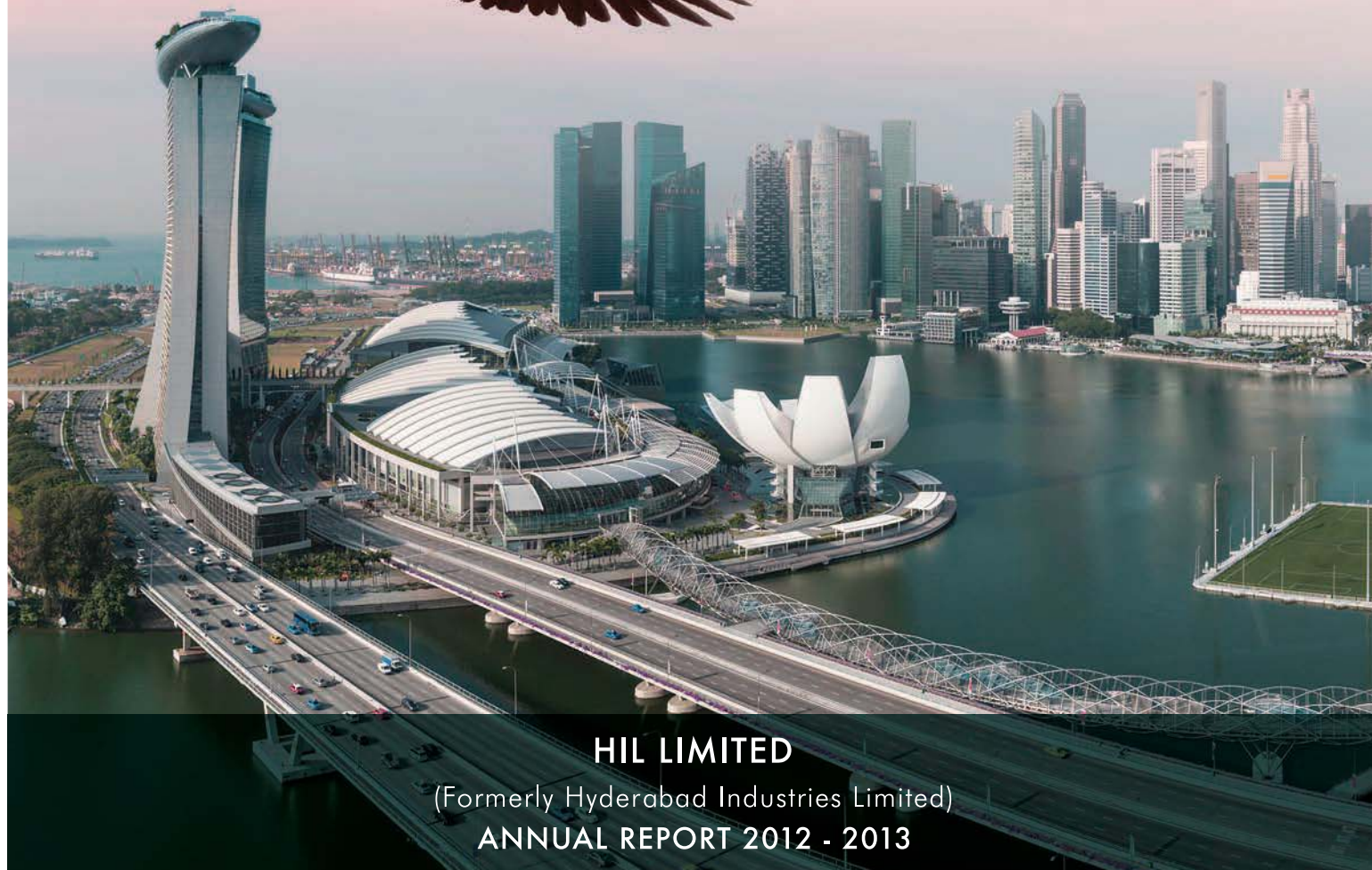


CK Birla Group



# A WORLD OF POSSIBILITIES



**HIL LIMITED**

(Formerly Hyderabad Industries Limited)

**ANNUAL REPORT 2012 - 2013**

## A WORLD OF POSSIBILITIES



Excellence is not just about scaling new heights. It is also about having a broader outlook and exploring new avenues. Over the years, HIL has made itself synonymous with growth. But now it is time to reinvent itself and expand its horizon. It is time to add new dimensions to growth. It has a world of opportunities to explore and only the sky is the limit.

## OUR VISION

To sustain our domestic market leadership position and become a global provider of building products and solutions, with a commitment to support Green Buildings and Habitats by supplying environment-friendly products and by following green and safe practices.

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# BOARD OF DIRECTORS

Mr. CK Birla, Chairman  
Mr. Krishnagopal Maheswari  
Mr. Shreegopal Daga  
Mr. P. Vaman Rao  
Mr. Yash Paul  
Mr. Abhaya Shankar, Managing Director

**Company Secretary:** P. Rajesh Kumar Jain

**Auditors:** S.R. Batlibai & Associates LLP

**Solicitors:** Khaitan & Co

## **Bankers**

State Bank of Hyderabad  
State Bank of India  
Central Bank of India  
State Bank of Mysore  
State Bank of Travancore  
HDFC Bank Limited

## **Registered Office**

HIL Limited  
Sanathnagar, Hyderabad – 500 018 (Andhra Pradesh)

## **Works**

**Faridabad:** Sector-25 – 121 004 (Haryana)  
**Jasidih:** Industrial Area – 814 142 (Jharkhand)  
**Hyderabad:** Sanathnagar – 500 018 (Andhra Pradesh)  
**Thrissur:** Mulangunnathukavu – 680 581 (Kerala)  
**Sathariya:** SIDA, Jaunpur Dist. – 222 022 (Uttar Pradesh)  
**Dharuhera:** Plot No. 31, Rewari Dist. – 122 106 (Haryana)  
**Wada:** Musarane Vil., Thane Dist. – 421 312 (Maharashtra)  
**Golan Village:** Valad Taluka, Tapi Dist. – 394 640 (Gujarat)  
**Thimmapur:** Mahaboobnagar Dist. – 509 325 (Andhra Pradesh)  
**Balasore:** IDCO, Plot No. Z-2, IID Centre, Somanthapure (Orissa)  
**Chennai:** Kannigaiper Vil., Tiravallur Dist. – 601 102 (Tamil Nadu)  
**Vijayawada:** Plot No. 289, IDA, Kondapalli – 521 228 (Andhra Pradesh)  
**Dera Bassi:** Village Saidpura, Dera Bassi - 140 507 (Punjab)

## **Wind Power**

- 3.6 MW (2x1.80 MW) at Kutch Dist., Gujarat
- 1.25 MW near Coimbatore, Tirupur Dist., Tamilnadu
- 2.5 MW (2x1.25 MW) at Jodhpur Dist., Rajasthan



## CHAIRMAN'S MESSAGE

As we continue scaling our existing business to new heights, our endeavour is to look at new business opportunities for accelerating growth in the changing economic and business environment.

HIL's growth story in recent past has been robust in line with its strategic objectives and the focus continues to remain on achieving excellence in all fronts.

- C K Birla



## MESSAGE FROM THE MANAGING DIRECTOR



In its pursuit of excellence, HIL has traversed a challenging journey of transformation which so far has been more than satisfying. HIL is soaring higher with each passing year. It has recently earned the coveted status of Superbrand, 2013/14.

Now, it is time to make the journey more exciting. While we consolidate our existing operations it is equally necessary to identify new business opportunities. Our excitement and passion for new challenges will drive us closer to achieving our dreams.

- Abhaya Shankar

## HIL GETS SUPERBRAND STATUS

HIL and Aerocon have been awarded the status of Business Superbrand and Consumer Superbrand for the year 2013-14, respectively by Superbrands India - an independent organisation on branding.



A Superbrands council comprising of industry experts, practitioners and consumers select the top brands under various categories and award them the status of Superbrand. A stringent two levels of scrutiny is carried out which includes an independent survey amongst relevant audience and an evaluation on the basis of awareness, market dominance, longevity, goodwill, customer loyalty and market acceptance done by the council. HIL will receive the award in a glittering function to be held in Mumbai.

The recognition will help HIL create a brand differentiator in the market. Research conducted by the 'Superbrands' has shown that amongst other awards given by different bodies, Superbrand is not only Top of the Mind, but the status is also suggestive of a 'trustworthy brand'.

### BUSINESS SUPERBRAND



### CONSUMER SUPERBRAND



# HIGH ON GROWTH, LOW ON CARBON

HIL is a perfect example of how being environmentally friendly not only works wonders for the world around us but makes for a healthier balance sheet too.

The company realises that green building technology is a futuristic idea for the planet and is pro-life. The focus of the company has now shifted from being a mere manufacturer of products to a “Comprehensive building solution provider”, making it a one-stop shop for its customers.

As a responsible and conscientious business house, the company has chalked out a “5 Way Green” strategy to contribute towards sustainable development. Under the strategy, the company manufactures recyclable and reusable green

products; there is no by-product and no pollution during the manufacturing process.

HIL has a captive consumption of wind energy. It is switching from fossil fields to agri-fields wherever possible.

HIL's Golan plant has become the first in the building materials sector in the country to receive the prestigious Greenco Gold rating.





# PROJECT UDAAN - ASPIRING TO SOAR HIGHER

The journey towards excellence in all functions to achieve a common goal began with a transformation journey called “Udaan”.

Each and every employee took a pledge to be a champion to surge ahead with target in focus and to rise above conventional limits. The launch plan included all the process owners and stakeholders. A cross functional team was formed and a huge ‘idea generation exercise’ was conducted. We received

more than 200 ideas which were screened based on major focus areas and prioritised keeping the objective in mind. The best ideas were then taken forward to the development and implementation stage by the key stakeholders.



## RESULTANT EFFECTS:

In-depth market mapping was done with focus on width & depth of trade channel. The sheeting industry grew by 3% and the company registered over 5.5% growth. We could garner a market share of approximately 20% in sheeting business and revenues grew from 80.5% to 82.5% in a turbulent economy. The Aerocon-Blocks business grew by 26% in volume and 34% in revenue asserting leadership position.

As a part of the journey, an Udaan Tower which acts as an ATC (Air Traffic Control) station was launched. It controls and guides every function/department, accelerates the pace at which work gets completed by clearing out the bottlenecks ensuring smooth functioning of work and thereby responding to the market at the shortest possible time leading to increase in sales and customer retention. A nationwide internal campaign was run with great success.



## SALES & MARKETING INITIATIVES

HIL has 13 plants, 53 depots, over 200 trained franchise and a very strong network of over 4000 strong trade channel partners spread across the country to service customers in a short span of time.

The strategy drawn up was to be a market leader and enhance leadership position, add more related products and increase 'basket of offering' to the consumers. As industry leaders HIL had to drive the category and create a differentiation for itself. The brand vision was clearly spelled out: to be the leader in the category in terms of market share and revenue, be a premium brand, perceived and seen as a service provider, induce a gene code of upgrading lifestyle, take 'green' platform. Series of innovative communication and activities were carried out.

The challenge in a low involvement category was to build a brand proposition that truly differentiates Charminar from other brands. Thus, the new brand proposition - "Tarakki ki Chaon Mein" was developed to position Charminar as a brand that stands for prosperity.

An aggressive campaign, including a Television Commercial, was launched to communicate the new brand proposition of **Tarakki Ki Chaon Mein**.



## EXHIBITIONS & TRADE FAIRS

In its endeavour to develop a rapport with its stakeholders, HIL participated in several trade fairs and exhibitions in major cities of India. The events provided a platform to showcase our comprehensive range of products and interact with the key influencers of the real estate industry.



HIL was a proud sponsor of The Indian Institute of Architects Awards (IIA Awards) - an award that honours exemplary works in the field of architecture. Renowned architects like Mr. Prem Nath and Mr. Hafiz Contractor graced the occasion with their presence.





## AWARDS & ACCOLADES

HIL has won many awards & accolades over several years and in the recent past has kept adding many more feathers in its cap.

- Glory of India – Institute of Economic Studies
- Excellency in Productivity & Innovation
- Udyog Ratna – IES
- Concor Award
- Best Management Award – Government of Andhra Pradesh
- Innovative Product - Bronze Medal – ET- AceTech Award
- Manufacturing Excellence Award - ITP Publishing
- Best Innovation in HR – Indira Award
- Best Innovation in Brand Management – Indira Award
- Best Innovative Product of the Year – Indira Award
- Best Innovation in Sustainability – Indira Award
- Greenco Award – Gold
- Outstanding Entrepreneur of the Year – Government of India



# INNOVATION

HIL realises that it has no time to sit on its laurels. It is constantly endeavouring to better its products and for doing the same, it invests a considerable amount of its turnover in research and development (R&D).

With one of the largest R&D laboratories, HIL is one of the few building material companies that has two in-house R&D centres, in Hyderabad and Faridabad, set up as early as 1964. The awards from many institutions and the 22 patents it holds in India and

other countries like the US, UK, Australia, Malaysia , Sri Lanka and Pakistan are testimonies for HIL's motive and goal towards green innovation. HIL's R&D is recognised by DSRI- Government of India.





## CSR INITIATIVES

We at CK Birla Group believe that giving back to the society enriches us. At every stage of our business process, human and social values are prioritized and guided by the philanthropic philosophy of the Group.

Notebooks being distributed to rural children by the Charminar Team as drive towards 'Tarrakki'.



HIL joined hands with Abhaya Foundation- an NGO in its initiative to build a home for the underprivileged. Under this initiative, Charminar roofing sheets were provided free of cost to the needy.



