs))	0.02	0.02
Aggregate amount of unquoted investment	**1,081.67**	**1,081.87**

**Deposited with government authority*

NOTE 16 : LONG-TERM LOANS AND ADVANCES

(₹ in lacs)

	As at 31 March 2016	As at 31 March 2015
(Unsecured, considered good unless otherwise stated)		
Capital advances	1,944.39	1,187.80
Security deposits	1,895.58	1,716.24
Other loans and advances		
Prepaid expenses	126.72	46.57
Others*	518.92	256.78
	4,485.61	**3,207.39**

** represents balances with excise, sales tax and other authorities*

NOTE 17 : OTHER NON-CURRENT ASSETS

(₹ in lacs)

	As at 31 March 2016	As at 31 March 2015
Fixed deposits with banks whose original maturity of more than twelve months*	43.91	139.05
Interest accrued but not due on deposits	4.23	7.88
	48.14	**146.93**

** Includes margin money deposits amounting to ` 43.91 lacs (previous year: ` 139.05 lacs) pledged with banks against various bank guarantees/ letter of credit issued by banks on behalf of the Group.*

NOTE 18 : CURRENT INVESTMENTS

(₹ in lacs)

	As at 31 March 2016	As at 31 March 2015
Mutual funds (non trade, unquoted)		
(Valued at lower of cost or net realisable value)		
Nil (previous year 2,284.515) units of ₹ 10 each fully paid in HDFC Prudence Fund - Growth	-	3.92
Nil (previous year 994.904) units of ₹ 10 each fully paid in HDFC Liquid Fund - Growth	-	0.26
	-	**4.18**
Market value of unquoted investments	-	8.87

SIGNIFICANT ACCOUNTING POLICIES

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NOTE 19 : INVENTORIES

(₹ in lacs)

		As at 31 March 2016		As at 31 March 2015
(Unsecured, unless otherwise stated)				
Raw materials and components	3,013.09		3,915.59	
Add: raw materials and components in transit	-	3,013.09	187.97	4,103.56
Work-in-progress		1,936.66		1,850.97
Finished goods		22,179.98		23,103.00
Stock in trade	18,171.83		14,789.59	
Add: goods in transit	93.60	18,265.43	28.62	14,818.21
Stores and spares	2,197.89		2,199.04	
Add: stores and spares in transit	181.12	2,379.01	11.54	2,210.58
Loose tools		8.51		9.99
Packing material		856.30		843.69
Oils, fuels, lubricants and others		366.57		496.32
		49,005.55		**47,436.32**

NOTE 20 : TRADE RECEIVABLES

(₹ in lacs)

Particulars	As at 31 March 2016	As at 31 March 2015
(Unsecured, unless otherwise stated)		
Debts outstanding for a period exceeding six months from the date they are due for payment:		
Considered good		
- Secured	78.40	203.60
- Unsecured	2,134.90	1,175.62
Considered doubtful	2,019.03	1,524.26
	4,232.33	**2,903.48**
Less: Provision for doubtful debts	2,019.03	1,524.26
	2,213.30	**1,379.22**
Other debts		
Considered good	36,366.00	39,537.34
Considered good, secured	426.89	461.67
	36,792.89	**39,999.01**
	39,006.19	**41,378.23**

NOTE 21 : CASH AND BANK BALANCES

(₹ in lacs)

Particulars	As at 31 March 2016	As at 31 March 2015
Cash and cash equivalents		
Balance with banks		
On current accounts	236.84	322.22
Cheques in hand	921.21	781.87
Cash in hand	183.95	155.58
Remittance in transit	318.36	385.84
Fixed deposits with original maturity of less than three months	8.93	300.00
	1,669.29	**1,945.51**

SIGNIFICANT ACCOUNTING POLICIES

and other explanatory information to the consolidated financial statements for the year ended 31 March 2016

(₹ in lacs)

Particulars	As at 31 March 2016	As at 31 March 2015
Earmarked balances with banks		
Unclaimed dividend accounts*	101.26	87.23
Other bank balances		
Held as margin money in fixed deposits	221.43	464.72
Fixed deposits with original maturity of more than three months but less than twelve months	0.24	14.51
Fixed deposits with banks whose original maturity is more than twelve months (refer note 17)	43.91	139.05
	2,036.13	**2,651.02**
Less: Fixed deposits with banks whose original maturity is more than twelve months (refer note 17)	43.91	139.05
	1,992.22	**2,511.97**

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

NOTE 22 : SHORT-TERM LOANS AND ADVANCES

(₹ in lacs)

Particulars	As at 31 March 2016	As at 31 March 2015
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	1,279.52	995.58
Advances to suppliers	1,237.59	1,618.82
Balances with excise, sales tax and other authorities	2,303.45	2,341.70
Advance to employees	42.36	-
	4,862.92	**4,956.10**
Unsecured, considered doubtful		
Advances recoverable in cash or in kind or for value to be received	68.48	68.48
Less : Provision for doubtful loans and advances	68.48	68.48
	-	**-**
	4,862.92	**4,956.10**

NOTE 23 : OTHER CURRENT ASSETS

(₹ in lacs)

Particulars	As at 31 March 2016	As at 31 March 2015
Interest accrued but not due on deposits	168.91	205.03
	168.91	**205.03**

NOTE 24 : INCOME FROM OPERATIONS (GROSS)

(₹ in lacs)

Particulars	As at 31 March 2016	As at 31 March 2015
Sales of products		
Finished goods	2,15,026.32	2,08,141.80
Sales of services		
Service charges	0.50	0.23
Designing charges	2.58	3.17

SIGNIFICANT ACCOUNTING POLICIES

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NOTE 24 : INCOME FROM OPERATIONS (GROSS) (Contd.)

(₹ in lacs)

Particulars	As at 31 March 2016	As at 31 March 2015
Installation charges	129.89	477.96
Other operating income		
Export incentives	140.74	-
Sundry balances and liabilities no longer required, written back	1,030.02	962.78
Gain on foreign exchange fluctuations	344.00	482.93
Maintenance service income	25.66	37.13
Insurance claims received	641.31	300.36
Scrap sales	439.13	339.22
Provision for doubtful debts and advances written back	-	120.78
Miscellaneous income	2,802.57	1,609.92
	2,20,582.72	**2,12,476.28**

NOTE 25 : OTHER INCOME

(₹ in lacs)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Rent received	22.11	25.11
Interest income	198.38	253.81
Gain on disposal of fixed assets	41.83	29.15
Sundry balances and liabilities no longer required, written back	6.84	43.04
Gain on sale of current investments	25.59	3.60
Miscellaneous income	54.10	2.24
Profit on sale of subsidiary company	0.82	-
	349.67	**356.95**

NOTE 26 : COST OF RAW MATERIALS CONSUMED

(₹ in lacs)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Detail of raw materials and components consumed		
Clay	797.86	1,218.27
Soda ash	11,951.58	10,327.30
Cullets	5,346.16	6,198.40
Quartz/feldspar	2,488.81	2,087.42
Others	16,992.56	15,580.02
	37,576.97	**35,411.41**

NOTE 27 : PURCHASES OF TRADED GOODS

(₹ in lacs)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Furniture and home furnishings	5,653.82	5,957.10
Sanitaryware and others allied products	35,062.85	33,782.24
	40,716.67	**39,739.34**

SIGNIFICANT ACCOUNTING POLICIES

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NOTE 28 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND TRADED GOODS

(₹ in lacs)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Opening stock		
Work-in-progress	1,850.97	1,510.70
Finished goods	23,103.00	25,086.81
Stock in trade	14,818.21	11,177.76
	39,772.18	**37,775.27**
Less: Closing stock		
Work-in-progress	1,936.66	1,850.97
Finished goods	22,179.98	23,103.00
Stock in trade	18,265.43	14,818.21
	42,382.07	**39,772.18**
Change in stocks	**2,609.89**	**1,996.91**
Change in excise duty on closing stock	**580.57**	**(2.57)**
	2,029.32	**1,999.48**