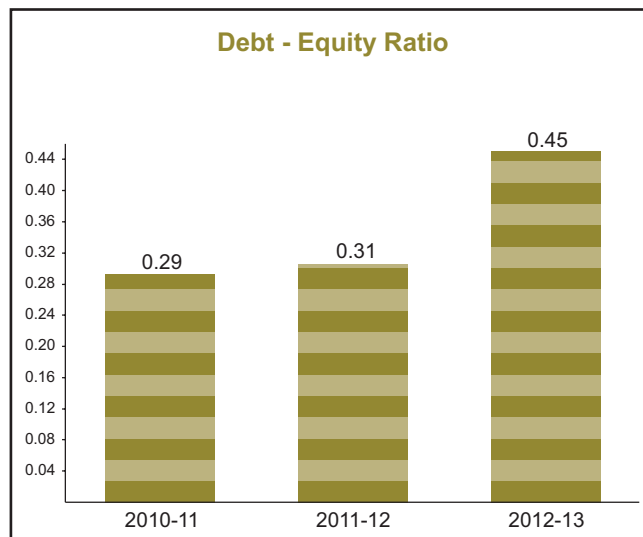
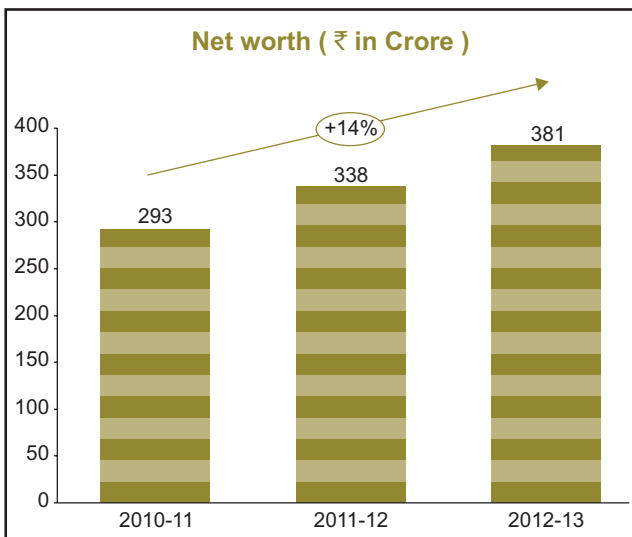
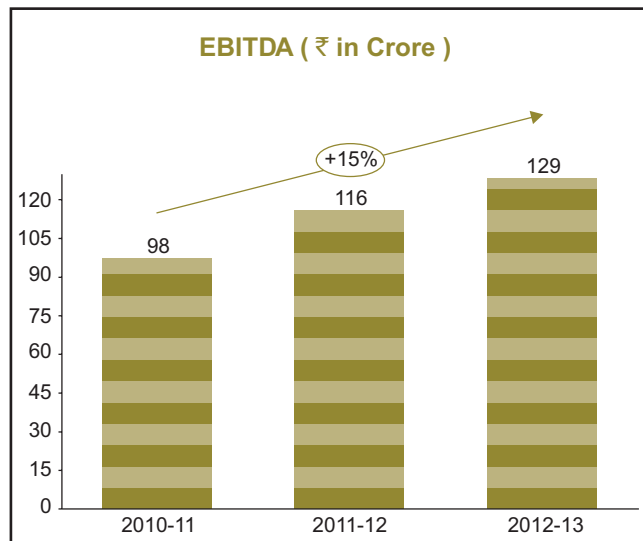
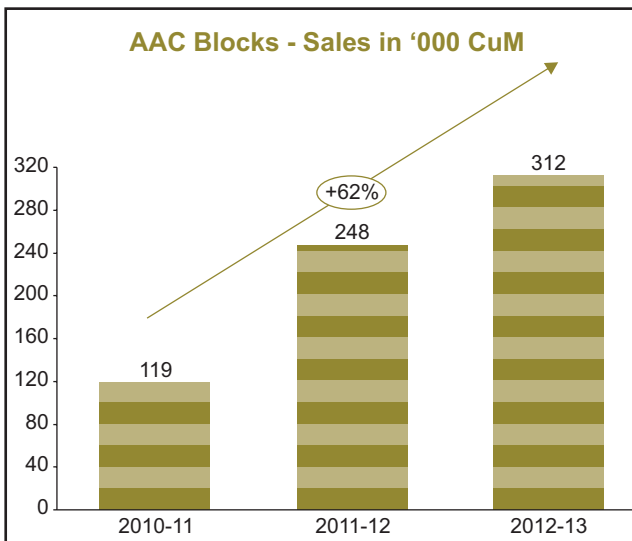
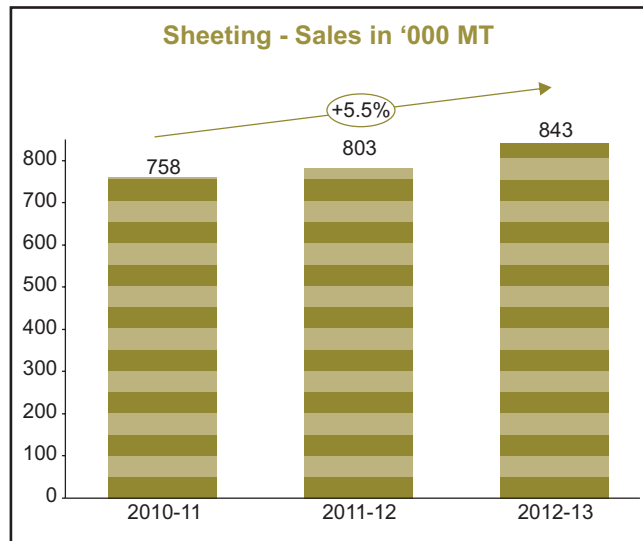
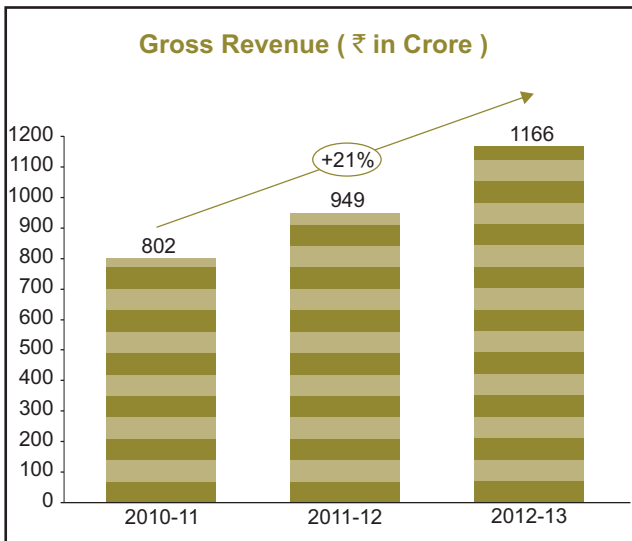
Mid Day Meals were sponsored by HIL for rural children in and around its factory locations.



In keeping with its commitment to preserving the environment, HIL took the initiative of planting trees in their factory sites as well as nearby localities.



# Financial performance at a glance



## Directors' Report

### TO THE SHAREHOLDERS

The Directors have pleasure in presenting their Report and the Audited Accounts of the Company for the year ended 31st March 2013.

#### FINANCIAL RESULTS

	₹ in lacs	
	2012-13	2011-12
Earnings before Interest, Depreciation and Tax	<b>12867</b>	11599
Less: Interest	<b>1061</b>	746
Depreciation	<b>2671</b>	2117
Profit before Tax	<b>9135</b>	8736
Less: Taxes	<b>3071</b>	2681
Profit for the year	<b>6064</b>	6055
Balance as per last year	<b>5386</b>	4933
<b>AVAILABLE FOR APPROPRIATION</b>	<b>11450</b>	10988
<b>APPROPRIATION</b>		
General Reserve	<b>5000</b>	4000
Interim Dividend on Equity Shares	<b>560</b>	448
Proposed Final Dividend on Equity Shares	<b>933</b>	933
Corporate Dividend Tax	<b>249</b>	221
Balance carried to Balance Sheet	<b>4708</b>	5386

#### DIVIDEND

During the year the Board has declared an Interim Dividend of ₹7.50/- per equity share (75% of the paid-up capital). Your directors are now pleased to recommend a final dividend of ₹12.50/- per equity share (125 % of the paid-up capital) for your consideration and approval at the ensuing Annual General Meeting of the Company.

With the proposed final dividend, the total dividend for the year 2012-13 would be ₹20/- per share (200% of the paid-up equity capital).

The total dividend outgo will be ₹1741.83 lacs (including dividend distribution tax)

#### CHANGE OF COMPANY'S NAME:

Your directors are pleased to inform that as approved by the members at the previous Annual General Meeting, the request for change of name of your Company from "**Hyderabad Industries Limited**" to "**HIL Limited**" has been approved by the Registrar of Companies, Andhra Pradesh effective from 16th August 2012. The new name depicts your Company's diversified business activities with a pan India presence and reflects the new and vibrant corporate image.

#### OVERALL ECONOMIC OUTLOOK

The global economy which is yet to shake off from the fallout crisis of 2008-2009, dropped to almost a growth of 3 percent in 2012, which indicates that about half a percentage point has been wiped off from the long-term trend since the crisis emerged. The East Asia and Pacific region continues to be the main driver for global growth, contributing around 40 percent of global growth in 2012. Driven by strong domestic demand, the region grew at 7.5 percent in 2012, higher than any other region in the world. While developing economies excluding China grew 6.2 percent in 2012, up from 4.5 percent in 2011 China's growth slowed to 7.8 percent in 2012.

The Indian Economy posed the lowest annual growth in the last decade with its Gross Domestic Product (GDP) growth estimated to be just over 5%. Industrial production figures show a worrying slowdown and lack of spending in Infrastructure has posed severe challenges for the related industries.

#### PERFORMANCE

In the year 2012-13, the Company's revenue increased to ₹1,166 crores from ₹949 crores in the previous year, a growth of 23% over the previous year. Profit Before Tax posted a modest growth of 5% from ₹87.36 crores last year to ₹91.35 crores in the year under review. The company witnessed an overall rise in all costs during the year under review on account of various external factors. However with an all round focused and un-relented approach by the Management on various cost saving initiatives your Company could reduce the overall burden of cost increase to a great extent.

**Fibre Cement Sheet Products**

Fibre Cement Sheets continue to be the major revenue earner for the Company. Year 2012-13 was difficult for the manufacturing sector, especially for the building material sector. The Fibre cement industry registered a growth of an only 3% mainly due to poor demand from housing and infrastructure sectors. However, despite all the odds, the company's sales volume grew by 5.5 % and your company continues to maintain its market leadership. A silver lining is seen on the horizon of 2013-14. The Indian economy is on its path of recovery as is the Government's increased spending on housing infra projects. The Fibre Cement Sheet Industry is estimated to grow between 5% and 6% during the financial year 2013-14.

The Government's increased focus on low cost mass housing, providing school shelter and developing proper infrastructure in the rural areas are gaining momentum. These initiatives will be the key drivers which will influence the demand for construction material. The Fibre cement sheets will continue to be the preferred choice for the roofing requirement of millions of rural population in India. With augmenting of existing capacities established and new facilities being planned, your company is confident of its growth aspirations and maintaining its market leadership.

**Green Building Products**

The Government's continued support, focus and encouragement for using green building products has given an additional impetus to the growth of the building material industry. Environment sustainability, reduction of carbon emissions, educating masses on green building products, providing eco-friendly solutions have been HIL's approach. A commitment towards producing green building products and solutions with an ultimate aim of helping the Construction and Infrastructure Industry to build green and sustainable habitats has been the vision followed by the Company consistently.

In addition to IGBC, Aerocon Panels and Blocks obtained GRIHA green product certification in 2012-13. Many strategic initiatives were undertaken during this period to create pull for the brand. Event sponsorship and awards

helped establish connect with the right target group, and is helping in establishing a strong bond with all our customers.

The year 2012-13 was also a year of recognition of HIL's efforts by the industry. Your Company is proud to receive Manufacturing Excellence award by ITP publishing, Design Wall award by ET Acetech, Outstanding Entrepreneur by GOI, Best Innovation in Brand Management, Innovation in HR practices, Best Innovation in sustainability and Innovative product category, the awards and accolades received is a testimony of HIL's commitment to excellence and market leadership.

**Aerocon AAC - Blocks**

Well planned and successful marketing strategies have made Aerocon Blocks a much preferred choice over competition. Customer focus, quality and speed of delivery have been HIL's core strength. Today, Aerocon is a preferred choice of the customers.

Aerocon blocks registered an impressive growth of 26% in volume terms during 2012-13. The acceptance of AAC blocks has increased many folds in the building industry due to its economy, reduced consumption of high value materials like steel, cement, sand, water, labour etc. This has led to a higher penetration in this product category and an increase in demand. AAC blocks manufacturing is a low entry barrier business leading to many regional players mushrooming in a short span of time. Due to this, the competition is likely to intensify further. Branding and aggressive sales strategies will be the key differentiators for Aerocon blocks.

**Aerocon Panels**

In view of considerable slow down in the infrastructure projects where Aerocon Panels are mostly used, the business was adversely affected in 2012-13. However, the infrastructure segment is expected to pick up momentum during second half of 2013-14 with major focus on segments such as Hospitality, Healthcare, Education, Industrial, IT and ITES. Your company will also focus on Tier 2 and Tier 3 towns which are witnessing good growth in real estate and infrastructure projects.

### Thermal Insulation - HYSIL

The Thermal insulation industry did see a modest growth in 2012-13, majorly due to postponement of most of the green field projects and expansions. Hysil's increased focus on exports ensured sustainable growth. In 2013-14, sales grew by 9% of which exports contributed to 5%. Breakthrough in UAE and Iran markets will accelerate growth. HYSIL has received international certifications "TUV-SUD" and "CE" which will give access in other countries as well. Your company will continue its focus on exports primarily to GCC countries.

### NEW PROJECTS

As a part of our market share enhancement strategy, the Company is constantly exploring options for augmenting capacity at the existing locations and also by setting up new plants in strategic locations to keep pace with the growing demand for our products.

During the year under review the Company has started land acquisition process for its proposed new AAC Blocks unit.

Wind Power: - Expanding its footprint into the renewable energy sector your Company has set up a 2.50 MW Wind Power Project in Jodhpur District of Rajasthan during the year. With this the total Wind Power installed Capacity of the Company has increased to 7.35MW.

### MANAGEMENT DISCUSSION & ANALYSIS REPORT

A Report on Management Discussion & Analysis is appended as Annexure (IV) to this report as per the requirements of Listing Agreement with the Stock Exchange(s).

### DIRECTORS

In accordance with the provisions of Companies Act, 1956 and the Articles of Association of the Company, Mr. Krishnagopal Maheshwari and Mr. Yashpaul, Directors of the Company will retire by rotation at the ensuing Annual General Meeting and, being eligible, will be offering themselves for re-appointment.

For Directors seeking appointment/re-appointment in the forthcoming Annual General Meeting of the Company; the particulars as required to be disclosed in accordance with Clause 49 (Corporate Governance) of Listing Agreement, forms part of Corporate Governance Report.

### DIRECTORS' RESPONSIBILITY STATEMENT

Directors' Responsibility Statement as required under the provisions of Section 217 (2AA) of the Companies Act, 1956, is given in the Annexure (I) attached hereto and forms part of this Report.

### CORPORATE GOVERNANCE

The Company has been making every effort to improve governance and transparency in the conduct of business. Your Company is committed to good Corporate Governance coupled with good corporate practices. As per the requirements of Listing Agreement with the Stock Exchanges, a Compliance Report on Corporate Governance for the year 2012-13 and a Certificate from the Auditors of the Company M/s. S.R. Batliboi & Associates LLP., Chartered Accountants, (ICAI Firm Registration Number: 101049W) is furnished as part of this Annual Report.

The Ministry of Corporate Affairs has issued Corporate Governance Guidelines in December, 2009. While these Guidelines are recommendatory in nature, the Company has already adopted most of the Guidelines. The Company will be reviewing its Corporate Governance Practices in the context of other recommendations under the said Guidelines for appropriate adoption.

### HUMAN CAPITAL

Your Company focus has increased over the years towards Human Capital. Your Company believes that the support of human capital is of utmost importance to sustain the market leadership in all product segments and also to capture new markets.

Your Company has successfully migrated to an improved Performance Management System to identify the high Performers & reward them appropriately which has helped to achieve better employee engagement score. Through



Performance Management the Company differentiates the employees with potential to take more challenges and devise a separate career program for their retention and advancement. A customized Competency based training program has been devised for High - Potential employees with focus on their Individual Development Plan & helping them to become future leaders.

We are striving to build a performance driven culture and create an environment conducive for the employee's growth.

#### **AUDITORS**

The Statutory Auditors of the Company, M/s. S.R.Batliboi & Associates LLP., (converted their existing partnership firm into LLP w.e.f. 01.04.2013) ICAI Firm Registration Number: 101049W, who retire at the conclusion of ensuing Annual General Meeting, being eligible, offer themselves for re-appointment.

#### **PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Particulars with respect to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of

Particulars in the Report of Board of Directors) Rules, 1988 are given in the Annexure (II) attached hereto and forms part of this Report.

#### **PARTICULARS OF EMPLOYEES**

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other required particulars of the employees are set out in Annexure (III) attached hereto and forms part of this Report.

#### **ACKNOWLEDGEMENTS**

The Board of Directors places on record their appreciation for the co-operation and support extended by all stakeholders in the Company including the Shareholders, Bankers, Suppliers and other Business Associates.

The Directors also wish to place on record their appreciation for all the employees for their commitment and contribution towards achieving the goals of the Company.

On behalf of the Board of Directors

**C.K. BIRLA**  
Chairman

New Delhi, 3<sup>rd</sup> May, 2013

**Annexure (I): Directors' Responsibility Statement**

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956 and on the basis of compliance certificate received from the executives of the Company and subject to disclosures in the Annual Accounts, as also on the basis of the discussion with the Statutory Auditors of the Company from time to time, and to the best of their knowledge and information furnished, the Board of Directors states:

- i) That in preparation of the Annual Accounts for the year ended 31st March, 2013; all the applicable Accounting Standards prescribed by the Institute of Chartered Accountants of India have been followed along with proper explanation relating to material departures, if any.
- ii) That the Directors have adopted such accounting policies, as selected in consultation with Statutory Auditors, and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the financial year ended 31st March, 2013.
- iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) That the Annual Accounts for the year ended 31st March, 2013, has been prepared on a going concern basis.

On behalf of the Board of Directors

New Delhi, 3rd May, 2013

**C.K. BIRLA**  
Chairman

**Annexure II**

**Annexure (II): Statement of particulars under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988**

**Conservation of Energy**

To conserve and optimize the use of energy, the Company has been installing energy efficient blowers, vacuum pumps, backwater pumps and other equipment in all its plants. Energy efficient lighting system and modernized mechanical devices/systems were also installed for optimum usage of power. Strict controls are exercised in operation of the plants for optimum usage of Power and Fuel. In pursuit of reducing carbon footprint, your Company in addition to using renewable fuel in place of Furnace oil in one of its plants, has setup 7.35MW Wind Power Projects in Gujarat, Tamilnadu and Rajasthan. The energy generated from these projects is partly used for captive consumption at our AAC Blocks manufacturing units in Gujarat and Tamilnadu. Your Company is making constant efforts to explore further areas of improvement as part of the ongoing program to optimize usage of energy.

**Total energy consumption and energy consumption per unit of Production as per "Form A" of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988:**

**FORM A**

Form for disclosure of particulars with respect to conservation of energy:

**(A) Power and Fuel Consumption**

	<b>2012-13</b>	2011-12
1. Electricity		
a. Purchased		
Units (lacs Kwh)	<b>23.64</b>	26.46
Total amount (₹ in lacs)	<b>161.38</b>	141.13
Rate/Unit (₹/Kwh)	<b>6.83</b>	5.33
b. Own Generation		
i) Through Diesel Generator		
Units (lacs Kwh)	<b>8.67</b>	9.41
Units per Litre of Diesel Oil	<b>3.51</b>	3.41
Cost/Unit (₹)	<b>11.02</b>	11.04
ii) Through Steam Turbine/Generator	—	—
2. Coal	—	—
3. Furnace Oil/LDHS		
Quantity (K.Ltrs.)	<b>43</b>	194
Total amount (₹ in lacs)	<b>16.73</b>	67.36
Average Rate (₹/K.Ltrs.)	<b>38904</b>	34665
4. Others/Internal generation	—	—

**(B) Consumption per unit of production**

Thermal Insulation Products (Refractories)		
Electricity (Kwh/MT.)	<b>609</b>	702
Furnace Oil/LDHS (Litres/MT.)	<b>343</b>	407
Coal	—	—

**FORM B**

Form for disclosure of particulars with respect to Technology Absorption:

**Research and Development (R&D)**

- Specific areas in which R&D is carried out by the Company:
  - Develop substitutes for raw materials to address issues of declining availability.
  - Developing new mix of raw materials and improve manufacturing process for better product attributes and lower costs.
  - Optimum utilization of resources like energy, water and process waste materials.
  - Development of new, improved and value added Green Building Products like Aerocon C-board and NTNK.
  - Develop new applications for our existing products.
- Benefits derived as a result of the above R&D:
  - Usage of cost-effective raw materials resulted in cost savings.
  - Introduction of new and value added products helped in increasing customer base.
- Future Plan of Action:
 

Continuation of work in areas specified at S.No.1 to further improve our products, develop new products and technologies.
- Expenditure on R&D:

**2012-2013  
(₹ in lacs)**

a. Capital	<b>320.74</b>
b. Recurring	<b>77.21</b>
c. Total	<b>397.95</b>
d. Total R&D expenditure as a Percentage of total net turnover	<b>0.38%</b>

## Annexure(s) to the Directors' Report (Contd.)

### Technology Absorption, Adaptation and Innovation:

1. The Company endeavours to continuously upgrade its technology from time to time in all aspects through in-house R&D primarily aiming at reduction of cost of production and improving the quality of the product. The Company has successfully achieved results in reducing the cost of production, power consumption and improving technical efficiencies.
2. Particulars of imported technology (imported during the last 5 years reckoned from the beginning of the financial year):  
None

### Foreign Exchange Earnings and Outgo:

Efforts to identify export opportunities for the products of the Company continued during the year under review. The Company is exploring other offshore markets to increase the quantum of exports, particularly in the Middle East, Asian, Far East and African countries.

### Total Foreign Exchange used and earned:

#### A Foreign Exchange Earned

Export of Goods (FOB)  
Others

#### Total

#### B Foreign Exchange Used

Raw Materials, Components, Spares and Capital Goods (CIF)  
Other matters

#### Total

**2012 - 13**

(₹ in lacs)

396.05

98.10

**494.15**

34192.29

91.38

**34283.67**

On behalf of the Board of Directors

**C.K. BIRLA**  
Chairman

New Delhi, 3rd May, 2013

### Annexure III

### PARTICULARS OF EMPLOYEES AS REQUIRED UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956, READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2013.

Name & Qualifications	Designation & Nature of Duties	Remuneration (in lacs ₹)	Age (years)	Date of Joining	Total experience (Years)	Last Employment /duration of service (years)
Mr.Abhaya Shankar, B.Tech (Mech) IIT, Kanpur MBA( PGDM) IIM, Kolkata	Managing Director	180.21	57	01.02.2008	31	Tenneco Automotive India Private Limited (10)
Sharad Dalmia M.Tech-Elec	Sr. VP-Operations	91.66	48	18.04.2011	27	United Breweries Ltd (15)
Tom Christian Pedersen	Sr Technologist - R&D	74.00	51	04.01.2012	31	Cembit Holding, Denmark (7)

### NOTES:

1. Remuneration includes actual payments and/or taxable value of perquisites and Company's contribution to Provident and other Funds.
2. Nature of appointment - Contractual
3. Other terms and conditions - As per rules of the Company.
4. None of the employee is a relative of any Director of the Company.

On behalf of the Board of Directors

**C.K. BIRLA**  
Chairman

New Delhi, 3rd May, 2013

**MANAGEMENT DISCUSSION AND ANALYSIS****OVERVIEW**

The Global Economic Growth witnessed a speedy deceleration during last year which had a marked effect on the Indian Economy too. Our Economy experienced a slowdown on various fronts more particularly industrial growth, but the decline appears to have bottomed out. Overall economic growth is expected to rise to 6.4 per cent in 2013-14 from estimated 5 per cent in the previous year. Economic growth during the year declined more steeply than what is warranted by the decline in investment.

Inflation continues to remain high, but there are definite signs that headline WPI inflation is coming down. Non-food manufacturing inflation remains around the comfort zone. As inflation comes down, it will create more space for monetary policy to support growth. The current account deficit, however, remains a source of concern, despite the fact that the financing of the deficit has not been a problem so far.

The next decade will be a crucial period for India. While even existing rates of investment should enable us to grow at about 7.0 per cent over the short term, a return to higher levels of savings and investment can take us back to the very high levels of growth which we had seen earlier. It is only the faster rate of growth which will enable us to meet many of our important socio-economic objectives.

**INDUSTRY AND COMPANY TREND**

Your Company's business is directly influenced by the activities in the Infrastructure and Construction Industry and the overall performance of the rural economy. Infrastructure development and maintenance is a major input to boost economic development and for sustaining growth in an economy. In India, the sector accounts for nearly 17.5% of the GDP, second only to agriculture and is the second largest employer with over 50 million people. India has a \$1 trillion infrastructure need over the next five years in order to achieve the GDP growth target of 8 per cent during the 12th Plan period. With the huge investments

planned in the construction industry, tremendous growth opportunities are expected to arise for the building product companies.

Across the emerging economies in the world, the construction industry is witnessing a significant growth and India is of no exception. The Indian construction industry is currently the 9th largest market in the world and will become the 3rd largest in the world by 2020. Government policies and expenditure on infrastructure, training and regeneration projects have helped the sector grow at cumulative growth rate of 19% since 2001 and the same or better pace is likely to be seen in the coming years. India's population is fast urbanizing - 500 million (36%) of urban population estimated by 2020. Additional population will generate unprecedented demand for quality real estate and infrastructure including housing. The housing market is expected to witness growth of around 14%p.a.

The ongoing economic slump has impacted not only the industrial and urban sectors but also the rural economy. Much of the increase in rural incomes in last few years was because of four straight good monsoons and high support prices. Also, income transfers through schemes like NREGS and farm loan waiver has added to rural demand. Fiscally strained Government may, however, find it difficult to provide such large subsidies or transfers in the future. Furthermore the dependence on monsoons will always have an impact on the rural economy. The rural economy, therefore, needs to be de-risked and strengthened.

A study conducted by Credit Suisse unlike traditional perceptions, claims that the rural India is no more solely dependent on agriculture. While service sector accounted for over 28% of rural GDP, the share of industry in rural areas has grown at a faster rate to over 30%. Many small and medium entrepreneurial emergences are a lead indicator of progress and increase in consumption. Your Company is gearing up, to take advantage of this opportunity, raring to go on a strong growth trajectory, consistently creating wealth for its shareholders.



### BUSINESS SEGMENT ANALYSIS

The Company's business can broadly be classified into two groups i.e. Building Product Group and Thermal Insulation Product Group:

#### (A) BUILDING PRODUCT GROUP -

1. Fibre Cement Sheeting Business Division
  - a. Fibre Cement Corrugated Sheets
  - b. Flat Products
2. Green Building Products Business Division
  - a. Autoclaved Aerated Concrete (AAC) Blocks (Light Weight large size Bricks)
  - b. Building Panels (for walling/partitioning and pre-fab structures)

#### (B) THERMAL INSULATION PRODUCT GROUP

- a. Calcium Silicate Insulating Materials (for high temperature insulation)

#### (A) BUILDING PRODUCT GROUP

This segment consists of Fibre Cement Corrugated Sheets, Autoclaved Aerated Concrete Blocks and Aerocon Panels. Fibre Cement Sheets and flat products continue to be the major revenue generator for the Company accounting for about 81% of the Company's sales Revenue. Your Company continues to be the market leader in the fibre cement roofing industry.

During the period under review, Aerocon Blocks registered a growth of 26% over last year. Increase in acceptance of AAC blocks and growth in real estate sector are the main demand drivers for this product. Branding and aggressive marketing strategies and with the right pricing we expect this product to witness significant growth in volumes.

Aerocon Panels, used for construction of prefab structures and partition walls, have been extensively used in the infrastructure sectors like power and steel plants, roadways, irrigation, airports etc and also in the construction of malls, schools, hospitals, colleges etc. Renewed focus on education, hospitals, hospitality, IT & ITES, coupled with this year governments focus on expenditure on infrastructure and mass housing, the panels business is likely to grow well.

#### (B) THERMAL INSULATION PRODUCT GROUP

This group caters to industries such as Petrochemicals, cement, power and fertilizer. In view of superior properties and high quality, the Company's products sold under the "HYSIL" brand are preferred choice among the users over its substitutes.

### OUTLOOK FOR THE COMPANY

India continues to be one of the fastest growing economies in the world. The consumption story of our country remained intact over the years which continue to drive the overall industrial growth. India's growth story is slightly different as compared to its peer China, whose main reliance on exports to developed countries, which faced times of uncertainty during the recent economic crisis. The consumption from rural and semi-urban verticals of the economy continues to drive the growth of the India to large extent.

In India around 50% of the Indian population is still looking for permanent roofing for their livelihood. As per the recent report released by the Government Kuccha (tatchet) roofing raises alarms on security, safety and health concerns. Whenever the income level of the rural population rises the first thing they look for is to have a permanent roof over their Home. A reasonably good monsoon predicted by the Metrological department for the current year and Government's continued thrust to provide adequate shelter to the rural poor by introducing various programs like Indira Awas Yojna, Golden Jubilee Rural Housing Finance Scheme, etc., will boost the demand for various building products, providing a huge potential for the Company's "**CHARMINAR**" roofing sheets.

The fibre cement sheet industry is likely to witness a modest growth of around 5% in the current year. HIL's efforts to address the increasing requirement on account of change over in consumption and demand pattern yielded good results by retaining its leadership position in the Industry. Being a market leader over several years, with its strong brand "**CHARMINAR**", coupled with extensive distribution network across the country, matured marketing strategy and motivated marketing and sales team, HIL is well poised to capitalise the opportunities provided by the rural India

and is all set to increase its market presence and improve its market share.

Climate change continues to be concern worldwide and India is making its bit to minimize the impact of the climate change by creating awareness on the use of Green Building Products. The initiative of the Government garnered goods response from the society and the people started talking about the usage of environment friendly materials for their consumption. Company's Green building Aerocon products which are environment friendly are garnering the attraction of building community over the last few years. The "AEROCON" brand is a reflection of quality and reliability helped the Company to grow the Green building division by a healthy 25% in 2013-14. Our shift in focus towards providing "complete building solution" approach helped the customers to use our products more efficiently. In view of the inherent advantages of the product, there will be pressure on prices as competition is likely to intensify further as new capacities are created to meet the growing demand.

Your Company's efforts to position itself as a "Complete building solution provider" with superior and consistent quality and service level evoked good response from the market. The Company is constantly expanding the product portfolio to further increase its presence in the segment. Company's thrust on exports with its international certification of TUV-SUD and CE for one of its product will further accelerate the growth and prospects for HYSIL.

### RESEARCH AND DEVELOPMENT

We are committed to investing in world-class technology development, particularly in Green Building Products (GBP). The Research and Development (R&D) Centres of the Company are continuously evolving into a vibrant work place with the research work progressing in several areas. The technology innovations that we believe will deliver our next generation of Building Products will in turn enable us to introduce new materials and new usage models for our products. Our continuous efforts on R & D activities is focusing on areas such as designing and developing new products, improving manufacturing processes with respect to environment, health and safety, quality up gradation of existing products and researching future technologies for total building solutions.

The Research and Development (R&D) Centres of the Company are recognized by the Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India. Well experienced, qualified and a fully dedicated team is actively working in conjunction with our Business Development team in developing energy efficient and pollution free process, application development, business continuity, cost reduction and enhancement of product quality.

### Risks

Your Company has robust Risk Assessment and Management process. The Risk Management Committee headed by the Managing Director with active participation of senior leadership team handles the process of Risk Identification, Assessment and Mitigation plans. The process adopted by the committee is reviewed by the Board for implementation and continuous monitoring. Your company classifies the risk broadly into two folds, viz., External Risk and Internal Risk. The external risk mainly comprises of business risk on various fronts. The business risks and opportunities identified are after detailed deliberation considered in the business plan of the Company along with mitigation plan. The internal risks identified by the committee are systematically addressed on a continuous basis across the locations. Findings are discussed with both the Management Committee and Audit Committee

Agriculture is the dominant sector of Indian economy, which determines the growth and sustainability. The sale of Company's main product, viz., Fibre Cement Sheet has direct correlation with the GDP of the country. Agricultural growth in India largely depends on monsoons and weather conditions across the country. The uncertain weather conditions will affect the growth of the sector to some extent.

The major raw materials used in our product are OPC cement, fibre, fly-ash, and lime. Cement, being a seasonal commodity product, prices is volatile during seasons and its availability may be a constraint in some of the regions. As the capacity of the cement industry has increased in the last couple of years and we are also working with some of the players in the industry to freeze our requirement, we

are confident that it will not hurt our consumption pattern adversely. Constraint in supply of Fibre due to closure of certain mines across the world has resulted in increased dependency on limited sources and increase in the cost of fibre also playing a crucial factor which forced the industry to look for alternates. Driven by this idea your Company is successfully launched a new product in the last year without Fibre (NTNK Sheets) and the acceptance of the same is encouraging. This will help the Company to reduce the dependency of fibre to some extent. Another key raw material fly-ash whose prices expect to be in the range will not have any adverse impact on the cost of production.

The fibre which is used by your Company is termed as Chrysotile fibre which is totally different from blue asbestos. The use of Chrysotile fibre in controlled/monitored conditions will eliminate the hazardous/health/environmental issues perceived by the consumers. Chrysotile is a low bio persistent material and 90% of the world's production of chrysotile is used in the manufacture of chrysotile-cement, in the form of pipes, sheets and shingles which are safe to use. These products are used in some sixty industrialized and developing countries. Moreover, workers in this industry, whether employed in manufacturing, installation or removal of materials are not exposed to any detectable risk when effective prevention and control measures are adhered.

Also continued efforts of Asbestos Cement Products Manufacturing Association (ACPM), promoted by the Indian Manufactures and Asbestos Information Centre (AIC) in advocating safe/controlled use, health hazard potential programs and campaigns created good awareness among the public/users in differentiating the white asbestos (chrysotile) and other (blue and brown) types of asbestos.

### INTERNAL CONTROL SYSTEMS

The Company has comprehensive internal control system for all major processes to ensure reliability of reporting. The system also helps management to have timely data / feedback on various operational parameters for effective review. It also ensures proper safeguarding of assets across the Company and its economical use of the same. The

internal control system of the Company is commensurate with the size, scale and complexity of its operations. The systems and controls are periodically reviewed and modified based on the requirement. The Company has an internal audit function, which is empowered to examine the adequacy and compliance with policies, plans and statutory requirements. It is also responsible for assessing and improving the effectiveness of risk management, control and governance process. The scope of Internal Audit is well defined and documented and audit committee reviews the observations of the Internal Audit critically. The Board derives comfort from the control system established by the Company. HIL has well established policy towards maintaining the highest standards of health, safety and environmental norms while maintaining operational integrity. This policy is strictly adhered by all HIL manufacturing facilities. The composition and working of the audit committee forms part of the Corporate Governance Report.

### SYSTEMS

IT@HIL continues to support the enterprise with digital technologies while improving IT Architecture, management and governance and has been playing an important role in strengthening the Information framework supplemented with in-time MIS, thereby helping business grow with the desired speed.