NOTE 29 : EMPLOYEE BENEFITS EXPENSES

(₹ in lacs)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Salaries, wages and bonus	22,913.07	19,806.23
Contribution to provident and other funds	1,217.56	1,006.88
Staff welfare expenses	966.35	781.80
	25,096.98	**21,594.91**

NOTE 30 : OTHER EXPENSES

(₹ in lacs)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Power and fuel	23,114.10	28,012.20
Consumption of stores and spares parts	5,250.32	4,495.23
Consumption of packing material	8,749.45	8,955.42
Consumption of loose tools	55.09	61.08
Consumption of oil, fuel and lubricants	292.13	311.44
Repairs and maintenance:		
Buildings	411.42	286.64
Plant and machinery	1,012.28	836.68
Others	460.90	433.34
Rent (including hire charges)	2,582.44	2,390.30
Rates and taxes	612.31	500.50
Directors sitting fees	3.70	4.10
Expenditure on ceramic and applied research centre (refer note 43)	82.22	76.68
Insurance	650.59	519.75
Travelling and conveyance	2,474.82	2,086.53

SIGNIFICANT ACCOUNTING POLICIES

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(₹ in lacs)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Discounts	5,870.95	3,989.13
Commission on sales	881.34	478.72
Freight and forwarding charges - exports	1,151.58	1,460.21
Advertisement and publicity	7,332.77	5,112.65
Transportation and forwarding	3,223.29	2,832.27
Sales promotion expenses	2,907.68	2,465.99
Other selling expenses	672.80	576.88
Provision for doubtful debts and advances	494.77	647.89
Bad debts written off	21.15	3.96
Charity and donation	8.22	32.63
Loss on foreign exchange fluctuation	569.40	261.42
Loss on disposal of fixed assets	130.24	19.33
Installation expenses	145.41	447.42
Corporate social responsibility expenses (refer note 45)	126.96	92.97
Miscellaneous expenses	3,093.12	2,673.18
	72,381.45	**70,064.54**

NOTE 31 : FINANCE COSTS

(₹ in lacs)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Interest expense	3,930.78	7,638.81
Other borrowing costs	189.68	112.72
	4,120.46	**7,751.53**

NOTE 32 : EARNING PER SHARE

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
a) Computation of profit		
Profit attributable to equity shareholders (₹ in lacs)	8,904.12	8,544.48
b) Computation of weighted average number of shares for	7,22,96,395	6,63,20,368
Basic and diluted earnings per share (weighted number of shares)		
c) Nominal value per share (₹)	2	2
d) Earnings per share – basic and diluted (₹)	**12.32**	**12.88**

NOTE 33 : CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF :

(₹ in lacs)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
a) Demands raised by the excise authorities against which appeals have been filed	375.92	379.72
b) Demands made by the sales tax authorities against which appeals have been filed	253.79	261.32
c) Demands raised by the income-tax authorities against which appeals have been filed	3.84	3.84
d) Demands made by the service tax authorities against which appeals have been filed*	77.77	77.77
f) Claims against the company not acknowledged as debts	2,428.39	2,582.34

** Out of this ₹ 40.20 lacs has been deposited under protest with service tax department against Supreme Court order.*

SIGNIFICANT ACCOUNTING POLICIES

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NOTE 34 : CAPITAL AND OTHER COMMITMENTS

(₹ in lacs)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
a) Commitments relating to contracts remaining to be executed on capital account and other commitments not provided for	10,111.59	7,041.34
b) Export obligation under Export Promotion Capital Goods license of Export Import Policy	27,661.58	21,227.04
c) Bank guarantees outstanding	536.73	1,270.59

NOTE 35 : 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 ARE MENTIONED BELOW:

(₹ in lacs)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Principal amount remaining unpaid to any supplier	4.83	12.77
Interest due thereon remaining upaind to any supplier	-	-
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 and service providers 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 as a deductible expenditure under section 23 of the MSMED Act, 2006.	Nil	Nil

NOTE 36 : PAYMENT TO STATUTORY AUDITORS (EXCLUDING SERVICE TAX)

(₹ in lacs)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
As auditors	29.45	28.20
Other services	10.20	39.40
For reimbursement of expenses	4.50	4.63
	44.15	**72.23**

NOTE 37 : EMPLOYEE BENEFITS

During the year the Group has recognized the following amounts in the statement of profit and loss.

a) Provident and other fund*:

(₹ in lacs)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Employer's contribution to provident fund **	795.70	672.01
Employer's contribution to Employee's State Insurance	159.45	154.66

*** included in contribution to provident and other funds (refer note 29)*

*** in terms of the guidance on implementing the revised AS 15, the provident fund set up by the Parent Company is treated as a defined benefit plan since the Parent Company has to meet the interest shortfall, if any. However, as at the year-end the Parent Company is not having any interest shortfall, which remain unprovided for.*

SIGNIFICANT ACCOUNTING POLICIES

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b) Defined benefit plan - gratuity (funded)

(₹ in lacs)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Amount recognised in consolidated balance sheet:		
Present value of obligation	1,798.50	1,626.65
Fair value of plan assets	1,626.05	1,564.22
Net liability recognised in the consolidated balance sheet (refer note 13)	**172.45**	**62.43**
Amount recognised in the consolidated statement of profit and loss:		
Current service cost	198.92	178.15
Interest cost	122.38	101.00
Expected return on plan assets	(125.08)	(107.74)
Actuarial loss	124.21	76.77
Total included in employee benefits expenses*	**320.43**	**248.18**
*refer note 29		
Return on plan assets:		
Expected return on plan assets	125.08	107.74
Actuarial loss	(77.37)	129.50
Actual return on plan assets	**47.71**	**237.24**
Reconciliation of opening and closing balances of benefit obligations and plan assets		
Change in defined benefit obligation		
Defined benefit obligation at the beginning of the year	1,626.65	1,385.25
Interest cost	122.38	101.00
Current service cost	198.92	178.15
Benefits paid	(196.29)	(244.02)
Actuarial (gain)/loss	46.85	206.27
Defined benefit obligation at the end of the year	**1,798.50**	**1,626.65**
Changes in the fair value of plan assets		
Fair value of plan assets at the beginning of the year	1,564.22	1,347.43
Expected return on plan assets	125.08	107.74
Employer's contributions	206.57	218.79
Benefits paid	(192.45)	(239.24)
Actuarial (loss)/gain	(77.37)	129.50
Fair value of plan assets at the end of the year	**1,626.05**	**1,564.22**

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Assumptions used to determine the defined benefit obligation:		
Discount rate	8.00%	8.00%
Expected rate of increase in compensation levels	5.0% - 6.25%	5.5% - 6.25%
Expected rate of return on plan assets	8.00%	8.00%
Expected average remaining working life of employees	17 - 28.53 years	17 - 27.05 years

SIGNIFICANT ACCOUNTING POLICIES

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Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Demographic assumptions		
Mortality table	IALM 2006-08 ultimate	
Superannuation age	58 years	58 years
Early retirement and disablement	10 Per thousand per annum	
- above age 45	6	6
- between 29 and 45	3	3
- below age 29	1	1

Amounts for the current and previous years are as follows:

(₹ in lacs)

	2015-16	2014-15	2013-14	2012-13	2011-12
Defined benefit plan – gratuity					
Defined benefit obligation	(1,798.50)	(1,626.65)	(1,385.25)	(1,369.93)	(1,243.09)
Plan assets	1,626.05	1,564.22	1,347.43	1,267.36	1,133.30
(Deficit)/surplus	**(172.45)**	**(62.43)**	**(37.82)**	**(102.57)**	**(109.79)**
Experience gain/(loss) adjustment on plan liabilities	(50.05)	(209.17)	(9.65)	(50.06)	(50.44)
Experience gain/(loss) adjustment on plan assets	(77.36)	129.49	0.73	35.93	(44.19)

The parent Company made annual contribution to the Birla Sun Life Insurance Company Limited ('BSL') of an amount advised by the BSL. The Parent Company was not informed by BSL of the investment made or the break down of plan assets by investment type, accordingly related disclosures are not included in these consolidated financial statements.

c) Other longterm benefits - compensated absences (unfunded)

(₹ in lacs)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Amounts recognized in consolidated balance sheet		
Long-term (refer note 10)	560.00	495.60
Short-term (refer note 13)	196.05	179.70
	756.05	**675.30**
Amounts recognized in the consolidated statement of profit and loss		
Current service cost	115.38	97.53
Interest cost	54.03	53.78
Actuarial loss	113.76	81.85
Total included in employee benefits expense*	**283.17**	**233.16**
*refer note 29		
Reconciliation of opening and closing balances of benefit obligations		
Change in benefit obligation		
Defined benefit obligation at the beginning of the year	675.30	632.71
Interest cost	54.03	53.78
Current service cost	115.38	97.53
Benefits paid	(202.41)	(190.57)
Actuarial loss	113.76	81.85
Defined benefit obligation at the end of the year	**756.05**	**675.30**

SIGNIFICANT ACCOUNTING POLICIES

and other explanatory information to the consolidated financial statements for the year ended 31 March 2016

NOTE 38 : UN-HEDGED/HEDGED POSITION

The foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below as on each balance sheet date:

(₹ in lacs)

Included in	31 March 2016		31 March 2015	
	Amount in foreign currency	Amount in Indian Rupees	Amount in foreign currency	Amount in Indian Rupees
Trade receivables				
United States Dollar ('USD)	12.51	830.03	7.41	463.94
Euro	0.13	9.68	-	-
Loans and advances				
USD	-	-	0.11	7.10
Trade payables				
USD	21.31	1,413.34	1.95	122.00
Euro	5.70	427.97	2.39	161.19
Great Britain Pound ('GBP')	0.61	58.38	0.27	24.82
Short-term borrowings				
USD	58.58	3,885.50	85.09	5,326.12
Euro	-	-	2.84	191.79
Long-term borrowings				
USD	310.33	20,585.11	434.03	27,166.26

	31 March 2016	31 March 2015
Currency rate		
USD	66.3329	62.5908
Euro	75.0955	67.5104
GBP	95.0882	92.4591

DETAILS OF DERIVATIVE INSTRUMENTS OUTSTANDING AS ON 31 MARCH 2016

(₹ in lacs)

Particulars of hedged derivatives	31 March 2016	31 March 2015	Purpose
Derivative contracts	108.71	269.99	Hedge against external commercial borrowings
Derivative contracts	14.02	-	Hedge against buyer's credit.

NOTE 39 : 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 two primary business segments i.e. building products and packaging products.

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

Unallocated items:

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

SIGNIFICANT ACCOUNTING POLICIES

and other explanatory information to the consolidated financial statements for the year ended 31 March 2016

NOTE 39 : SEGMENT REPORTING (Contd.)

Information about primary business segments is given as follows:

(Figures in parenthesis are for the previous year)

(₹ in lacs)

PARTICULARS	Building products division	Packaging product division	Others	Year ended 31 March 2016
Segment revenue				
External sales (net)	**1,00,655.87**	**88,387.47**	**11,008.97**	**2,00,052.31**
	(91,378.58)	(90,565.26)	(12,265.51)	(1,94,209.35)
Other income	**2,741.63**	**2,492.20**	**189.60**	**5,423.43**
	(2,172.72)	(1,437.48)	(242.93)	(3,853.13)
Segment results	**15,104.76**	**11,291.27**	**(2,400.66)**	**23,995.37**
	(17,788.71)	(8,392.51)	(-1,409.78)	(24,771.44)
Unallocated corporate expenses (net)				**4,144.50**
				(3,665.75)
Interest				**4,120.45**
				(7,751.53)
Income tax (including deferred tax)				**6,826.30**
				(4,809.68)
Profit after tax				**8,904.12**
				(8,544.48)
Other information				
Segment assets	**1,14,662.63**	**1,31,594.89**	**(7,403.84)**	**2,38,853.68**
	(1,11,994.90)	(1,37,600.65)	(-4,333.38)	(2,45,262.17)
Unallocated corporate assets				**19,329.08**
				(17,832.55)
Total assets				**2,58,182.76**
				(2,63,094.72)
Segment liabilities	**41,847.24**	**84,386.92**	**4,155.49**	**1,30,389.65**
	(41,471.22)	(96,227.47)	(6,170.62)	(1,43,869.31)
Unallocated corporate liabilities				**(10,000.41)**
				(-13,083.43)
Total liability				**1,20,389.24**
				(1,30,785.92)
Capital expenditure	**2,819.30**	**2,384.02**	**83.84**	**5,287.16**
	(15,382.16)	(3,694.44)	(1,123.63)	(20,200.23)
Depreciation and amortisation	**2,469.51**	**8,556.67**	**991.14**	**12,017.32**
	(2,493.36)	(9,595.73)	(1,094.63)	(13,183.72)
Other non-cash expenses				
Provision for doubtful debts and advances				**494.77**
				(647.89)

SIGNIFICANT ACCOUNTING POLICIES

and other explanatory information to the consolidated financial statements for the year ended 31 March 2016

NOTE 40 : IN ACCORDANCE WITH THE NOTIFIED ACCOUNTING STANDARD (AS-18) ON RELATED PARTY DISCLOSURES WHERE CONTROL EXIST AND WHERE TRANSACTIONS HAVE TAKEN PLACE AND DESCRIPTION OF THE RELATIONSHIP AS IDENTIFIED AND CERTIFIED BY MANAGEMENT ARE AS FOLLOWS:

a) List of related parties

Relationship	Name of related party
Key management personnel (KMP)	Rajendra K Somany
	Sandip Somany
	Sumita Somany
Entities where significant influence is exercised by KPM and/or their relatives having transactions with the Group.	Textool Mercantile Private Limited
	Paco Export Limited
	New Delhi Industrial Promotors and Investors Limited
	Soma Investments Limited

b) SUMMARY OF RELATED PARTY TRANSACTIONS

(₹ in lacs)

	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 2016	31 March 2015	31 March 2016	31 March 2015
A	**Transactions during the year**				
a)	**Rent paid**				
	Rajendra K Somany	4.80	4.80	-	-
	Textool Mercantile Private Limited	-	-	2.61	1.46
	Paco Export Limited	-	-	25.26	19.87
b)	**Rent income**				
	Soma Investments Limited	-	-	-	0.01
	New Delhi Industrial Promotors & Investors Limited	-	-	-	0.01
	Paco Exports Limited	-	-	-	0.01
c)	**Director's remuneration**				
	Rajendra K Somany	950.08	800.42	-	-
	Sandip Somany	945.83	800.42	-	-
	Sumita Somany	68.78	65.68	-	-
d)	**Dividend payment**				
	Rajendra K Somany	91.70	78.60	-	-
	Sandip Somany	98.97	87.12	-	-
	Sumita Somany	2.68	2.30	-	-
	Paco Exports Limited	-	-	723.26	619.94
	Soma Investments Limited	-	-	140.00	120.00
	New Delhi Industrial Promotors and Investors Limited	-	-	127.75	109.50
B	**Balance outstanding at the year end**				
	Remuneration payable				
	Rajendra K Somany	699.73	545.41	-	-
	Sandip Somany	760.07	638.83	-	-
	Sumita Somany	27.15	19.63	-	-

SIGNIFICANT ACCOUNTING POLICIES

and other explanatory information to the consolidated financial statements for the year ended 31 March 2016

NOTE 41 : LEASES

Lease payments under cancelable operating leases amounting to ₹ 2,387.25 lacs (previous year ₹ 2,046.12 lacs)(excluding maintenance charges of ₹ 195.19lacs (previous year ₹ 195.31 lacs) for the year, has been charged to consolidated statement of profit and loss account.