With an objective to build a robust and secured information infrastructure, yet not compromising on the information availability to business stakeholders, IT@HIL has introduced various checks and controls within the system with the help of Workflow and other mechanism. Various new projects like implementation of SAP PS (Project Systems), SAP HCM (HR) and MAIA BI endorse our endeavour in line with the business transformation initiatives.

The IT Vision is to further strengthening the Efficient & easily accessible services for all stakeholders, enable open and transparent engagement with the Customers and Suppliers, and to provide Accurate & timely data for policy making, service delivery and other important decisions.

### HUMAN RESOURCES/EMPLOYEE RELATIONS

At HIL, Human Resource is a most valuable & essential asset and we strive to continuously develop them to face future challenges & make them ready for the changing business environment. The Company is committed to the welfare and career growth of its people. The Company has improvised the recruitment process to make it more robust and is totally aligned to attract best quality and diversified Talent. Last financial year we have focused on the development of High performing individuals through customized Management Development Program (MDP) & competency based training.

The Company's Management firmly believes that a strong and stable industrial relation is essential for success of any organisation. Over the years the Management has made sincere and continued efforts for the development of an atmosphere of mutual cooperation, confidence and respect duly recognizing the rights of the workers. The Industrial Relations at all the plants of HIL continue to be cordial.

As on 31st March, 2013, the Company had 1960 employees.

### CORPORATE SOCIAL RESPONSIBILITY:

Several small but significant initiatives have been undertaken around our plants with our dealers/distributors. The Company is responsible and aware of the need to focus more on this area. The Company will continue to improve in this important area and play its role as a responsible Corporate Citizen.

### ENVIRONMENT, HEALTH & SAFETY:

The Company believes that a clean environment in and around the work place fosters health and prosperity for the individual, the group and the community they belong to.

Regular medical examinations of employees and health care schemes are an integral part of the Company's policy. Health surveillance of employees adhering to national regulations and ILO recommendations is an ongoing process. We ensure that best environment engineering controls are adopted in the factories. These controls aim in preventing accidents and health hazards. The Pollution control equipment installed in our Plants ensures achievement of internationally best emission norms which are recommended to be followed elsewhere in the world. The Company's policies give highest priority to safety, employees health and environment protection.

### CAUTIONARY STATEMENT

Statements in the Directors Report including Management Discussion & Analysis Report describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations and reflects only the Management's perception and assessment. Actual results may differ materially from those expressed in the statement and the Company assumes no responsibility in respect of forward looking statements made herein which may undergo changes in the future. Important factors that could influence the Company's operations include global and domestic demand and supply conditions affecting selling prices of finished goods, input availability and prices, exchange rates, changes in Government regulations, tax laws, economic developments within the country and other factors such as litigation and industrial relations.

On behalf of the Board of Directors

New Delhi, 3<sup>rd</sup> May, 2013

**C.K. BIRLA**  
Chairman



## Independent Auditor's Report

To the Members of

### **HIL Limited**

(formerly Hyderabad Industries Limited)

### **Report on the Financial Statements**

We have audited the accompanying financial statements of HIL Limited (formerly Hyderabad Industries Limited) ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - (a) We have 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 appears from our examination of those books;
  - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - (e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **S.R. BATLIBOI & ASSOCIATES LLP**  
CHARTERED ACCOUNTANTS  
ICAI Firm Registration Number: 101049W

**Per Vikas Kumar Pansari**

Place : New Delhi  
Dated : 3<sup>rd</sup> May, 2013

Partner  
Membership No.093649



### Annexure referred to in paragraph 1 of our report of even date

Re: HIL Limited (formerly Hyderabad Industries Limited)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) (a) The Management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. Discrepancies noted on physical verification of inventories were not material, and have been properly dealt with in the books of account.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon.
- (e) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the

purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.

- (v) (a) According to the information and explanations provided by the Management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956, for the products of the Company.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities *though there has been a slight delay in a few cases.*
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

## Independent Auditor's Report

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

<b>Name of the statute</b>	<b>Nature of dues</b>	<b>Amount (₹ in lacs)</b>	<b>Period to which the amount relates</b>	<b>Forum where dispute is pending</b>
Tamil Nadu General Sales Tax Act, 1959 & Central Sales Tax Act, 1956	Sales tax on enhanced turnover due to certain disallowance	10.43*	1990-91, 1994-95, 1997-98, 2000-01, 2001-02 & 2002-03	Hon'ble Supreme Court of India, Sales Tax Appellate Tribunal, Appellate Asst. Commissioner
Andhra Pradesh General Sales Tax Act, 1957	Disallowance of Concessional Rate of Tax	1.53	1985-86	Hon'ble High Court of Andhra Pradesh
West Bengal Sales Tax Act, 1994, Central Sales Tax Act, 1956	Sales Tax Demand	265.85	2001-02, 2002-03, 2003-04 2004-05, 2005-06, 2007-08 2008-09	Hon'ble High Court of West Bengal, Kolkata, Appellate & Revisional Board, Sr. Jt. Commissioner & Addl. Commissioner
Bihar Finance Act, 1981	Local Sales Tax Demand	109.63	2000-01	Joint Commissioner of Commercial Taxes (Appeals)
Bihar Finance Act, 1981	Demand of Entry Tax	28.57	2003-04	Assistant Commissioner of Commercial Taxes
Bihar Finance Act, 1981	Sales Tax Demand	28.04	2002-03, 2003-04, 2004-05, 2005-06	Dy. Commissioner, Joint Commissioner, Commissioner of Commercial Taxes
Entry Tax of Goods Act, 1930	Demand of Entry Tax including Interest	74.42*	2007-08	Hon'ble Supreme Court of India
Other State/Central Sales Tax Acts	Local Sales Tax Demand, Freight Rebate disallowed, Entry Tax on Stock Transfers & Misc. Disallowance	310.85*	1993-94, 1997-98, 1999-00, 2001-02, 2002-03, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09	Hon'ble Supreme Court of India, Hon'ble High Court of Rajasthan, Appellate Tribunal, Commissioner of Commercial Tax, Additional Commissioner (Appeals), Deputy Commissioner (Revision), Joint Commissioner (Appeals), Additional Commissioner, Assistant Commissioner (Appeals), Joint Director Enforcement
Other States like Jharkhand, Maharastra under Central Sales Tax Act, 1956	Sales Tax Demand	407.41*	2004-05, 2007-08 2008-09	Commissioner of Commercial Taxes, Dy. Commissioner (Revision)
Central Excise Act, 1944	Excise Duty Demand due to certain disallowance and wrong availment of CENVAT	487.96*	2003-04, 2004-05, 2005-06 2006-07, 2007-08, 2008-09, 2009-10, 2010-11 2011-12	Assistant Commissioner, Joint Commissioner, Additional Commissioner, Appellate Tribunal, Commissioner (Appeals), Customs Excise & Service Tax Appellate Tribunal, Commissioner of Customs & Central Excise

<i>Name of the statute</i>	<i>Nature of dues</i>	<i>Amount (₹ in lacs)</i>	<i>Period to which the amount relates</i>	<i>Forum where dispute is pending</i>
Central Excise Act, 1944	Excise Duty Demand including Penalty	1,040.34*	April 2004-July 2009	Customs Excise & Service Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax Demand	1,922.79*	2005-06, 2008-09 2009-10	Income Tax Appellate Tribunal, Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Wealth Tax Demand	56.98	1993-94 to 1997-98	Hon'ble High Court of Andhra Pradesh, Hyderabad

\*net of ₹5.29 lacs, ₹36.14 lacs, ₹109.37 lacs, ₹15.00 lacs, ₹20.00 lacs, ₹17.50 lacs and ₹150 lacs respectively paid under protest

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|--|---|
| <p>(x) The Company's has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.</p> <p>(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.</p> <p>(xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.</p> <p>(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.</p> <p>(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.</p> <p>(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.</p> | <p>(xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.</p> <p>(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.</p> <p>(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.</p> <p>(xix) The Company did not have any outstanding debentures during the year.</p> <p>(xx) The Company has not raised any money through public issue.</p> <p>(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.</p> |
|--|---|

For **S.R. BATLIBOI & ASSOCIATES LLP**  
**CHARTERED ACCOUNTANTS**  
ICAI Firm Registration Number: 101049W

**Per Vikas Kumar Pansari**  
Partner  
Membership No.093649

Place : New Delhi  
Dated : 3<sup>rd</sup> May, 2013

## Balance Sheet as at 31st March, 2013

	Notes	31st March 2013	31st March 2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share Capital	3	748.98	748.98
Reserves and Surplus	4	37819.13	33514.16
		<b>38568.11</b>	<b>34263.14</b>
<b>Non-current liabilities</b>			
Long-term borrowings	5	4712.00	3458.12
Deferred tax liabilities (Net)	6	3936.65	3557.80
Long-term provisions	7	280.23	100.92
		<b>8928.88</b>	<b>7116.84</b>
<b>Current liabilities</b>			
Short-term borrowings	8	12475.03	6897.78
Trade payable	9	8493.76	8442.70
Other current liabilities	9	8504.40	8420.41
Short-term provisions	7	1694.87	2031.52
		<b>31168.06</b>	<b>25792.41</b>
<b>TOTAL</b>		<b>78665.05</b>	<b>67172.39</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	10	33849.36	30808.69
Intangible assets	10	151.07	144.85
Capital work-in-progress		1932.37	1683.62
		<b>35932.80</b>	<b>32637.16</b>
Non-current investments	11	888.34	899.78
Long-term loans and advances	12	1493.52	1514.21
Trade receivables	15	4.33	3.61
Other non-current assets	13	169.21	259.96
		<b>2555.40</b>	<b>2677.56</b>
<b>Current assets</b>			
Inventories	14	24660.97	18533.35
Trade receivables	15	10136.18	8460.31
Cash and bank balances	16	967.10	943.93
Short-term loans and advances	12	4051.49	3815.44
Other current assets	13	361.11	104.64
		<b>40176.85</b>	<b>31857.67</b>
<b>TOTAL</b>		<b>78665.05</b>	<b>67172.39</b>
Summary of significant accounting policies	2.1		
The accompanying notes are an integral part of the financial statements.			

As per our Report of even date  
For **S.R.Batliboi & Associates LLP**  
ICAI Firm registration number : 101049W  
Chartered Accountants

Per **Vikas Kumar Pansari**  
Partner  
Membership No.093649

Place : New Delhi  
Dated : 3<sup>rd</sup> May, 2013

For and on behalf of the Board of Directors

**Ashok Soni**  
C F O

**C.K. Birla**  
Chairman

**P. Rajesh Kumar Jain**  
Company Secretary

**Abhaya Shankar**  
Managing Director

## Statement of profit and loss for the year ended 31st March, 2013

		₹ in lacs	
	Notes	2012-13	2011-12
<b>Income</b>			
Revenue from operations (gross)	17	<b>116608.92</b>	94908.19
Less: excise duty		<b>12957.81</b>	9127.00
<b>Revenue from operations (net)</b>		<b>103651.11</b>	85781.19
Other income	18	<b>787.57</b>	848.62
<b>Total revenue (I)</b>		<b>104438.68</b>	86629.81
<b>Expenses</b>			
Cost of raw material consumed	19	<b>56840.74</b>	46225.56
Purchase of traded goods	20	<b>1389.47</b>	272.37
(Increase) in inventories of finished goods, work-in-progress and traded goods	20	<b>(3218.57)</b>	(22.36)
Employee benefits expense	21	<b>8942.03</b>	7539.50
Other expenses	22	<b>27617.77</b>	21015.42
<b>Total (II)</b>		<b>91571.44</b>	75030.49
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA) (I) – (II)</b>		<b>12867.24</b>	11599.32
Depreciation and amortisation expense	23	<b>2687.99</b>	2134.41
(Less): recoupment from revaluation reserve	4	<b>16.83</b>	16.83
Net depreciation and amortisation expense		<b>2671.16</b>	2117.58
Finance costs	24	<b>1060.78</b>	746.05
<b>Profit before tax</b>		<b>9135.30</b>	8735.69
<b>Tax expenses</b>			
Current tax [including taxes for earlier years ₹72.82 lacs (31 March 2012: ₹93.22 lacs)]			
Current tax		<b>2692.82</b>	1927.22
Deferred tax [including taxes for earlier years ₹62.72 lacs (31 March 2012: ₹90.22 lacs)]			
Deferred tax		<b>378.85</b>	753.92
<b>Total tax expense</b>		<b>3071.67</b>	2681.14
<b>Profit for the year</b>		<b>6063.63</b>	6054.55
Earnings per equity share			
[nominal value of share ₹10/- (Previous Year ₹10/-)]	25		
Basic and Diluted			
Computed on the basis of total profit for the year		<b>81.25</b>	81.13
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our Report of even date  
For **S.R.Batliboi & Associates LLP**  
ICAI Firm registration number : 101049W  
Chartered Accountants

Per **Vikas Kumar Pansari**  
Partner  
Membership No.093649

Place : New Delhi  
Dated : 3<sup>rd</sup> May, 2013

For and on behalf of the Board of Directors

**Ashok Soni**  
C F O

**C.K. Birla**  
Chairman

**P. Rajesh Kumar Jain**  
Company Secretary

**Abhaya Shankar**  
Managing Director



## Cash flow statement for the year ended 31st March 2013

	2012-13	2011-12
<b>A. Cash flow from operating activities</b>		
<b>Profit before tax</b>	<b>9135.30</b>	8735.69
Adjustment to reconcile profit before tax to net cash flows		
Depreciation/amortisation	2671.16	2117.58
Rent from Long term Investment in properties	(336.09)	(350.53)
Provision for doubtful receivables, advances and other assets	128.82	375.21
Unspent Liabilities, Provisions and Unclaimed Balances Written back (Net)	(181.48)	(14.35)
Loss on sale/discard of fixed assets (Net)	163.31	10.33
Interest expense	1060.78	746.05
Interest income	(177.07)	(202.39)
Dividend income	(15.89)	(47.33)
<b>Operating profit before working capital changes</b>	<b>12448.84</b>	11370.26
Movements in working capital :		
Increase/(decrease) in trade payables	51.06	2214.05
Increase/(decrease) in long-term provisions	179.31	(80.17)
Increase/(decrease) in short-term provisions	28.67	(99.32)
Increase/(decrease) in other current liabilities	188.04	1125.85
Decrease/(increase) in trade receivables	(1835.31)	(2320.14)
Decrease/(increase) in inventories	(6127.62)	(3382.02)
Decrease/(increase) in long-term loans and advances	(94.28)	(227.75)
Decrease/(increase) in short-term loans and advances	(236.05)	(2070.64)
Decrease/(increase) in other current assets	(275.31)	7.50
Decrease/(increase) in other non-current assets	90.75	(38.61)
Cash generated from operations	4418.10	6499.01
Direct taxes paid (net of refunds)	(3101.63)	(1290.34)
<b>Net cash flow from operating activities (A)</b>	<b>1316.47</b>	5208.67
<b>B. Cash flows used in investing activities</b>		
Purchase of fixed assets, including capital advances	(6121.83)	(5802.70)
Proceeds from sale of fixed assets	92.81	135.60
Purchase of current investments	5703.00	(10257.79)
Proceeds from sale/maturity of current investments	(5703.00)	10257.79
Redemption/maturity of bank deposits (having original maturity of more than three months)	-	0.20
Rent received from Long term Investment in properties	336.09	350.53
Interest received	196.38	168.04
Dividends received	15.42	38.79
<b>Net cash flow used in investing activities (B)</b>	<b>(5481.13)</b>	(5109.54)
<b>C. Cash flows from financing activities</b>		
Proceeds from long-term borrowings	1527.46	-
Repayment of long-term borrowings	(142.85)	(86.23)
Proceeds from short-term borrowings (net)	5577.25	1998.00
Interest paid	(1051.76)	(740.79)
Dividend paid on equity shares	(1480.15)	(1183.27)
Tax on equity dividend paid	(242.12)	(193.69)
<b>Net cash flow (used in)/from financing activities (C)</b>	<b>4187.83</b>	(205.98)
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>23.17</b>	(106.85)
Cash and cash equivalents at the beginning of the year	943.93	1050.78
<b>Cash and cash equivalents at the end of the year</b>	<b>967.10</b>	943.93
<b>Components of cash and cash equivalents</b>		
Cash on hand	11.15	4.73
Cheques/drafts on hand	317.09	243.72
With banks-on current account	568.80	637.78
- unpaid dividend accounts*	70.06	57.70
<b>Total cash and cash equivalents (note 16)</b>	<b>967.10</b>	943.93

Summary of significant accounting policies

2.1

\*The company can utilize these balances only toward settlement of the respective unpaid dividend.