(₹ in lacs)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Lease commitments		
Payable not later than one year	183.48	123.55
Payable later than one year not later than five years	302.68	452.62

NOTE 42 : In view of long term business relations, trade deposits from dealers are considered as long term liabilities.

NOTE 43 : EXPENDITURE ON CERAMIC AND APPLIED RESEARCH CENTRE

(₹ in lacs)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Salaries, wages and bonus	62.47	58.12
Contribution to provident and other funds	2.70	2.52
Others	17.05	16.04
Total	**82.22**	**76.68**

NOTE 44 : During the year ended 31 March 2015, the Parent Company made a Qualified Institution Placement ('QIP') and allotted 6,250,000 equity shares on 16 March 2015, of face value ₹ 2 at a premium of ₹ 398 per equity share. Pursuant to Regulation 32 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the proceeds from the aforementioned QIP has been utilised for the following:

(₹ in lacs)

Particulars	
Share issue expenses (on accrual basis)	521.95
Repayment of borrowings	24,478.05

NOTE 45 : In accordance with the provisions of section 135 of the Act, the Board of Directors of the Parent Company had constituted a Corporate Social Responsibility (CSR) Committee. In terms, with the provisions of the said Act, the Parent Company was to spend a sum of ₹ 242.99 lacs (previous year ₹ 175 lacs) towards CSR activities during the year ended 31 March 2016. 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 period ended 31 March 2016, Parent Company has contributed the following sums towards CSR initiatives.

(₹ in lacs)

Particulars	Year ended 31 March 2016		Year ended 31 March 2015
	In cash	Yet to be paid in cash	Total paid in cash
(i) Construction/acquisition of any asset	56.29	-	56.29
(ii) On purposes other than (i) above	70.67	-	70.67
Total	**126.96**	**-**	**126.96**

SIGNIFICANT ACCOUNTING POLICIES

and other explanatory information to the consolidated financial statements for the year ended 31 March 2016

NOTE 46 : WARRANTY

(₹ in lacs)

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Balance at the beginning of the year	372.97	307.08
Recognised during the year	123.81	95.64
Utilised during the year	109.13	29.75
Balance at the end of the year	387.65	372.97
Bifurcated into		
Long-term	263.84	253.85
Short-term	123.81	119.12

Provision for warranty on goods sold during the year is made on the basis of technical estimates. The provision is reviewed by management on a periodical basis and accordingly adjustments for short/excess provision are made. Future cash flows in respect of the same are expected to occur over the period of the warranty. Unutilized balances, if any, will be written back on expiry of the commitment.

NOTE 47 : In accordance with the notified Accounting Standard 22, "Accounting of Taxes on Income", deferred tax assets on carried forward losses, unabsorbed depreciation and other timing differences of HHRPL have not been accounted in the books, since it is not virtually certain whether in future there will be sufficient taxable income of HHRPL against which such deferred tax assets can be utilised.

(₹ in lacs)

Particulars	31 March 2016	31 March 2015
Deferred tax asset arising in HHRPL on account of		
Employee benefits	20.00	18.80
Depreciation and amortisation	123.93	74.40
	143.93	**93.20**

NOTE 48 : Additional information to consolidated financial statements as at 31 March 2016 (Pursuant to Schedule III to the Companies Act, 2013):

(₹ in lacs)

Name of the entity	Net assets i.e. total assets minus total liabilities		Share in profit or (loss)	
	Amount	As a % of consolidated net assets	Amount	As a % of consolidated profit and loss
Parent Company				
HSIL Limited	1,35,666.86	98.46	11,670.32	131.07
Subsidiaries:				
Hindware Home Retail Private Limited	1,942.51	1.41	(2,047.60)	(23.00)
HSIL Associates Limited(subsidiary upto 19 May 2015)	-	-	0.83	0.01
Halis International Limited	2.94	-	(6.48)	(0.07)
Alchemy International Cooperatief U.A.	(20.17)	(0.01)	(6.97)	(0.08)
Haas International B.V.	68.38	0.05	(37.56)	(0.42)
KS 615 Limited (formerly Barwood Products Limited)	133.00	0.10	(320.98)	(3.60)
Less: Goodwill on consolidation impaired	-	-	347.44	3.90
Total	**1,37,793.52**	**100.00**	**8,904.12**	**100.00**

SIGNIFICANT ACCOUNTING POLICIES

and other explanatory information to the consolidated financial statements for the year ended 31 March 2016

NOTE 49 : Previous year figures have been regrouped/recast wherever considered necessary to make them comparable with those of the current year.

This is the summary of significant accounting policies and other explanatory information referred to in our report of even date.

For and on behalf of the Board of Directors

For **Walker Chandiok & Co LLP**
Chartered Accountants

Sandip Somany
Joint Managing Director
DIN: 00053597

Rajendra K Somany
Chairman and Managing Director
DIN: 00053557

Per **Lalit Kumar**
Partner

Payal M. Puri
Company Secretary

Sandeep Sikka
Chief Financial Officer

Place : Gurgaon
Date : 23 May 2016

SIGNIFICANT ACCOUNTING POLICIES

and other explanatory information to the consolidated financial statements for the year ended 31 March 2016

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

(₹ in lacs)

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 taxation	Proposed dividend	% of shareholding (including stepdown subsidiary holding)
1	HSIL Associates Ltd. (ceased to be subsidiary w.e.f. 19 May 2015) (Subsidiary of HSIL Ltd.)	Reporting period is same as holding company	INR	-	-	-	-	-	-	0.02	*	0.02	-	100%
2	Hindware Home Retail Pvt. Ltd. (Subsidiary of HSIL Ltd.)		INR	12,190.00	(10,191.25)	3,736.47	61.63	-	9,764.25	-	-	-	-	100%
3	Halis International Ltd. (Subsidiary of HSIL Ltd.)		USD 1 = INR 66.3329	1,849.05	(1,697.24)	3.93	-	-	-	-	-	-	-	100%
4	Alchemy International Cooperatief U.A.** (Subsidiary of Halis International Ltd.)		EURO 1 = INR 75.0955	1,802.26	(1,634.95)	(13.20)	-	-	-	-	-	-	-	100%
5	Haas International B.V. (Subsidiary of Alchemy International Cooperatief U.A.)		EURO 1 = INR 75.0955	10.88	178.90	43.88	-	-	-	-	-	-	-	100%
6	KS 615 Ltd. (formerly Barwood Products Ltd.) (Subsidiary of Haas International B.V.)		GBP 1 = INR 95.0882	624.68	(491.69)	263.88	-	-	1,509.31	-	-	-	-	100%

** Rounded off to nil.*

*** 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: Halis 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 : HSIL Associates Limited

SIGNIFICANT ACCOUNTING POLICIES

and other explanatory information to the consolidated financial statements for the year ended 31 March 2016

Part "B" : Associates and Joint Ventures
Statement pursuant to section 129 (3) of the Companies Act, 2013 related to associate companies/joint ventures

(₹ in lacs)

Sr. No.	Name of Associates/Joint Ventures	Latest audited Balance Sheet Date	Share of Associate/Joint Venture held by the company on the year end			Description of how there is significant influence	Reason why the associate/ joint venture is not consolidated	Networth attributable to Shareholidng as per latest audited Balance Sheet	Profit/Loss for the year	
			No.	Amount of investment in Associates/ Joint Venture	Extend of Holding %				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 Somany
Joint Managing Director
DIN: 00053597

Rajendra K Somany
Chairman and Managing Director
DIN: 00053557

Place : Gurgaon
Date : 23 May 2016

Payal M. Puri
Company Secretary

Sandeep Sikka
Chief Financial Officer

HSIL Limited
Registered Office: 2, Red Cross Place, Kolkata – 700 001.
Phone: 91-33-2248 7406/07,
E-mail: hsilinvestors@hindware.co.in; Website: www.hindwarehomes.com
CIN: L51433WB1960PLC024539

NOTICE

Notice is hereby given that the 56th Annual General Meeting of the members of HSIL Limited will be held at Sripati Singhania Hall, Rotary Sadan, 94/2, Chowringhee Road, Kolkata - 700 020 on Wednesday, the 7 September 2016 at 12:00 Noon to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt:

   a) the audited financial statements of the Company for the financial year ended 31 March 2016, the reports of the Board of Directors and Auditors thereon; and

   b) the audited consolidated financial statements of the Company for the financial year ended 31 March 2016 and Auditors Report thereon.

2. To declare Dividend on Equity Shares for the year ended 31 March 2016.

3. To appoint a Director in place of Mr. Rajendra Kumar Somany (holding DIN 00053557) who retires by rotation and, being eligible, offers himself for re-appointment.

4. To appoint M/s. Walker Chandiok & Co LLP Chartered Accountants (ICAI Registration No. 001076N/N500013) as Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS

5. **Adoption of new set of Articles of Association of the Company in accordance with Companies Act, 2013**

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

   "RESOLVED THAT pursuant to the provisions of Section 5 and Section 14 of Companies Act, 2013 ('the Act'), Schedule I made there under, read with the Companies (Incorporation) Rules, 2014 and all other applicable provisions, if any, of the Act (including any statutory modification(s) or amendment thereto or re-enactment thereof for the time being in force), the new set of Articles of Association of the Company, placed before the Members, be and is hereby approved and adopted as the Articles of Association of the Company, in substitution for, and to the exclusion of, the existing Articles of Association of the Company.

   RESOLVED FURTHER THAT for the purpose of giving full effect to this resolution, the Board of Directors be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, proper or desirable and to settle all questions, difficulties or doubts that may arise in this regard at any stage without requiring the Board of Directors to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

6. **Re-appointment of Mr. Sandip Somany (DIN : 00053597) and re-designate as Vice Chairman and Managing Director**

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

   "RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198 and 203 and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with Schedule V to the said Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any Statutory notification(s) or re-enactment thereof for the time being in force and subject to such other approvals and/or sanctions as may be necessary, consent and/or approval of the Company be and is hereby accorded to the re-appointment of Mr. Sandip Somany ("Mr. Somany") (DIN: 00053597) and to re-designate him as the Vice Chairman and Managing Director of the Company for a further term of five consecutive years, commencing from 1 December 2016 till 30 November 2021, on terms and conditions including remuneration by way of salary, commission, perquisites and/or allowances as recommended by the Nomination and Remuneration Committee, contained in the draft Agreement to be entered into between the Company and Mr. Somany, a copy of which duly initialed by the Chairman for the purpose of identification is placed before this meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall deem to include the Nomination and Remuneration Committee constituted by the Board) to alter, vary and modify the terms, conditions and stipulations of the said re-appointment of Mr. Somany, provided, however, that the remuneration payable to Mr. Somany, shall not exceed the maximum limits for payment of managerial remuneration, specified in Schedule V to the said Act or any amendment thereto as may be made from time to time or the laws or guidelines as may for the time being be in force.

RESOLVED FURTHER THAT where in any financial year, during his term of office, the Company makes no profits or its profits are inadequate, the Company may pay Mr. Somany minimum remuneration by way of salary, perquisites and/or allowance subject to the maximum ceiling calculated in accordance with the scale laid down in Section II of Part II of Schedule V to the Companies Act, 2013, and in compliance with the provisions stipulated therein as applicable to the Company at the relevant time depending upon the capital of the Company, subject, however to the necessary approval of the Central Government under the provisions of Companies Act, 2013.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do and perform all such acts, deeds, matters and things, as may be considered necessary, desirable or expedient to give effect to this resolution."

By order of the Board
For HSIL Limited

Place : Gurgaon
Date : 23 May 2016

(Payal M. Puri)
Company Secretary

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. 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.

3. 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.

4. A copy of the financial statements of the Company for the financial year ended 31 March 2016 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.

5. 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.

6. The Register of Members and the Share Transfer Books of the Company will remain closed from 1 September 2016 to 7 September 2016 (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 1 September 2016 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 31 August 2016. The dividend, if declared, shall be paid by 12 September 2016.

7. 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 205A(5) and 205C of the Companies Act, 1956 (Corresponding Section 124(5) of the Companies Act, 2013, yet to be notified) the amount of dividend which remains unpaid/ unclaimed for a period of 7 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 2007-2008 has been transferred to IEPF.

   Shareholders who have not encashed their dividend warrant(s) for the year from 2008-09 to 2014-15 are requested to make claim with the Company immediately. Dividend declared by the Company for the financial year 31 March 2009, remain unpaid/unclaimed is due for transfer on or after 29 September 2016 to IEPF.

   No claim shall lie against the Fund or the Company in respect of the aforesaid amount once credited to the said Fund.

Members who have not yet encashed their dividend warrant(s) for the financial year ended 31 March 2009 onwards, are requested to claim the amount forth with from the Company.

8. 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 SH.13 to the Registrar & Transfer Agent of the Company for nomination and Form 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 concerned Depository Participants (DPs).

9. 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 & Transfer Agent viz. M/s. Maheshwari Datamatics Private Limited, 6, Mangoe Lane, Kolkata – 700 001, for necessary endorsement thereon.

10. Furnishing a copy of PAN Card has been made mandatory by SEBI in all the cases of transfer of shares in physical form.

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 2016 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 alongwith 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. 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.

13. Please send all correspondence including requests for transfer / transmission of shares, change of address etc. to Registrar & Transfer Agent of the Company.

14. The Company has designated an exclusive email 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.

15. **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**.

16. **Voting through electronic means:**

    i) Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with the 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 31 August 2016.

    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 31 August 2016 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 31 August 2016, may contact RTA or CDSL to obtain User ID and Password to vote on the resolutions 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 Sunday, the 4 September 2016
End of e-voting	Upto 5:00 p.m. (IST) on Tuesday, the 6 September 2016

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 alongwith the 56th 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 casted through remote e-voting shall only be taken into consideration and treated valid whereas votes casted 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 Scrutinizer, 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 7 September 2016.

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

ITEM NO. 5

The existing Articles of Association ("AOA") of the Company are in line with the erstwhile Companies Act, 1956, which are thus no longer in full conformity with the Companies Act, 2013 ('Act'). The New Act is now largely in force and substantive sections of the Act which deal with the general working of companies stand notified. With the coming into force of the Act several articles of the existing Articles of Association of the Company require alteration/ deletions.

Accordingly, the Board of Directors has recommended to wholly replace the existing Articles of Association by a new set of Articles instead of amending the Articles of Association by alteration/ incorporation of provisions of Articles of Association of the Company.

A copy of the proposed set of new Articles of Association of the Company would be available for inspection for the members at the Registered Office of the Company during the office hours on any working day, between 3:00 p.m. and 5:00 p.m..