As per our Report of even date  
For **S.R.Batliboi & Associates LLP**  
ICAI Firm registration number : 101049W  
Chartered Accountants

For and on behalf of the Board of Directors

Per **Vikas Kumar Pansari**  
Partner  
Membership No.093649

**Ashok Soni**  
C F O

**C.K. Birla**  
Chairman

Place : New Delhi  
Dated : 3<sup>rd</sup> May, 2013

**P. Rajesh Kumar Jain**  
Company Secretary

**Abhaya Shankar**  
Managing Director

## 1. CORPORATE INFORMATION

The Company is engaged in the production and distribution of Fibre Cement Sheets and other building products, viz., Aerocon Panels, AAC Blocks, Material Handling and Processing Plant and Equipment, and Thermal Insulation Products (Refractories). The Company presently has manufacturing facilities at Hyderabad, Faridabad, Jasidih, Dharuhera, Thimmapur, Kondapalli, Chennai, Thrissur, Wada, Sathariya, Balasore, Golan and Derabassi. The Company has set up Wind Turbine Generators in Gujarat, Tamil Nadu and Rajasthan.

## 2. Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention, except for freehold land, lease hold land and building acquired before December 31, 1983 which are carried at revalued amounts.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

### 2.1 Summary of significant accounting policies

#### a. Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

#### b. Tangible Fixed Assets

Fixed assets, except freehold, lease hold land and buildings acquired before December 31, 1983, pertaining to certain units are stated at cost or revalued amount, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

On December 31, 1983, the Company revalued all its freehold land, leasehold land, land and buildings pertaining to certain units existing as on that date. These freehold land, leasehold land and buildings are measured at fair value less accumulated depreciation and impairment losses, if any, recognised after the date of the revaluation. In case of revaluation of fixed assets, any revaluation surplus is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the statement of profit and loss, in which case the increase is recognised in the statement of profit and loss. A revaluation deficit is recognised in the statement of profit and loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

### c. Depreciation on tangible Fixed Assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, which are equal to the corresponding rates prescribed under the Schedule XIV to the Companies Act, 1956. Some of the Plant and Machinery has been treated as continuous process plant based on technical evaluation.

Depreciation on the amount added to Fixed Assets on revaluation has been adjusted by transfer of equivalent amount from Revaluation Reserve to statement of Profit and Loss.

### d. Intangible Assets

#### Computer Software

Costs relating to software, which are acquired, are capitalised and amortised on a straight-line basis over their useful lives of five years.

### e. Leases

#### Where the Company is a Lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalised.

A leased asset is depreciated on a straight-line basis over the useful life of the asset or the useful life envisaged in Schedule XIV to the Companies Act, 1956, whichever is lower. However, if there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term or the useful life envisaged in Schedule XIV to the Companies Act, 1956.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

#### Where the Company is a Lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognised in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognised as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the statement of profit and loss.

### f. Borrowing Costs

Borrowing cost includes interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

**g. Impairment**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognised in the revaluation reserve up to the amount of any previous revaluation. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

**h. Government Grants and Subsidies**

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

**i. Investments**

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

### **Investment property**

An investment in land or buildings, which is not intended to be occupied substantially for use by, or in the operations of, the Company, is classified as investment property. Investment properties are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the investment property to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Depreciation on investment property other than perpetual leasehold land is calculated on a straight-line basis using the rate arrived at based on the useful life estimated by the management, which are equal to corresponding rates prescribed in Schedule XIV of the Companies Act, 1956.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

### **j. Inventories**

Raw materials and stores and spares are valued at lower of cost and net realizable 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. Cost of raw materials, components and stores and spares is determined on a transaction moving weighted average basis.

Work-in-progress, trading goods and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty and is determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

### **k. Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

#### **Sale of products**

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

#### **Technical Know-how and Service fee**

Technical Know-how and Service fee are recognised on accrual basis, as a percentage of sales made by the joint venture party during the year as per the terms of specific contract.

#### **Interest**

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.



**Dividends**

Dividend income is recognized when the Company's right to receive dividend is established by the reporting date.

**1. Foreign currency translation****i. Initial Recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**ii. Conversion**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

**iii. Exchange Differences**

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

**iv. Forward Exchange Contracts not intended for trading or speculation purposes**

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized 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 recognized as income or as expense for the year.

**m. Retirement and other employee benefits**

Retirement benefit in the form of provident fund and superannuation fund is a defined contribution scheme. The contributions to the provident fund and superannuation fund are charged to the statement of profit and loss for the year when the contributions are due. The Company has no obligation, other than the contribution payable to the funds.

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. The Company has created an approved gratuity fund, which has taken a group gratuity cum insurance policy with Life Insurance Corporation of India (LIC), for future payment of gratuity to the employees. The Company accounts for gratuity liability of its employees including contract workers on the basis of actuarial valuation carried out at the year end by an independent actuary.

The Company treats accumulated leave, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

Future monthly installments payable under voluntary early retirement scheme in respect of the employees, who opted for the said scheme, are provided for as per the actuarial valuation carried out at the year end. Actuarial gains/losses are immediately taken to statement of profit and loss and are not deferred.

### **n. Income Taxes**

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with Indian Income Tax Act, 1961. Deferred income taxes reflect 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 certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, entire deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits. At each balance sheet date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax assets can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

### **o. Segment Reporting Policies**

#### **Identification of segments**

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

#### **Inter-segment transfers**

The Company generally accounts for intersegment sales and transfers at cost plus appropriate margins.

#### **Unallocated items**

The unallocated items include general corporate income and expense items which are not allocated to any business segment.

#### **Segment accounting policies**

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

### **p. Indirect expenditure incurred on new projects under construction and substantial expansion**

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as part of the construction cost to the extent to which the expenditure is directly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is not related to the construction activity nor is incidental thereto is charged to the statement of profit and loss. Income earned during construction period is deducted from the total of the indirect expenditure.

All direct capital expenditure on expansion are capitalised. As regards indirect expenditure on expansion, only that portion is capitalised which represents the marginal increase in such expenditure involved as a result of capital expansion. Both direct and indirect expenditure are capitalised only if they increase the value of the asset beyond its original standard of performance.

**q. Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

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.

**r. Provisions**

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

**s. Contingent Liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence of non-occurrence of one or more uncertain future events beyond control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that can't be recognised because it can't be measured reliably. The Company does not recognise the contingent liability but disclose its existence in its financial statements.

**t. Cash and Cash equivalents**

Cash and cash equivalents in the Cash Flow Statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

**u. Derivative Instruments**

As per the ICAI Announcement, accounting for derivative contracts, other than those covered under AS-11, are marked to market on a portfolio basis, and the net loss after considering the offsetting effect on the underlying hedge item is charged to the income statement. Net gain, if any, after considering the offsetting effect of loss on the underlying hedged item, is ignored.

**v. Research and development**

Revenue expenditure on research and development is charged to revenue in the year in which it is incurred. Capital expenditure on research and development is added to fixed assets and are depreciated in accordance with policies of the Company.

**w. Measurement of EBITDA**

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, 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. The Company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Company does not include depreciation and amortisation expense, finance costs and tax expense.

	31st March 2013	31st March 2012
<b>3. SHARE CAPITAL</b>		
<b>Authorised shares</b>		
9,500,000 (Previous Year 9,500,000) Equity Shares of ₹10 each	<b>950.00</b>	950.00
50,000 (Previous Year 50,000) Preference Shares of ₹100 each	<b>50.00</b>	50.00
<b>Issued, subscribed and fully paid-up shares</b>		
7,462,563 (Previous Year 7,462,563) Equity Shares of ₹10 each fully paid-up	<b>746.26</b>	746.26
Forfeited Shares (amount originally paid-up)	<b>2.72</b>	2.72
<b>Total issued, subscribed and fully paid-up share capital</b>	<b>748.98</b>	748.98

**(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period****Equity shares**

	31st March, 2013		31st March, 2012	
	No	₹ in Lacs	No	₹ in Lacs
At the beginning of the year	<b>7,462,563</b>	<b>748.98</b>	7,462,563	748.98
Outstanding at the end of the year	<b>7,462,563</b>	<b>748.98</b>	7,462,563	748.98

**(b) Terms/rights attached to equity shares**

The Company has only one class of equity shares having a face value of ₹10/- each. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31st March 2013, the amount of dividend per share recognized as distributions to equity shareholders was ₹20/-, including Interim dividend of ₹7.50/- (Previous Year: ₹18.50/-, including interim dividend of ₹6/-).

In the event of liquidation of the Company, the equity shareholders will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**(c) Details of shareholders holding more than 5% shares in the Company**

Name of the shareholder	As at 31st March, 2013		As at 31st March, 2012	
	Nos	% holding	Nos	% holding
Central India Industries Limited	<b>1,074,634</b>	<b>14.40</b>	1,074,634	14.40
Orient Paper And Industries Limited	<b>906,360</b>	<b>12.15</b>	906,360	12.15

As per records of the Company, including its register of shareholders/ members, the above shareholding represents both legal and beneficial ownerships of shares.

	31st March 2013	31st March 2012
<b>4. RESERVES AND SURPLUS</b>		
<b>Capital redemption reserve</b>	<b>35.00</b>	35.00
<b>Securities premium account</b>	<b>624.95</b>	624.95
<b>Revaluation reserve (arising on revaluation of fixed assets)</b>		
Balance as per the last financial statement	<b>467.65</b>	484.48
Less: Amount transferred to the statement of profit and loss as reduction from depreciation	<b>16.83</b>	16.83
<b>Closing Balance</b>	<b>450.82</b>	467.65
<b>General reserve</b>		
Balance as per the last financial statement	<b>27000.00</b>	23000.00
Add: Amount transferred from surplus balance in the statement of profit and loss	<b>5000.00</b>	4000.00
<b>Closing Balance</b>	<b>32000.00</b>	27000.00
Surplus in the statement of profit and loss		
Balance as per the last financial statement	<b>5386.56</b>	4933.66
Profit for the year	<b>6063.63</b>	6054.55
Less: Appropriations		
Interim Dividend on Equity Shares [amount per share ₹7.50/- (Previous Year: ₹6.00/-)]	<b>(559.69)</b>	(447.75)
Proposed final Equity Dividend [amount per share ₹12.50/- (Previous Year: ₹12.50/-)]	<b>(932.82)</b>	(932.82)
Corporate dividend tax on Equity Shares	<b>(249.32)</b>	(221.08)
Transfer to general reserve	<b>(5000.00)</b>	(4000.00)
Total appropriations	<b>(6741.83)</b>	(5601.65)
<b>Net surplus in the statement of profit and loss</b>	<b>4708.36</b>	5386.56
<b>Total reserves and surplus</b>	<b>37819.13</b>	33514.16

	Non Current 31st March, 2013 ₹ in lacs	31st March, 2012 ₹ in lacs	Current 31st March, 2013 ₹ in lacs	31st March, 2012 ₹ in lacs
<b>5. LONG-TERM BORROWINGS</b>				
<b>Other loans</b>				
Interest Free Sales Tax Loan from a financial institution (secured) (a)	<b>3047.46</b>	1520.00	-	-
Deferred Sales Tax Loan (unsecured) (b)	<b>1664.54</b>	1938.12	<b>273.57</b>	142.85
	<b>4712.00</b>	3458.12	<b>273.57</b>	142.85
<b>The above amount includes</b>				
Secured borrowings	<b>3047.46</b>	1520.00	-	-
Unsecured borrowings	<b>1664.54</b>	1938.12	<b>273.57</b>	142.85
Amount disclosed under the head "other current liabilities" (note 9)	-	-	<b>(273.57)</b>	(142.85)
	<b>4712.00</b>	3458.12	-	-



## Notes to financial statements (Contd.)

- a) Interest free sales tax loan from a financial institution is secured by way of first charge on the entire assets of the Sathariya Unit of the Company, both present and future, repayable after 7 years from the date of disbursement. Accordingly ₹427.00 lacs due on July 2016, ₹301.00 lacs due on January 2017, ₹792.00 lacs due on March 2018, ₹606.72 lacs due on July 2019 and ₹920.74 lacs due on September 2019.
- b) Deferred Sales Tax loan was sanctioned towards the sales tax dues relating to Thimmapur, Kondapalli and Chennai unit. The loans are interest free and repayable at the end of 7 years from the month of deferral. The repayment of the deferral scheme has already commenced for all Units. The last installment is due during 2017-18 for Chennai & Kondapalli and during 2023-24 for Thimmapur. The yearly repayment varies from ₹5 lacs to ₹4 crores due to varying amount of availment in the earlier years as per deferral scheme.

	31st March 2013	31st March 2012
<b>6. DEFERRED TAX LIABILITIES (NET)</b>		
<b>Deferred tax liabilities</b>		
Difference in Depreciation/Amortisation on fixed assets as per tax books and financial books	4756.10	4248.04
<b>Gross Deferred tax liabilities</b>	4756.10	4248.04
<b>Deferred tax assets</b>		
Effect of expenditure debited to statement of Profit & Loss but allowable for tax purposes in following years	456.16	388.24
Provision for doubtful receivables, advances and other Assets	354.40	278.70
Voluntary early retirement scheme and voluntary Retirement Scheme	8.89	23.30
Gross deferred tax assets	819.45	690.24
Deferred tax liabilities (Net)	3936.65	3557.80

	Non Current 31st March, 2013 ₹ in lacs	31st March, 2012 ₹ in lacs	Current 31st March, 2013 ₹ in lacs	31st March, 2012 ₹ in lacs
<b>7. PROVISIONS</b>				
<b>Provision for employee benefits</b>				
Provision for gratuity (note 26)	280.23	100.92	16.06	-
Provision for leave benefits	-	-	301.16	294.02
	280.23	100.92	317.22	294.02
Other provisions				
Provision for Employee related other Costs (note 37)	-	-	27.23	21.76
Provision for income tax (net of advance income tax)	-	-	259.07	631.59
Proposed final dividend	-	-	932.82	932.82
Provision for tax on proposed final dividend	-	-	158.53	151.33
	-	-	1377.65	1737.50
	280.23	100.92	1694.87	2031.52

	31st March 2013	31st March 2012
<b>8. SHORT-TERM BORROWINGS</b>		
Cash credit from banks (secured)	<b>5633.51</b>	3229.37
<b>Buyers Credit from banks</b>		
Secured	<b>749.72</b>	451.88
Unsecured	<b>6091.80</b>	3216.53
	<b>12475.03</b>	6897.78
<b>The above amount includes</b>		
Secured borrowings	<b>6383.23</b>	3681.25
Unsecured borrowings	<b>6091.80</b>	3216.53
	<b>12475.03</b>	6897.78

- a) Cash credit facilities and buyers credits from banks are secured by hypothecation of inventories and book debts and are further secured by second equitable mortgage of the Company's immovable properties and hypothecation of other fixed assets, both present and future, other than assets exclusively charged in favour of a Financial Institution for Interest Free Sales Tax Loan as disclosed in note 5.
- b) Cash credit is repayable on demand and carries interest @9.80% to 14.50% p.a. Buyers Credit is repayable on fixed maturity date not exceeding 6 months from the date of availment and carries interest @0.70% to 2.10% p.a.

	31st March 2013	31st March 2012
<b>9. TRADE PAYABLE AND OTHER CURRENT LIABILITIES</b>		
Trade payables (refer note 36 for details of dues to micro and small enterprises)	<b>8493.76</b>	8442.70
<b>Other current liabilities</b>		
Current maturities of long-term borrowings (note 5)	<b>273.57</b>	142.85
Interest accrued but not due on borrowings	<b>20.82</b>	11.81
Capital Creditors	<b>193.60</b>	268.31
Advances From Customers (refer note 31 (d))	<b>1233.99</b>	1611.46
Unclaimed Dividend (Statutory liabilities as referred in Section 205C of Companies Act, to be transferred to Investor Education and Protection Fund as and when due)	<b>70.06</b>	57.70
Others		
Sundry Deposits*	<b>4069.87</b>	3819.40
Other statutory liabilities	<b>2642.49</b>	2508.88
	<b>8504.40</b>	8420.41

\* Deposits represents amount collected from customers/consignment agents as collateral at the time of agreement/ contract which is repayable on cancellation of the said contract. These deposits attract interest @ 8% p.a.