The Board recommends the Resolution under item no. 5 of the accompanying notice for approval of the Shareholders of the Company.

None of the Directors or Key Managerial Personnel or their relatives, except to the extent of their shareholdings, are interested in the resolution.

ITEM NO. 6

The present term of Mr. Sandip Somany (Mr. Somany) as Joint Managing Director of the Company will expire by efflux of time on 30 November 2016. Having regard to the long association of Mr. Somany with the Company and taking into account his wide experience over 31 years and vast knowledge in Ceramic and Glass Industry, the Board of Directors at its meeting held on 23 May 2016, have recommended to re-appoint Mr. Somany and re-designate as Vice Chairman and Managing Director of the Company, on the remuneration as recommended by the Nomination and Remuneration Committee for a further period of five consecutive years, commencing from 1 December 2016 and upto 30 November 2021. His appointment and remuneration fixed by the Board are in accordance with Schedule V to the Companies Act, 2013 ("the Act") and are subject to the approval of the shareholders for which purpose relevant resolution as set out under item No. 6 of the accompanying Notice is proposed.

The Board of Directors has recommended the remuneration payable to Mr. Somany, as stated hereunder, during the tenure of his re-appointment with power to the Board to make such variation or increase therein as may be thought fit from time to time, but within the ceiling laid down in Schedule V to the Companies Act, 2013 or any statutory amendment or relaxations thereof.

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

1. Period of Appointment

5 (Five) years commencing from 1 December 2016 and upto 30 November 2021.

2. Remuneration

a) SALARY: ₹ 17,00,000/- per month (in the scale of ₹ 17,00,000/- – 2,25,000/- – 28,25,000/-)

b) COMMISSION: At the rate of 4% of net profits of the Company for each financial year computed in the manner as laid down in Section 197 of the Companies Act, 2013.

c) PERQUISITES: Mr. Somany will be entitled to the following perquisites in addition to his salary and commission restricted to an amount equal to the annual salary of Mr. Somany.

Unless the context otherwise requires, perquisites are classified into three categories A, B and C as follows:

CATEGORY - A

This will comprise of house rent allowance, leave travel concession, medical reimbursement, fees of clubs, personal accident insurance and such other benefits, facilities and allowances as may be available and allowed to Mr. Somany, as per rules of the Company. These may be provided for as under:

Housing

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

ii) In case the accommodation is owned by the Company, 10 (Ten) percent of the salary of Mr. Somany shall be deducted by the Company.

iii) In case no accommodation is provided by the Company, Mr. Somany shall be entitled to House Rent Allowance subject to the ceiling laid down under Clause (i) above.

Explanation

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

Medical Reimbursement

All medical expenses incurred for self and his family including Hospitalisation, Nursing Home and Surgical charges in India and/or Abroad or both subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.

Leave Travel Concession

For Mr. Somany and his family once in a year incurred in accordance with the Rules of the Company.

Club Fees

Fees of Clubs subject to a maximum of two Clubs. This will not include admission and life membership fees.

Personal Accident Insurance

Of an amount, the annual premium of which does not exceed ₹ 10,000/- per annum for Mr. Somany.

Other benefits and Allowances

Any other benefits, facilities and allowances as may be available and allowed to Mr. Somany, as per rules of the Company.

The value of the perquisites for the purpose of calculating

the above annual ceiling shall be evaluated as per Income Tax Rules wherever applicable, otherwise at actual.

CATEGORY - B

i) Contributions to Provident Fund and Superannuation/ Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

ii) Gratuity payable shall be half a month's salary for each completed year of service.

iii) Encashment of Leave at the end of the tenure will be permitted and will not be included in the computation of the ceiling on perquisites.

CATEGORY - C

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to Mr. Somany. Mr. Somany shall also be provided with a Mobile, Laptop and internet connection for the purpose of the Company's business, which will also not form part of perquisites.

Overall Remuneration

Subject to an overall limit of 5% of the net profits individually and 10% of the net profits collectively payable to the Chairman and Managing Director & Vice Chairman and Managing Director as calculated in accordance with Section 197 and other applicable provisions of the Companies Act, 2013 read with Schedule V to the said Act, as may be for the time being in force.

Minimum Remuneration

In the event of loss or inadequacy of profits in any financial year during the currency of tenure of office of Mr. Somany, the Company shall pay him remuneration by way of consolidated salary and perquisites in accordance with the limits laid down under Section II of Part II of the amended Schedule V to the Companies Act, 2013 as may be for the time being in force, subject to necessary approval of the Central Government under the provisions of Companies Act, 2013.

Sitting Fee

Mr. Somany shall not, so long as he acts as the Whole-time Director, designate as the Vice Chairman and Managing Director of the Company, be paid any sitting fee for attending any meeting of the Board or any Committee thereof.

Other Terms

Mr. Somany shall not, during the continuance of his employment hereunder or at any time thereafter, divulge or disclose to any person or make use whatever for his own or for any other purpose any confidential information or knowledge acquired by him during his employment under the Company as to the business or affairs of the Company or as to any trade secret or secrets, possesses of the Company and shall, during the continuance of his employment hereunder, use his best endeavors to prevent any other person from doing so.

The Board of Directors may, in their discretion, revise or modify any of the terms of appointment and remuneration from time to time within the limits laid down in Schedule V to the Act.

Termination

Notwithstanding anything contained in this Agreement, either party shall be entitled to determine this Agreement by giving 6 (six) months' notice in writing in that behalf to the other party and on the expiry of the period of such notice, this Agreement shall stand terminated. The Company shall also be entitled without assigning any reason whatsoever, to terminate the Agreement on giving to Mr. Somany 6 (six) months' salary as may be drawn by Mr. Somany during that period in terms of Clause 2 (a) in lieu of six months' notice required to be given under this Clause.

Service of Notice

Any notice to be given hereunder shall be sufficiently given or served in case of Mr. Somany by being delivered either personally to him or left for him at his address last known to the Company or sent by registered post addressed to him at such address and in the case of the Company by being delivered at or sent by registered post addressed to its registered office, any such notice if so posted shall be deemed served on the day following that on which it was posted.

In pursuance of Section II of Part II of Schedule V of the Act, following further information is given:

1. General Information

(a)	Nature of industry	Manufacturing and Trading of Sanitaryware, Faucets, other Consumer Products, Container Glass and PET Containers
(b)	Date or expected date of commencement of commercial production.	8 February 1962
(c)	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.	Not applicable
(d)	Financial performance based on given indicators.	Financial year 2015-16 Gross Revenue : ₹ 209789 Lacs Profit after Tax : ₹ 11670 Lacs Rate of Dividend : 200% i.e. ₹ 4 on equity shares of ₹ 2/- each Earning per Share : ₹ 16.14
(e)	Export performance and net foreign exchange earnings.	The Company had exported products worth ₹ 13839 Lacs during the financial year 2015-16. Foreign Exchange earned and used during financial year 2015-16 and 2014-15:

(₹ in Lacs)

	2015-16	2014-15
Foreign exchange earned :	6070	5476
Foreign exchange used :	29654	27863

(f)	Foreign investments or collaborators, if any.	The Company has no foreign collaborations. Investments in Foreign Companies as on 31 March 2016: Halis International Ltd.: ₹ 205.59 lacs Alchemy International Cooperatief U.A.: ₹ 0.12 lacs

2. Information About the Appointee:

Background Details	Presently, he is promoter and Joint Managing Director of the Company and also holds 31 year work experience in the ceramics and glass industry. He has been associated with the Company since 1985 and has been since then driving the Company to success. He has been the Former President of PHD Chamber of Commerce and Industry (PHDCCI), Immediate Past President of International Chamber of Commerce (Headquarter in Paris) India Chapter, Chairman of Indian Council of Sanitaryware Manufactures (INCOSAMA), Member of the Executive Committee of FICCI and Member of Managing Committee of ASSOCHAM, Member of Governing Council of All India Glass Manufacturer's Association.
Past Remuneration	The remuneration drawn by Mr. Somany during the past four years is as follows:

Year	(₹ in Lacs)
2012-13	636.40
2013-14	554.60
2014-15	800.41
2015-16	945.83

Recognition or Awards	He has been associated with a number of premier institutes / organizations: PHD Chambers of Commerce and Industry (PHDCCI) Bureau of Indian Standards (BIS) The Associated Chambers of Commerce and Industry of India (ASSOCHAM) The Federation of Indian Chambers of Commerce and Industry (FICCI)

Job Profile and his suitability	Presently, he is the Joint Managing Director of the Company and he is responsible for steering the operations of the Company, planning of new business ventures and investments. He possesses a sound knowledge of the ceramic and glass industry including technical processes, national and international markets etc. He is involved in organizational development, business process re-engineering and leading the group's foray in new business initiatives. Very dexterously, he combines contemporary management techniques with real life practical approach.
Remuneration Proposed	As mentioned above.
Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person	Considering the responsibility shouldered by him of the enhanced business activities of the Company and also considering the levels of remuneration in India and worldwide, the remuneration proposed is considered reasonable. Nomination and Remuneration Committee consisting of three Independent Directors, after elaborate discussion, have recommended the proposed remuneration.
Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.	Does not have any pecuniary relationship with the Company except remuneration drawn as Joint Managing Director and as a member to the extent of his shareholding in the Company. He is related to Mr. Rajendra Kumar Somany, Chairman and Managing Director and Ms. Sumita Somany, Director of the Company.

3. Other Information

Reasons of loss or inadequate profits	There is profit, but as an abundant caution for payment of minimum remuneration to the Vice Chairman and Managing Director in case of no profit or inadequate profit in any particular year the information is provided to the Shareholders.
Steps taken or proposed to be taken for improvement	
Expected increase in productivity and profits in measurable terms	

General Information

The Board of Directors are of the view that it is in the interest of the Company to avail the services of Mr. Somany as Vice Chairman and Managing Director of the Company.

Approval of members is sought for re-appointment of Mr. Sandip Somany and re-designate as Vice Chairman and Managing Director and for payment of remuneration including minimum remuneration.

Memorandum of Interest

None of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested in the resolution set out under item no. 6 of the accompanying Notice of 56th Annual General Meeting of the Company except Mr. Rajendra Kumar Somany, Mr. Sandip Somany and Ms. Sumita Somany being relatives of each other.

Inspection of documents

The draft of the proposed Agreement to be entered into between the Company and Mr. Sandip Somany is available for inspection by the Members of the Company at its Registered Office, on any working day prior to the date of the meeting during 3.00 p.m to 5.00 p.m and will also be available at the meeting.

The Board recommends the Resolution under item no. 6 of the accompanying notice for approval of the Shareholders of the Company.

Information pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding Directors seeking appointment / re-appointment

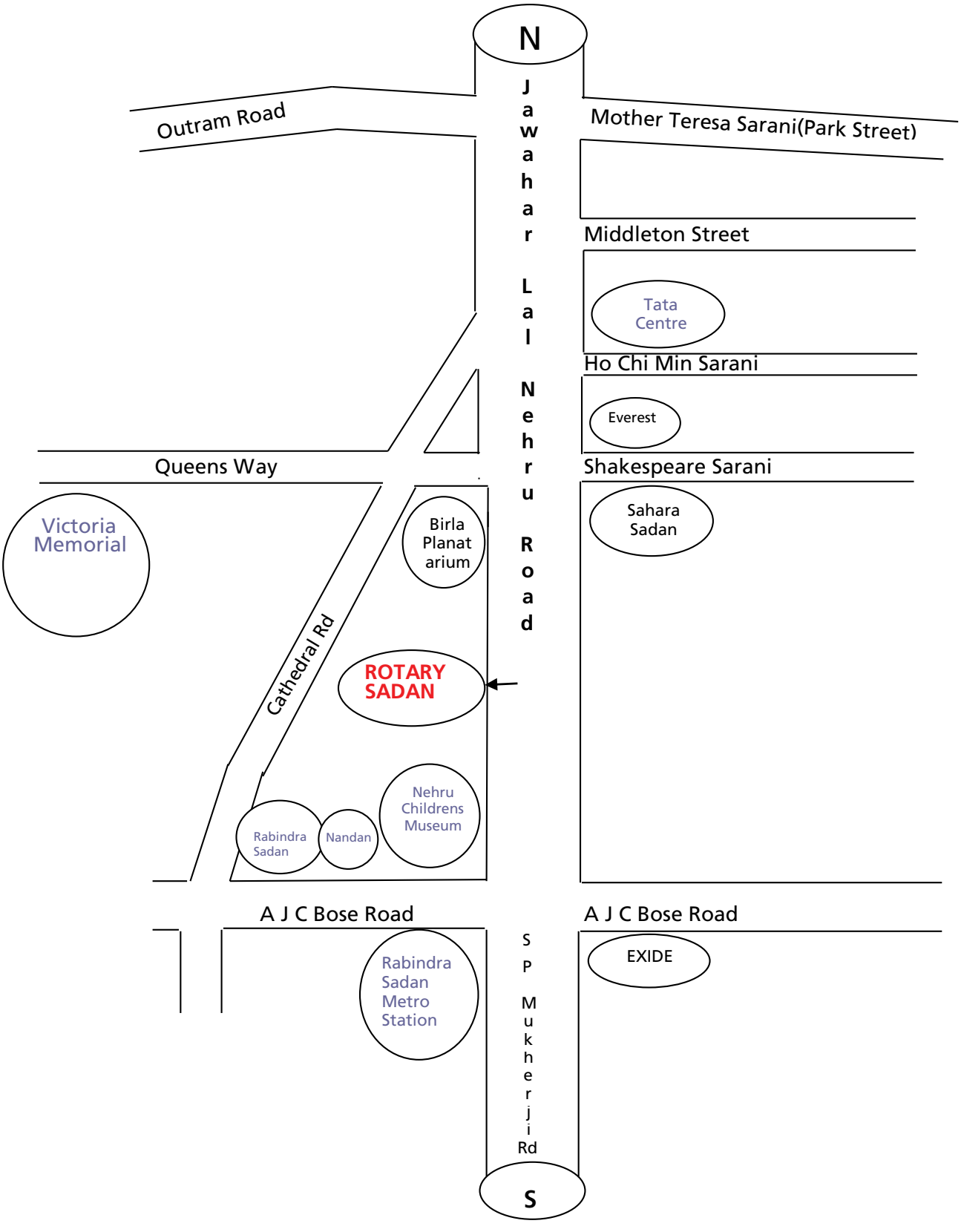
Mr. Rajendra Kumar Somany

Age	79 Years
No. of Shares held	26,20,114
Qualification	Commerce Graduate from St. Xavier's College, Kolkata
Brief Resume and Nature of his Expertise in specific functional areas	Mr. Rajendra Kumar Somany possesses an extensive 61 year working experience and provides the strategic direction and vision to the Company. His expertise has won him the fellowship of Institute of Directors, The Institute of Materials, Minerals and Mining, UK (IOM³) and a life fellow of All India Management Association. He also holds Fellow Membership of the American Ceramic Society and Chartered Management Institute of UK. Mr. Somany holds the active membership of Rotary for past 54 years, executive board member of Indian Green Building Council (IGBC). He also holds the Chairmanship of Indian Plumbing Skills Council (IPSC). Mr. Somany assisted Bureau of Indian Standards (BIS) to develop quality standards for sanitaryware industry. He has been instrumental in aligning the Indian Standards with the European Standards. Mr. Somany has headed various national chambers of commerce - Chairman of Council of Indian Employers; He has been former President of The Associated Chambers of Commerce and Industry of India (ASSOCHAM); former President of PHD Chamber of Commerce & Industry and Employers' Federation of India, etc. He was the founder President of Bahadurgarh Chamber of Commerce and Industry.
Names of listed entities in which the Directorship is held	NIL
Listed entities in which the membership of the Committees of Boards is held	NIL