## Notes to financial statements (Contd.)

### 10. TANGIBLE ASSETS AND INTANGIBLE ASSETS

₹ in lacs

Particulars	Freehold Land	Leasehold Land	Buildings	Railway sidings	Plant and Machinery	Furniture and Fittings	Office Equipments	Vehicles	Total tangible Assets	Intangible Assets- Softwares	Grand Total
<b>A. Gross Block</b>											
At 31st March, 2011	1164.34	383.82	9567.41	12.75	29339.18	233.11	364.18	534.96	41599.75	486.32	42086.07
Additions	25.11	75.03	743.42	-	5486.22	23.46	21.71	84.69	6459.64	54.91	6514.55
Disposals	(4.34)	-	-	-	(469.84)	(0.99)	(2.43)	(76.02)	(553.62)	-	(553.62)
At 31st March, 2012	1185.11	458.85	10310.83	12.75	34355.56	255.58	383.46	543.63	47505.77	541.23	48047.00
Additions	625.79	768.73	245.84	-	4182.24	22.65	49.16	33.00	5927.41	52.15	5979.56
Disposals	-	-	(0.65)	-	(741.57)	(3.30)	(21.36)	(8.93)	(775.81)	-	(775.81)
<b>At 31st March, 2013</b>	<b>1810.90</b>	<b>1227.58</b>	<b>10556.02</b>	<b>12.75</b>	<b>37796.23</b>	<b>274.93</b>	<b>411.26</b>	<b>567.70</b>	<b>52657.37</b>	<b>593.38</b>	<b>53250.75</b>
<b>B. Depreciation/ Amortisation</b>											
At 31st March, 2011	-	41.99	2259.32	12.12	12241.02	176.63	187.92	174.02	15093.02	285.16	15378.18
Charge for the year	-	4.83	267.68	-	1665.48	11.85	14.20	47.71	2011.75	111.22	2122.97
Disposals	-	-	-	-	(356.03)	(0.91)	(1.82)	(48.93)	(407.69)	-	(407.69)
At 31st March, 2012	-	46.82	2527.00	12.12	13550.47	187.57	200.30	172.80	16697.08	396.38	17093.46
Charge for the year	-	9.99	286.44	-	2251.06	15.64	16.63	50.86	2630.62	45.93	2676.55
Disposals	-	-	(0.62)	-	(496.38)	(2.88)	(14.74)	(5.07)	(519.69)	-	(519.69)
<b>At 31st March, 2013</b>	<b>-</b>	<b>56.81</b>	<b>2812.82</b>	<b>12.12</b>	<b>15305.15</b>	<b>200.33</b>	<b>202.19</b>	<b>218.59</b>	<b>18808.01</b>	<b>442.31</b>	<b>19250.32</b>
<b>C. Net Block (A-B)</b>											
At 31st March, 2012	1185.11	412.03	7783.83	0.63	20805.09	68.01	183.16	370.83	30808.69	144.85	30953.54
<b>At 31st March, 2013</b>	<b>1810.90</b>	<b>1170.77</b>	<b>7743.20</b>	<b>0.63</b>	<b>22491.08</b>	<b>74.60</b>	<b>209.07</b>	<b>349.11</b>	<b>33849.36</b>	<b>151.07</b>	<b>34000.43</b>

#### Notes

- Pending settlement of dispute regarding external development charges with Haryana Urban Development Authority, Faridabad, Freehold Land of the value of ₹1.27 lacs (Previous Year ₹1.27 lacs) is pending for registration in the Company's name.
- Plant and Machinery of the value of ₹30.60 lacs (Previous Year ₹30.60 lacs) are held in joint ownership with others.
- Freehold Land, Leasehold Land and Buildings include ₹945.23 lacs (Previous Year ₹945.23 lacs), WDV ₹450.82 lacs (Previous Year ₹467.65 lacs) on account of additions on revaluation during the year ended 31.12.1983 as per valuation carried out by an approved valuer.

	₹ in lacs	
	2012-13	2011-12
e) Depreciation/Amortisation for the year (as above)		
- Tangible assets	2630.62	2011.75
- Intangible assets	45.93	111.22
Add: Depreciation charged on Investment Properties (refer Note 11)	11.44	11.44
<b>Depreciation/Amortisation charged to statement of Profit and Loss</b>	<b>2687.99</b>	<b>2134.41</b>

	31st March 2013	31st March 2012
<b>11. NON-CURRENT INVESTMENTS</b>		
<b>Investment property (at cost less accumulated depreciation)</b>		
Investment in Properties given as an operating lease (a)	<b>846.80</b>	846.80
Less: Accumulated depreciation	<b>102.36</b>	90.92
<b>Net block</b>	<b>744.44</b>	755.88
<b>Trade investments (valued at cost unless stated otherwise)</b>		
<b>Unquoted equity instruments</b>		
Birla Buildings Limited-5,000 Equity Shares of ₹10 each	<b>0.80</b>	0.80
<b>Investment in joint ventures</b>		
Supercor Industries Limited, Nigeria - 4,125,000 Equity Shares of Naira 1 each	<b>142.60</b>	142.60
	<b>143.40</b>	143.40
<b>Non-trade investments (valued at cost unless stated otherwise)</b>		
Government and trust securities (unquoted) (b)		
7 year National Savings Certificate	<b>0.02</b>	0.02
6 year National Savings Certificate	<b>0.47</b>	0.47
Indira Vikas Patra	<b>0.01</b>	0.01
	<b>0.50</b>	0.50
	<b>888.34</b>	899.78
Aggregate amount of unquoted investments	<b>143.90</b>	143.90
Value of investment properties	<b>744.44</b>	755.88
	<b>888.34</b>	899.78

- a) The Company alongwith other co-owners, has developed a plot of land at 25 Barakhamba Road, New Delhi, where the Company's share is 15%. The registration of the said plot of the value of ₹427.60 lacs (31 March 2012: ₹427.60 lacs) in the name of the Company is pending. The Company has given the said property on operating lease to some parties. There are no contingent rents in the lease agreements. The lease terms are mainly for 3-5 years and are renewable at the option of the lessee. There are no restrictions imposed by lease agreements. There are no subleases.
- b) Government Securities for ₹0.50 lac (31 March 2012: ₹0.50 lac) lodged with Government Departments.

## Notes to financial statements (Contd.)

		Non Current		Current	
		31st March, 2013	31st March, 2012	31st March, 2013	31st March, 2012
		₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
<b>12. LOANS AND ADVANCES</b>					
<b>Capital advances</b>	(A)	<b>545.80</b>	726.96	-	-
Unsecured, considered good					
<b>Inter corporate deposits</b>	(B)	-	-	<b>1025.00</b>	1025.00
unsecured, considered good					
<b>Security Deposits</b>	(C)				
Unsecured, considered good		<b>685.51</b>	595.32	-	-
Doubtful		<b>25.00</b>	25.00	-	-
		<b>710.51</b>	620.32	-	-
Provision for doubtful security deposits		<b>(25.00)</b>	(25.00)	-	-
		<b>685.51</b>	595.32	-	-
<b>Advances recoverable in cash or kind</b>	(D)				
Unsecured, considered good		-	-	<b>1943.14</b>	1838.03
Doubtful		<b>431.69</b>	461.59	-	-
		<b>431.69</b>	461.59	<b>1943.14</b>	1838.03
Provision for doubtful advances		<b>(431.69)</b>	(461.59)	-	-
		-	-	<b>1943.14</b>	1838.03
<b>Other loans and advances</b>	(E)				
(unsecured, considered good)					
Advance income-tax		<b>120.10</b>	83.81	-	-
(net of provision for taxation)		<b>19.33</b>	20.29	<b>159.77</b>	81.24
Prepaid expenses		<b>122.78</b>	87.83	<b>923.58</b>	871.17
Balance with statutory/government authorities		<b>262.21</b>	191.93	<b>1083.35</b>	952.41
<b>Total (A+B+C+D+E)</b>		<b>1493.52</b>	1514.21	<b>4051.49</b>	3815.44

## 13. OTHER ASSETS (unsecured, considered good unless stated otherwise)

<b>Non-current bank balance (note 16)</b>	<b>0.11</b>	0.11	-	-
<b>Others</b>				
Interest accrued on fixed deposits and security deposits	-	-	<b>35.69</b>	55.00
Dividend receivable on investments (refer note 31 (c))	-	-	<b>9.01</b>	8.54
Other Receivables (refer note 31 (b))	<b>169.10</b>	259.85	<b>316.41</b>	41.10
Doubtful	<b>20.45</b>	20.45	-	-
	<b>189.55</b>	280.30	<b>316.41</b>	41.10
Provision for doubtful other assets	<b>(20.45)</b>	(20.45)	-	-
	<b>169.10</b>	259.85	<b>316.41</b>	41.10
	<b>169.21</b>	259.96	<b>361.11</b>	104.64



## Notes to financial statements (Contd.)

	31st March 2013	31st March 2012
<b>14. INVENTORIES (valued at lower of cost and net realisable value)</b>		
Raw materials (includes in transit ₹339.97 lacs) (Previous Year: ₹1392.36 lacs) (refer note 19)	<b>11388.52</b>	8913.86
Work-in-progress (refer note 20)	<b>392.46</b>	200.12
Finished goods (refer note 20)	<b>11644.47</b>	8737.44
Trading goods (refer note 20)	<b>258.08</b>	38.59
Stores and spares (includes in transit ₹177.39 lacs) (Previous Year: ₹ Nil)	<b>977.44</b>	643.34
	<b>24660.97</b>	18533.35

	Non Current 31st March, 2013 ₹ in lacs	31st March, 2012 ₹ in lacs	Current 31st March, 2013 ₹ in lacs	31st March, 2012 ₹ in lacs
<b>15. TRADE RECEIVABLES*</b>				
<b>Considered good unless stated otherwise Outstanding for a period exceeding six months from the date they are due for payment</b>				
Secured, considered good	<b>4.17</b>	3.61	<b>14.79</b>	10.83
Unsecured, considered good	-	-	<b>45.95</b>	47.72
Doubtful	<b>231.05</b>	222.96	<b>354.78</b>	255.32
	<b>235.22</b>	226.57	<b>415.52</b>	313.87
Provision for doubtful receivables	<b>(231.05)</b>	(222.96)	<b>(354.78)</b>	(255.32)
	<b>4.17</b>	3.61	<b>60.74</b>	58.55
<b>Other debts</b>				
Secured, considered good	<b>0.16</b>	-	<b>2,436.66</b>	2,074.64
Unsecured, considered good	-	-	<b>7,638.78</b>	6,327.12
Doubtful	<b>3.85</b>	-	<b>164.97</b>	117.64
	<b>4.01</b>	-	<b>10,240.41</b>	8,519.40
Provision for doubtful receivables	<b>(3.85)</b>	-	<b>(164.97)</b>	(117.64)
	<b>0.16</b>	-	<b>10,075.44</b>	8,401.76
	<b>4.33</b>	3.61	<b>10,136.18</b>	8,460.31

\*[refer note 31 (a)]

	Non Current 31st March, 2013 ₹ in lacs	31st March, 2012 ₹ in lacs	Current 31st March, 2013 ₹ in lacs	31st March, 2012 ₹ in lacs
<b>16. CASH AND BANK BALANCE</b>				
<b>Cash and cash equivalents</b>				
Balances with banks:				
On current/collection/cash credit accounts	-	-	<b>568.80</b>	637.78
On unpaid dividend account	-	-	<b>70.06</b>	57.70
Cheques/drafts on hand	-	-	<b>317.09</b>	243.72
Cash on hand	-	-	<b>11.15</b>	4.73
	-	-	<b>967.10</b>	943.93
<b>Other bank balances</b>				
Deposits with original maturity for more than 12 months	-	-	-	-
With Post Office in Savings Bank Account	<b>0.11</b>	0.11	-	-
	<b>0.11</b>	0.11	-	-
Amount disclosed under non-current assets (note 13)	<b>(0.11)</b>	(0.11)	-	-
	-	-	<b>967.10</b>	943.93

	2012-13	2011-12
<b>17. REVENUE FROM OPERATIONS</b>		
Sale of products		
Finished goods	<b>114906.79</b>	93780.44
Traded goods	<b>1273.00</b>	847.08
Other operating revenue		
Technical Know-how and Service fee	<b>98.10</b>	81.99
Scrap sales	<b>331.03</b>	198.68
<b>Revenue from operations (gross)</b>	<b>116608.92</b>	94908.19
Less: Excise duty*	<b>12957.81</b>	9127.00
Revenue from operations (net)	<b>103651.11</b>	85781.19
* Excise duty on sales amounting to ₹12957.81 lacs (Previous Year: ₹9127.00 lacs) has been reduced from sales in the statement of profit & loss account and excise duty on increase/decrease in stock amounting to ₹355.70 lacs (Previous Year: ₹377.93 lacs) has been considered as expense in note 22 of financial statements.		
<b>Detail of products sold</b>		
<b>Finished goods sold</b>		
1. Fibre Cement Sheets	<b>96167.68</b>	76415.36
2. Thermal Insulation Products	<b>3536.97</b>	3236.92
3. Wind power	<b>369.09</b>	226.27
4. Others (including scrap)	<b>15262.18</b>	14182.56
	<b>115335.92</b>	94061.11
<b>Traded goods sold</b>		
1. Fibre Cement Sheets	<b>18.23</b>	587.87
2. CC sheets/Polycarbonate sheets	<b>1156.33</b>	248.20
3. Others	<b>98.44</b>	11.01
	<b>1273.00</b>	847.08
	<b>116608.92</b>	94908.19
<b>18. OTHER INCOME</b>		
Interest income on Deposits and others	<b>177.07</b>	202.39
Dividend income on		
Current investments	<b>6.88</b>	38.79
Long-term investments in joint venture	<b>9.01</b>	8.54
Foreign Exchange Fluctuation (Net)	<b>-</b>	112.79
Rent		
Long term investments in properties	<b>336.09</b>	350.53
Others	<b>20.77</b>	18.80
Unspent liabilities, provisions and sundry balances written back (net)	<b>181.48</b>	14.35
Miscellaneous Receipts	<b>56.27</b>	102.43
	<b>787.57</b>	848.62

	2012-13	2011-12
<b>19. COST OF RAW MATERIAL CONSUMED</b>		
Inventory at the beginning of the year	8913.86	5799.26
Add: Purchases	59315.40	49340.16
	68229.26	55139.42
Less: Inventory at the end of the year	11388.52	8913.86
Cost of raw material consumed	56840.74	46225.56
<b>Details of raw material consumed</b>		
Fibre	31466.70	24596.79
Cement	15327.17	13808.15
Others	10046.87	7820.62
	56840.74	46225.56
<b>Details of inventory</b>		
Fibre	9972.47	7941.71
Cement	326.14	252.21
Others	1089.91	719.94
	11388.52	8913.86

	2012-13	2011-12	(Increase)/decrease
<b>20. (INCREASE)/DECREASE IN INVENTORIES</b>			
Inventories at the end of the year			
Finished goods	11644.47	8737.44	(2907.03)
Work-in-progress	392.46	200.12	(192.34)
Trading goods	258.08	38.59	(219.49)
	12295.01	8976.15	(3318.86)
Inventories at the beginning of the year			
Finished goods	8737.44	7707.09	(1030.35)
Work-in-progress	200.12	563.01	362.89
Trading goods	38.59	557.60	519.01
	8976.15	8827.70	(148.45)
	(3318.86)	(148.45)	
	100.29	126.09	
	(3218.57)	(22.36)	
Add: Stocks of Finished Goods out of Trial Run Production			
<b>Details of purchase of trading goods</b>			
1. Fibre Cement Sheets	-	11.88	
2. CC Sheets/Polycarbonate sheets	1151.50	239.23	
3. Others	237.97	21.26	
	1389.47	272.37	
<b>Details of inventories</b>			
<b>Finished goods</b>			
1. Fibre Cement Sheets	10890.28	7876.90	
2. Thermal Insulation Products	99.12	112.65	
3. Others	655.07	747.89	
	11644.47	8737.44	
<b>Work-in-progress</b>			
1. Thermal Insulation Products	56.81	47.69	
2. Material handling and processing plant and equipments	305.00	140.71	
3. Others	30.65	11.72	
	392.46	200.12	
<b>Trading goods</b>			
1. Fibre Cement Sheets	-	11.75	
2. CC sheets/Polycarbonate sheets	251.52	5.36	
3. Others	6.56	21.48	
	258.08	38.59	