Mr. Sandip Somany

Age	52 Years
No. of Shares held	19,14,664
Qualification	Bachelor in Commerce and Diploma holder in Ceramic Manufacturing Technology from the US
Brief Resume and Nature of his Expertise in specific functional areas	Presently, he is promoter and Joint Managing Director of the Company and also holds 31 year work experience in the ceramics and glass industry. He has been associated with the Company since 1985 and has been since then driving the Company to success. He has been the Former President of PHD Chamber of Commerce and Industry (PHDCCI), Immediate Past President of International Chamber of Commerce (Headquarter in Paris) India Chapter, Chairman of Indian Council of Sanitaryware Manufactures (INCOSAMA), Member of the Executive Committee of FICCI and Member of Managing Committee of ASSOCHAM, Member of Governing Council of All India Glass Manufacturer's Association.
Names of listed entities in which the Directorship is held	JK Paper Ltd.
Chairman/ Member of the Committees of Boards of other companies	NIL

Route Map


N
Jawahar Lal Nehru Road
Outram Road
Mother Teresa Sarani(Park Street)
Middleton Street
Tata Centre
Ho Chi Min Sarani
Everest
Queens Way
Shakespeare Sarani
Sahara Sadan
Victoria Memorial
Birla Planat arium
Cathedral Rd
ROTARY SADAN
Nehru Childrens Museum
Rabindra Sadan
Nandan
A J C Bose Road
A J C Bose Road
Rabindra Sadan Metro Station
EXIDE
S P Mukherji Rd
S

HSIL Limited

Registered Office: 2, Red Cross Place, Kolkata – 700 001.
Phone: 91-33-2248 7406/07,
E-mail: hsilinvestors@hindware.co.in; Website: www.hindwarehomes.com
CIN: L51433WB1960PLC024539

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 Fifty Sixth Annual General Meeting of the Company held at Sripati Singhania Hall, Rotary Sadan, 94/2, Chowringhee Road, Kolkata - 700 020 on Wednesday, the 7 September 2016 at 12:00 Noon.

.....
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 Limited

Registered Office: 2, Red Cross Place, Kolkata – 700 001.
Phone: 91-33-2248 7406/07,
E-mail: hsilinvestors@hindware.co.in; Website: www.hindwarehomes.com
CIN: L51433WB1960PLC024539

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, 2015]

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 56th Annual General Meeting of the Company, to be held at Sripati Singhania Hall, Rotary Sadan, 94/2, Chowringhee Road, Kolkata - 700 020 on Wednesday, the 7 September 2016 at 12:00 Noon and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution	Number of shares held	For	Against
Ordinary Business				
1	To consider and adopt:			
a)	The audited financial statements of the Company for the financial year ended 31 March 2016, the reports of the Board of Directors and Auditors thereon; and			
b)	The audited consolidated financial statements of the Company for the financial year ended 31 March 2016 and Auditors Report thereon.			
2	To declare Dividend on Equity Shares for the year ended 31 March 2016.			
3	To appoint a Director in place of Mr. Rajendra Kumar Somany (holding DIN 00053557) who retires by rotation and, being eligible, offers himself for re-appointment.			
4	To appoint M/s. Walker Chandiok & Co LLP Chartered Accountants (ICAI Registration No. 001076N/N500013) as Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.			
5	Adoption of new set of Articles of Association of the Company in accordance with Companies Act, 2013.			
6	Re-appointment of Mr. Sandip Somany (DIN: 0053597) and re-designate as Vice Chairman and Managing Director.			

Signed this..... day of 2016

Affix Revenue Stamp

Signature of Shareholder(s).....

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.

Corporate

Information

Board of Directors

Mr. Rajendra K Somany,

Chairman and Managing Director

Mr. Sandip Somany,

Joint Managing Director

Mr. Ashok Jaipuria

Mr. G. L. Sultania

Mr. N. G. Khaitan

Mr. V. K. Bhandari

Dr. Rainer Siegfried Simon

Mr. Salil Kumar Bhandari

Mrs. Sumita Somany

Company Secretary

Ms. Payal M. Puri

Statutory Auditors

M/s Walker Chandiok & Co., LLP
Chartered Accountants

Internal Auditors

M/s DH Consultants Pvt. Ltd

Registered Office

2, Red Cross Place, Kolkata - 700 001
Tel: +91 33 22487406/07
E-mail: hsilinvestors@hindware.co.in

Corporate Office

301-302, Park Centra, Sector 30,
National Highway 8, Gurgaon-122 001
Tel: +91 1244 779200/201
Fax: +91 1244 292898/99

Plant Locations

Building Products Division

Bahadurgarh-124 507,
Dist. Jhajjar, Haryana
Tel: +91 1276 230486/7, 2322 27/8

Somanypuram Brahmanapally Village,
Bibinagar,Dist. Nalgonda - 508 126, Telangana
Tel: +91 8685279800

G 470-471, Phase I, RIICO Industrial Area,
Bhiwadi - 301 019, Rajasthan
Tel: +91 1432 257752

Plot No. SP1 - 254, RIICO Industrial Area,
Kaharani, Bhiwadi - 301 019, Rajasthan

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

Garden Polymers, KIADB Industrial Area,
Lakamanhalli, Dharwad - 580 004, Karnataka
Tel: 0836-2461390

Garden Polymers,

Khasra No. 122, Pachwadoon, Mauja Central
Hope Town, Pargana (Selaqui)
Dehradun - 248 197, Uttarakhand
Tel: 0135-2699150

Bankers

Andhra Bank

Canara Bank

Central Bank of India

Citibank N.A.

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 9632534475
E-Mail: bangalore@hindware.co.in

Chennai
Tel: +91 9677488200
E-Mail: chennai@hindware.co.in

Ernakulam
Tel: +91 4842421030
E-Mail: kochidepot@hindware.co.in

Mumbai
Tel: +91 22 43420600
E-Mail: mumbai@hindware.co.in

Pune
Tel: +91 20 24269582
E-Mail: pune@hindware.co.in

Secunderabad
Tel: +91 40 66288000
E-Mail: marketing.hyd@hindware.co.in

EVOK Store

Delhi - Kirtinagar

Haryana - Crown Interioz Mall, Faridabad;
JMD Mall, Gurgaon

Uttar Pradesh- Shipra Mall, Ghaziabad;
Shalimar Bulding Hajratganj, Lucknow

Punjab - Ferozpur Road, Ludhiana

Maharashtra - Hypercity, Near Inorbit Mall,
Malad

Telangana - Jubilee Hills, Hyderabad

Karnataka - Bellandur, J.P. Nagar; kalyan
Nagar, Bengaluru

Rajasthan - Tonk Road, Jaipur

Madhya Pradesh - Malhar Mega Mall, Indore

Gujarat - Zodiac Square, S.G. Highway,
Bodakdev, Ahmedabad

HSIL LIMITED

Registered Office

2, Red Cross Place, Kolkata - 700 001

Tel: +91 33 22487406/07

E-mail: hsilinvestors@hindware.co.in

Corporate Office

301- 302, III Floor, Park Centra, Sector 30, N.H. 8, Gurgaon, Haryana 122001

Tel: +91 124 4779200, Fax : +91 124 4292898, +91 124 4292899