	2012-13	2011-12
₹ in lacs		
<b>21. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, Wages and Bonus	7499.09	6400.71
Gratuity expenses	244.00	138.07
Contribution to Provident Fund	406.59	361.55
Contribution to Other Funds	111.64	112.43
Staff and Workmen Welfare Expenses	680.71	526.74
	<b>8942.03</b>	<b>7539.50</b>
<b>22. OTHER EXPENSES</b>		
Consumption of Stores and Spares	3446.98	2625.40
Packing Expenses (Net)	486.94	495.66
Repairs and Renewals		
Buildings	181.74	151.25
Machinery (Excluding Stores and Spares Consumption)	802.12	567.92
General Repairs and Maintenance	1653.88	1195.71
Power and Fuel	7300.30	5370.96
Rent	357.25	322.78
Rates and Taxes	389.01	342.00
Excise Duty on Stocks (refer note 17)	355.70	377.93
Insurance (Net)	59.78	31.29
Commission on Sales	729.89	804.58
Carriage Outwards (Net)	4767.34	4131.27
Advertisement and Sales Promotion Expenses	1642.11	890.86
Professional, consultancy & legal expenses	1702.91	724.71
Directors' fee	5.20	4.90
Directors' Commission	91.00	84.00
Donations (refer note 42)	452.47	200.00
Loss on Sale/Discard of Fixed Assets (Net)	163.31	10.33
Provision for Doubtful receivables, advances and other assets	128.82	375.21
Foreign Exchange Fluctuation (Net)	18.23	—
Miscellaneous Expenses	2882.79	2308.66
	<b>27617.77</b>	<b>21015.42</b>
<b>Payment to auditors (included in Miscellaneous Expenses)</b>		
<b>As Auditors</b>		
- For Statutory Audit Fee	33.00	27.00
- For Tax Audit	5.00	5.00
- For Quarterly Review of Accounts	21.00	18.00
<b>In other capacity</b>		
- For Certification, Income tax, Company law matters etc.	2.80	3.25
Out of Pocket expenses	1.75	2.55
	<b>63.55</b>	<b>55.80</b>

	2012-13	2011-12
<b>23. DEPRECIATION AND AMORTISATION EXPENSE</b>		
Depreciation of tangible assets (refer note 10)	<b>2630.62</b>	2011.75
Amortisation of intangible assets (refer note 10)	<b>45.93</b>	111.22
Depreciation of investment property (refer note 10)	<b>11.44</b>	11.44
	<b>2687.99</b>	2134.41
<b>24. FINANCE COSTS</b>		
On short term loans	<b>167.07</b>	70.30
Exchange difference to the extent considered as an adjustment to borrowing costs	<b>179.92</b>	179.04
Others	<b>713.79</b>	496.71
	<b>1060.78</b>	746.05
<b>25. EARNINGS PER SHARE (EPS)</b>		
The following reflects the profit and share data used in the basic and diluted EPS computations:		
<b>Total operations for the year</b>		
Profit after tax	<b>6063.63</b>	6054.55
Weighted average number of equity shares in calculating basic and diluted EPS (Nos)	<b>7462563</b>	7462563
Basic and Diluted EPS (₹)	<b>81.25</b>	81.13

**26. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS**

The Employees' Gratuity Fund Scheme managed by a trust is a defined benefit gratuity plan which is administered through Group Gratuity Scheme with Life Insurance Corporation of India. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service or part thereof in excess of six months.

The following tables summaries the components of net benefit expense recognised in the statement of profit and loss, the funded/non-funded status and amount recognised in the balance sheet for the gratuity plan:

Statement of Profit and Loss

**Net employee benefit expense (recognised as employee benefits expense) in the statement of Profit and Loss**

	2012-13	2011-12
Current service cost	<b>133.74</b>	130.11
Interest cost on benefit obligation	<b>159.91</b>	159.22
Expected return on plan assets	<b>(154.98)</b>	(155.36)
Net actuarial loss recognized in the year	<b>105.33</b>	4.10
Net benefit expenses	<b>244.00</b>	138.07
Actual return on plan assets	<b>185.50</b>	174.95



## Notes to financial statements (Contd.)

	2012-13	2011-12
₹ in lacs		
<b>Amount recognized in the Balance sheet</b>		
Defined benefit obligation	<b>2221.46</b>	2215.91
Fair value of plan assets	<b>1925.17</b>	2114.99
	<b>296.29</b>	100.92
Less: Un-recognised past service cost	-	-
Plan liability	<b>296.29</b>	100.92

### Changes in the present value of the defined benefit obligation are as follows:

Opening defined benefit obligation	<b>2215.91</b>	2125.02
Interest cost	<b>159.91</b>	159.22
Current service cost	<b>133.74</b>	130.11
Benefits paid	<b>(404.11)</b>	(222.13)
Actuarial losses on obligation	<b>116.01</b>	23.69
Closing defined benefit obligation	<b>2221.46</b>	2215.91

### Changes in the fair value of plan assets are as follows:

Opening fair value of plan assets	<b>2114.99</b>	1943.93
Expected return	<b>154.98</b>	155.36
Contributions by employer	-	204.05
Benefits paid	<b>(355.47)</b>	(207.94)
Actuarial gain	<b>10.67</b>	19.59
Closing fair value of plan assets	<b>1925.17</b>	2114.99

The Company expects to contribute ₹ Nil to gratuity fund in the year 2013-14.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	2012-13	2011-12
Investments with insurer	<b>100%</b>	100%

The overall expected rate of return on assets is determined based on the actual rate of return during the current year.

The principal assumptions used in determining gratuity and leave benefit obligations for the Company's plans are shown below:

	2012-13	2011-12
Imputed rate of interest	<b>8.00%</b>	8.00%
Expected rate of return of assets	<b>8.00%</b>	8.00%
Salary rise	<b>8.00%</b>	8.00%
Remaining working life	<b>13 Years</b>	15 Years
Attrition Rate	<b>3%</b>	3%
Age	<b>18-57</b>	

## Notes to financial statements (Contd.)

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amount for the current and previous four years are as follows:

		(₹ in Lacs)			
	2012-13	2011-12	2010-11	2009-10	2008-09
Defined benefit obligation	<b>2221.46</b>	2215.91	2125.02	1936.48	1704.92
Plan assets	<b>1925.17</b>	2114.99	1943.93	1704.12	1567.70
Deficit	<b>296.29</b>	100.92	181.09	232.36	137.22

### Note:

Information relating to experience adjustments to plan assets and liabilities as required by Para 120(n)(ii) of the Accounting Standard 15 (Revised) on Employee Benefits is not available with the Company.

	₹ in lacs	
	2012-13	2011-12
<b>Defined Contribution Plan</b>		
Contribution to Provident Fund*	<b>407.11</b>	361.92
Contribution to Superannuation Fund*	<b>47.38</b>	51.60

\*including charged to Expenditure during construction period.

## 27. EXPENDITURE DURING CONSTRUCTION PERIOD (INCLUDED IN CAPITAL WORK IN PROGRESS)

Balance Brought Forward	-	23.87
<b>Expenditure Incurred during the year</b>		
Raw Materials Consumed	<b>106.93</b>	148.69
Salaries, Wages and Bonus	<b>9.79</b>	11.89
Contribution to Provident Fund	<b>0.52</b>	0.37
Staff and Workmen Welfare Expenses	<b>0.14</b>	0.66
Consumption of Stores and Spares	<b>9.07</b>	8.22
Packing Expenses	<b>0.13</b>	0.21
Repairs and Renewals		
Machinery (Excluding Stores and Spares Consumption)	<b>8.17</b>	8.54
General Repairs and Maintenance	<b>3.72</b>	-
Power and Fuel	<b>88.28</b>	38.02
Rent	-	2.94
Rates and Taxes	-	1.90
Insurance (Net)	-	1.22
Commission on sales	-	0.02
Miscellaneous Expenses	<b>1.84</b>	7.09
<b>Total Expenditure during Construction period</b>	<b>228.59</b>	229.77
Less: Turnover (Net of excise duty collected ₹8.05 lacs, Previous Year: ₹8.57 lacs)	<b>65.57</b>	84.12
Less : Stocks of Finished Goods out of trial run production	<b>100.29</b>	126.09
<b>Total</b>	<b>62.73</b>	43.43
Allocated to Fixed Assets	<b>51.45</b>	43.43
Balance carried forward	<b>11.28</b>	-

## 28. EXPENDITURE INCURRED ON RESEARCH AND DEVELOPMENT

Revenue expenditure debited to respective heads of account includes expenditure incurred on Research and Development during the year amounting to ₹320.74 lacs (Previous Year: ₹228.67 lacs) and assets/equipments purchased for research activities of ₹77.21 lacs (Previous Year: ₹4.92 lacs) disclosed under Tangible Assets.

## 29. INTEREST IN JOINT VENTURE COMPANY

The Company's interest in a joint venture company is as follows:

Name of the Joint Venture Company	Country of incorporation	Proportion of ownership interest	For the year ended on	Description of Interest
Supercor Industries Limited (SIL)	Nigeria	33%	December 31, 2012*	JV established for manufacture of asbestos cement sheets

The Company's share of the assets, liabilities, income and expenses of the jointly controlled entity as at and for the years ended December 31, 2012 and 2011 are as follows:

### Proportion of Company's Interest in a Joint Venture Company

	₹ in lacs	
	31-12-2012*	31-12-2011*
<b>Assets</b>		
Fixed assets (net block)	357.96	315.89
Inventories	233.55	147.83
Trade receivables	26.16	15.33
Cash and bank balances	4.82	13.08
Other current assets, loans and advances	157.24	258.36
<b>Liabilities</b>		
Secured loans	75.95	82.82
Current liabilities and provisions	254.06	268.15
Deferred tax liabilities	40.43	35.36
<b>Income</b>		
Sales	1204.76	1018.06
Other income	10.28	25.82
<b>Expenses</b>		
Raw materials consumed	628.88	628.38
Manufacturing and Other expenses	485.69	339.92
Interest and Financial charges	20.78	18.81
Depreciation	10.51	9.48
Provision for tax	25.18	14.09
Proposed Dividend	-	-
Contingent Liabilities	-	-
Capital commitments	-	-

\*Figures are based on un-audited financial statements and are as certified by the Management.

**30. SEGMENT INFORMATION****Business Segments**

**As of March 31, 2013 the Company has organised its operations into three major businesses:** Building Products, Thermal Insulation Products (Refractories) and Wind Power. A description of the types of products and services provided by each reportable business segment is as follows:

**Building Products:** The Company manufactures and markets fibre cement sheets, Aerocon Panels and AAC blocks. The said products are used in construction activity. Company also trades in allied products like GC Sheets, CC Sheet etc.

**Thermal Insulation Products (Refractories):** The Company manufactures and markets insulation products used in Cement, Fertilizers and Power Sector in the Kilns, furnaces and boilers.

**Wind Power:** The Company installed few Wind Turbine Generators as a part of Green initiative, part of which is used for captive consumption and the excess power to be sold to the respective state electricity board.

**Geographical Segments**

The analysis of geographical segments is based on the location of the customers i.e. domestic and overseas.

**a. Primary segment information (by Business segments)**

The following table presents revenue and profit information regarding business segments for the years ended March 31, 2013 and March 31, 2012 and certain assets and liabilities information regarding business segments as at March 31, 2013 and March 31, 2012.

Particulars	(₹ in Lacs)									
	Building Products		Thermal Insulation Products		Wind Power		Elimination		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
<b>Revenue</b>										
External Sales*	100096.58	82589.50	3184.94	2962.52	534.84	353.00	-	-	103816.36	85905.02
Other Income**	66.30	240.71	7.81	1.61	-	-	-	-	74.11	242.32
Inter Segment Revenue					(165.75)	(126.73)			(165.75)	(126.73)
<b>Total Revenue</b>	<b>100162.88</b>	<b>82830.21</b>	<b>3192.75</b>	<b>2964.13</b>	<b>369.09</b>	<b>226.27</b>	<b>-</b>	<b>-</b>	<b>103724.72</b>	<b>86020.61</b>
<b>Results</b>										
Segment results	13713.88	10945.29	380.84	506.50	202.06	124.68	-	-	14296.78	11576.47
Interest Income									177.07	202.39
Unallocated Corporate Expenses (Net)									4277.77	2297.12
<b>Operating Profit</b>									<b>10196.08</b>	<b>9481.74</b>
Interest Expenses									1060.78	746.05
Exceptional Items										
Taxes (Net)									2692.82	1927.22
Deferred Tax Charge									378.85	753.92
<b>Net Profit from Ordinary Activities</b>									<b>6063.63</b>	<b>6054.55</b>
<b>As at 31 March 2013</b>										
Segment Assets	68198.97	56327.70	2996.48	2982.49	4073.52	4236.11	-	-	75268.97	63546.30
Unallocated Corporate Assets									3396.08	3626.09
<b>Total Assets</b>									<b>78665.05</b>	<b>67172.39</b>
Segment Liabilities	11705.13	11637.39	903.46	890.20	18.21	26.55	-	-	12626.80	12554.14
Unallocated Corporate Liabilities									27470.14	20355.11
<b>Total Liabilities</b>									<b>40096.94</b>	<b>32909.25</b>
<b>Other segment information</b>										
Capital Expenditure	5400.58	2917.75	69.90	235.57	38.89	2581.06	-	-	5509.37	5734.38
Unallocated Capital Expenditure									537.78	336.63
Depreciation/Amortisation	1970.73	1737.87	244.17	74.15	297.86	193.33	-	-	2512.76	2005.35
Unallocated Corporate Depreciation/Amortisation									158.40	112.23
Provision for Doubtful Debts, Advances and Receivables	128.82	354.70	-	20.51	-	-	-	-	128.82	375.21
Unallocated Corporate Provision for Doubtful Debts										

\* Sales as per the statement of Profit and Loss is ₹103651.11 lacs (Previous Year: ₹85781.19) which includes ₹0.50 lac (Previous Year: ₹2.90) lacs pertaining to Corporate Office.

\*\* Total other income as per the statement of Profit and Loss is ₹787.57 lacs (Previous year: ₹848.62 lacs) which includes ₹536.39 lacs (Previous year: ₹403.91 lacs) pertaining to Corporate Office.

**SEGMENT INFORMATION (Contd.)**

**b. Geographical Segments**

The following is the distribution of the Company's consolidated sales by geographical market, regardless of where the goods were produced:

	2012-13	2011-12
<b>Assets</b>		
Domestic Market (excluding Sales during trial run period)	<b>102981.87</b>	85360.82
Overseas Markets (Including Technical know-how and service fee)	<b>669.24</b>	420.37
	<b>103651.11</b>	85781.19

The following table shows the carrying amount of Trade Receivables by geographical markets.

Domestic Market	<b>10858.85</b>	9015.38
Overseas Markets	<b>36.31</b>	44.46
	<b>10895.16</b>	9059.84

The Company has entire fixed assets situated within India for producing goods/providing services to domestic as well as overseas markets. Hence, separate figures for fixed assets/addition to fixed assets have not been furnished.

**31. RELATED PARTY DISCLOSURE**

	2012-13	2011-12
Transactions during the year		
Sale of Finished Goods (inclusive of Freight Recovery)	<b>59.24</b>	119.95
Service Charges and Technical Know-how Fees received	<b>98.10</b>	81.99
Dividend received	<b>9.01</b>	8.54
Re-imbursement of Expenses	<b>2.10</b>	1.79
<b>Balance outstanding as at the year end</b>		
a) Trade receivable	<b>36.31</b>	44.46
b) Other receivables	<b>357.02</b>	244.45
c) Dividend Receivable on investments	<b>9.01</b>	8.54
d) Advance from customers	<b>17.14</b>	1.08
<b>Key Management Personnel-Mr. Abhaya Shankar</b>		
<b>Mr. Abhaya Shankar Managing Director</b>		
i) Managerial Remuneration	<b>180.21</b>	156.25
ii) Dividend Paid	<b>0.60</b>	0.48
iii) Year end payable	<b>40.00</b>	25.00

No amount has been provided as doubtful receivable or advance written off or written back in the year in respect of receivable due from/to above related parties.

**Name of related parties**

Joint Venture

Supercor Industries Limited, Nigeria.

Key Management Personnel

Mr. Abhaya Shankar (Managing Director)



	2012-13	2011-12
<b>32. CAPITAL COMMITMENTS</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for	<b>548.39</b>	185.40
<b>33. CONTINGENT LIABILITIES (NOT PROVIDED FOR) IN RESPECT OF</b>		
a. Demand raised by the Income Tax authorities, being disputed by the Company	<b>1107.70</b>	1057.27
b. Demands raised by Sales tax authorities, being disputed by the Company.	<b>1244.32</b>	822.76
c. Demands (Including penalties) raised by Excise authorities, being disputed by the Company.	<b>1565.79</b>	1376.38
d. Appeal filed by the Company before the High Court of Judicature of Andhra Pradesh against the decision of appeal in favour of the Income tax department pertaining to wealth tax matter.	<b>56.98</b>	56.98
e. Pending cases with Income Tax Appellate Authorities where Income Tax Department has preferred appeals.	<b>Liability not ascertainable</b>	Liability not ascertainable
f. Demand for Property Tax, being disputed by the Company	<b>305.86</b>	401.68
g. Other claims against the Company not acknowledged as debts	<b>353.61</b>	353.61

Based on favourable decisions in similar cases, legal opinion taken by the Company, discussions with the solicitors, etc., the Company believes that there is fair chance of decisions in its favour in respect of all the items listed above and hence no provision has been considered necessary against the same.

#### 34. PARTICULARS OF HEDGED/UNHEDGED FOREIGN CURRENCY EXPOSURE AS AT THE BALANCE SHEET DATE

a. Unhedged Foreign Currency Exposure	Currency	2012-13	2011-12
Trade Payables	US\$	<b>1689279</b>	2452256
Loans	US\$	<b>3136366</b>	2491471
Trade Receivables	US\$	<b>66900</b>	87400
Other Receivable	Nigerian Naira	<b>98659815</b>	73265156
	US\$	<b>32832</b>	28888
Dividend receivable	Nigerian Naira	<b>2598750</b>	2598750
Cash and Bank Balances	US\$	<b>800</b>	1600
Interest accrued but not Due	US\$	<b>75765</b>	23204
	Euro	<b>1740</b>	-
Advances from customers	US\$	<b>31575</b>	2100

Foreign currency conversion rate -

1 US\$ = ₹54.29 (Previous Year : ₹50.88), 1 Euro = ₹69.48, 1 Naira = ₹0.35 (Previous Year : ₹0.32)

#### b. The details of forward contracts outstanding at the year end are as follows:

Currency	Number of contracts	Buy Amount in US\$	Purpose
31-Mar-13	USD 23	<b>9069250</b>	For hedging of loans
	EURO 1	<b>309575</b>	
31-Mar-12	USD 9	<b>4718450</b>	

**35. LOANS AND ADVANCES IN THE NATURE OF LOANS GIVEN TO COMPANY IN WHICH DIRECTORS ARE INTERESTED**

Hindustan Motors Limited

Balance as at March 31, 2013 ₹ Nil (Previous Year: ₹Nil)

Maximum amount outstanding during the year ₹Nil (Previous Year: ₹1000.00 lacs)

**36. Details of dues to Micro, Small and Medium Enterprises as per Micro Small and Medium Enterprise Development (MSMED) Act, 2006 (as certified by the Management)**

	₹ in lacs	
	2012-13	2011-12
a. The principal amount remaining unpaid to any supplier as at the end of each accounting year.	5.77	18.59
b. The interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	NIL	NIL
c. The amount of interest paid by the buyer in terms of Section 16, of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	NIL	NIL
d. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.	NIL	NIL
e. The amount of interest accrued and remaining unpaid at the end of each accounting year; and	NIL	NIL
f. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues 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

**37. Provision for employee related other costs**

	₹ in lacs			
	Opening Balance	Created during the year	Utilised/ recouped during the year	Closing Balance
Employee Related Other Costs (Refer note a)	21.76	27.23	21.76	27.23
a) The wage agreements at two of the manufacturing locations of the Company are pending as at March, 31 2013. It is expected that agreement will be entered in next year and arrears would be paid based on the agreement. The provision for wage arrears have been made on the basis of expected outflows.				

**38. VALUE OF IMPORTS CALCULATED IN CIF BASIS**

	₹ in lacs	
	2012-13	2011-12
a. Raw Materials	33175.78	24483.53
b. Stores and Spares	298.82	34.84
c. Trading Goods	181.28	-
d. Research & Development	65.16	-
e. Capital Goods	471.25	-

**39. EXPENDITURE IN FOREIGN CURRENCY (on accrual basis)**

a. Others (included in Miscellaneous expenses)	91.38	119.61
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**40. Value of Raw Materials, Stores and Spares Consumed (including material consumed during the trial run period) and Percentage to the total**

₹ in lacs				
	2012-13		2011-12	
	Percentage	Value	Percentage	Value
<b>a. Raw Materials</b>				
i. Indigenous	46.22	26320.53	47.15	21863.39
ii. Imported	53.78	30627.14	52.85	24510.86
	<u>100.00</u>	<u>56947.67</u>	<u>100.00</u>	<u>46374.25</u>
<b>b. Stores and Spares</b>				
i. Indigenous	98.23	3394.88	99.96	2632.64
ii. Imported	1.77	61.17	0.04	0.98
	<u>100.00</u>	<u>3456.05</u>	<u>100.00</u>	<u>2633.62</u>

**41. NET DIVIDEND REMITTED IN FOREIGN CURRENCY**

₹ in lacs		
	2012-13	2011-12
<b>a. Final Dividend</b>		
Number of NRI Shareholders	268	283
Number of Shares held by them	250922	144639
Dividend paid (₹ In Lacs)*	-	-
Year to which dividend relates	2011-12	2010-11
<b>b. Interim dividend</b>		
Number of NRI Shareholders	270	282
Number of Shares held by them	253467	141923
Dividend paid (₹ In Lacs)*	-	-
Year to which dividend relates	2012-13	2011-12

\* excluding dividend of ₹50.38 lacs (Previous Year: ₹22.98 lacs) credited to FCNR/NRE account of NRI's and paid to foreign Institutional Investors on repatriation basis.

**42. CONTRIBUTIONS TO POLITICAL PARTIES**

Information in respect of Section 293A (4) of Companies Act, 1956 pertaining to contribution to political parties (included in note 22-Donations) ₹50 lacs each to All India Congress Committee and Bharthiya Janata Party.

**43. EARNINGS IN FOREIGN EXCHANGE**

₹ in lacs		
	2012-13	2011-12
(i) Export of Goods (F.O.B.)	396.05	261.15
(ii) Technical Know-how and service fees (on accrual basis)	98.10	81.99
	<u>494.15</u>	<u>343.14</u>

**44.** Previous year figures have been regrouped/rearranged wherever necessary to confirm to current years classification.

As per our Report of even date

For **S.R.Batliboi & Associates LLP**  
ICAI Firm registration number : 101049W  
Chartered Accountants

Per **Vikas Kumar Pansari**  
Partner  
Membership No.093649

Place : New Delhi  
Dated : 03.05.2013

For and on behalf of the Board of Directors

**Ashok Soni**  
C F O

**C.K. Birla**  
Chairman

**P. Rajesh Kumar Jain**  
Company Secretary

**Abhaya Shankar**  
Managing Director

## Notice

### TO THE SHAREHOLDERS

**Notice** Is hereby given that the Sixty-Sixth Annual General Meeting of HIL Limited will be held on Tuesday the 30th day of July, 2013, at 3.00 P.M. at Asbestos Centre, Road No.13, Banjara Hills, Hyderabad, Andhra Pradesh 500 034 to transact the following business:

#### Ordinary Business

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2013 and the Balance Sheet as at that date together with the Report of the Directors' and Auditors' thereon.
2. To declare final dividend of ₹12.50 /- per Equity Share and to confirm the interim dividend of ₹7.50/- per Equity Share already paid, on 74,62,563 Equity Shares of ₹10/- each for the financial year 2012-13.
3. To appoint a Director in place of Mr. Krishnagopal Maheshwari, who retires by rotation and being eligible offers himself for re-election.
4. To appoint a Director in place of Mr. Yashpaul, who retires by rotation and being eligible offers himself for re-election.
5. To appoint M/s. S.R. Batliboi & Associates LLP., Chartered Accountants, (ICAI Firm Registration Number: 101049W) , who retire at the conclusion of this Annual General Meeting, as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

#### Special Business

##### 6. To consider and approve modification in terms of reappointment of Mr.Abhaya Shankar, Managing Director by providing eligibility for membership of CEO Club

To consider and, if thought fit, to pass with or without modification, the following Resolution as a Special Resolution.

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 317 & Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, read with Article 146 of the Articles of Association of the Company, and approval of the Central Government, if any required, and such other consents and approvals as may be required, Mr. Abhaya Shankar, Managing Director, in addition to the remuneration payable in accordance with the resolution of Shareholders passed at their Annual General Meeting held on 20th July 2012, shall also be eligible for membership of CEO club to be held in his individual name forming part of remuneration payable to him, w.e.f 1st November 2012."

By Order of the Board  
For HIL Limited

Registered Office:  
Sanatnagar  
Hyderabad - 500 018  
Dated : 3<sup>rd</sup> May, 2013

**P. Rajesh Kumar Jain**  
Company Secretary

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956**

**ITEM NO. 6: To consider and approve modification in terms of reappointment of Mr. Abhaya Shankar, Managing Director by providing eligibility for membership of CEO Club.**

The Managing Director plays a crucial role in managing affairs of the Company. Mr. Abhaya Shankar was appointed as Managing Director of the Company by the Board of Directors at their meeting held on 29th January, 2008, w.e.f., 1st February 2008 and the same was approved by Shareholders through postal ballot. Thereafter Mr. Abhaya Shankar was reappointed, for a period of three years w.e.f., 1st May 2009 to 30th April, 2012, with approval of Shareholders at the Annual General Meeting held on 23rd July 2009.

The Board of Directors at their meeting held on 24th January, 2012 after considering the performance and achievement of the Company under the supervision of Mr. Abhaya Shankar, Managing Director reappointed him as a Managing Director for a further period of 3 (Three) years on the remuneration as approved by Shareholders at their Annual General Meeting held on 20th July 2012.

The Remuneration Committee at its meeting held on 31st October, 2012 recommended to the Board that in addition to the remuneration payable to Mr. Abhaya Shankar, Managing Director, in accordance with the resolution of Shareholders passed at their Annual General Meeting held on 20th July 2012, shall also be eligible for membership of Chief Executive Officer Club (CEO Club) to be held in his individual name forming part of remuneration payable to him, w.e.f 1st November 2012. The Board of Directors at their meeting held on 31st October, 2012 considered the recommendations of Remuneration Committee and approved the same, subject to the approval of shareholders.

CEO Club is a global business network and leadership development organization with thousands of CEOs' as its members in several countries. The membership to this club is exclusive and by invitation only for an individual who is the head of an organization with a title similar to CEO, MD, Chairman, etc., with a minimum turnover of INR 50 Cr. per annum.

The Club provides educational opportunities to its members to learn new ways of thinking, discuss challenges faced in business, exchange ideas and engage with local, national and international business leaders who are in the forefront of business development and thought. To facilitate the exchange of ideas and to create business opportunities, the "CEO Club" conducts various seminars, conferences, interactive sessions, CEO roundtables, peer group briefings, business delegations and matchmaking events, annual retreats and educational courses throughout the year, featuring noted speakers and authors on a variety of business subjects and providing opportunities for personal, in-depth sharing of expertise, new perspectives and approaches.

Mr. Abhaya Shankar will continue to exercise the Management control over the whole of the affairs of the Company under the control, superintendence and direction of the Board of Directors. Mr. Abhaya Shankar does not have any pecuniary relationship directly or indirectly with the Company or any relationship with the managerial person as disclosed.

The Resolution passed by the Board of Directors on 31st October, 2012 pertaining to the revision of remuneration payable to Mr. Abhaya Shankar as Managing Director is open for inspection by the members at the Registered Office of the Company between 10.00 A.M. to 12.00 Noon on any working day up to the date of ensuing Annual General Meeting.

The Board of Directors recommends the Resolution at item no. 6 of the Notice to the members for approval.

Mr. Abhaya Shankar is interested in the resolution to the extent of revision in remuneration proposed to be paid to him. None of the other Directors of the Company is in any way, concerned or interested in the resolution above.

By Order of the Board  
For HIL Limited

Registered Office:  
Sanatnagar  
Hyderabad - 500 018  
Dated: 3<sup>rd</sup> May, 2013

**P. Rajesh Kumar Jain**  
Company Secretary



## Notice (contd.)

### Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM(S) IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. Proxies submitted on behalf of Limited Companies, Societies, Partnership Firms, etc. must be supported by appropriate resolution/authority, as applicable, issued by the member organisation.
2. An explanatory statement, pursuant to the provisions of Section 173(2) of the Companies Act, 1956 in respect of item No. 6 of the notice, is annexed hereto.
3. The details under Clause 49 of the Listing Agreement with the Stock Exchanges in respect of Directors seeking appointment/re-appointment at the Annual General Meeting, is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company in respect of Equity Shares will remain closed from Wednesday, 24th July, 2013 to Tuesday 30th July, 2013 (both days inclusive).
5. The final dividend, as recommended by the Board of Directors, if approved by the Shareholders at their 66th Annual General Meeting, will be paid to those Shareholders or their mandate(s), whose names appear in the Register of Members of the Company on Tuesday, the 30th July, 2013. In respect of shares held in dematerialised/electronic form, the dividend thereon shall be paid to the beneficial owners, as per the list provided by the respective Depositories for the said purpose.
6. M/s. Venture Capital and Corporate Investments Pvt. Ltd. 12-10-167, Bharat Nagar, Hyderabad - 500018 (email: info@vccilindia.com) Tel: 040-23818475/76; Fax: 040-23868024; is the Share Transfer Agent (STA) of the Company. For effecting changes in the Address/Bank details/NECS (National Electronic Clearing Service) mandate, the members are requested to notify to the said share transfer agent if shares are held in physical form; and their respective Depository Participant (DP), if the shares are held in dematerialised form.
7. To avoid loss of dividend warrants in transit and undue delay in respect of dividend warrants, the Company has provided a facility to the members for remittance of dividend through the National Electronic Clearing System (NECS). The NECS facility is available at locations identified by Reserve Bank of India from time to time and covers most of the cities and towns. Members holding shares in physical form and desirous of availing this facility are requested to contact the Company's Registrar and Transfer Agent.
8. Members holding shares in the same name under different Ledger Folios are requested to apply for consolidation of such Folios and send the relevant share certificates to the STA/Company. Members holding shares in physical form are informed to furnish their bank account details to the Company/STA to have printed the same on the dividend warrants so as to avoid possibility of misuse of dividend warrants by others.
9. Members holding shares in dematerialised mode are requested to intimate all changes pertaining to their bank details, NECS, mandates, nominations power to attorney, change of address/name, etc. to their Depository Participant only and not to the Company's Registers and Transfer Agents. Changes intimated to the Depository Participant will then be automatically reflected in the Company's records which will help the Company and its Registrars and Transfer Agents to provide efficient and better service to the Members.
10. Pursuant to the provisions of Section 205A of the Companies Act, 1956, all unclaimed/unpaid dividends up to the financial year ended 31st March, 2004 have been transferred to the General Revenue Account of the Central Government.
11. Consequent upon the introduction of Section 205C by the Companies (Amendment) Act, 1999, the

amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Account of the Company is required to be transferred to the Investor Education and Protection Fund set up by the Government of India and no payment shall be made in respect of any such claims by the Fund. Members who have not yet encashed their dividend warrant(s) for the financial years 2005-2006 to 2011-2012 are requested to make their claims to the Company without any delay.

12. Members are requested to visit the website of the Company, i.e., "www.hil.in" for viewing the quarterly, half-yearly and annual financial results and for more information on the Company.
13. Members desiring any information as regards the Accounts are requested to write to the Company at an

early date so as to enable the Management to keep the information ready at the Meeting.

14. As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the Meeting.
15. Members/Proxies are requested to kindly take note of the following:
  - i. Attendance slip, as sent herewith, is required to be brought at the venue duly filled in and signed, for attending the meeting.
  - ii. Folio No./DP & Client ID No. may please be quoted in all correspondence with the Company and/or the STA.

## Auditors' Certificate & Managing Directors' Declaration

### Auditors' Certificate

To  
The Members of **HIL Limited** (formerly Hyderabad Industries Ltd.)

We have examined the compliance of conditions of corporate governance by Hil Limited (formerly Hyderabad Industries Ltd.), for the year ended on March 31, 2013, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

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 the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **S. R. BATLIBOI & ASSOCIATES LLP**  
CHARTERED ACCOUNTANTS  
ICAI Firm registration number : 101049W

per **Vikas Kumar Pansari**  
Partner  
Membership No.093649

Place : New Delhi  
Dated : 3<sup>rd</sup> May, 2013

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### Declaration by the Managing Director

I, Abhaya Shankar, Managing Director, hereby declare that the Company has received the declarations from all the Board Members and Senior Management Personnel affirming compliance with Code of Conduct for Members of the Board and Senior Management for the year 2012-2013.

**Abhaya Shankar**  
Managing Director

Place : New Delhi  
Dated : 3<sup>rd</sup> May, 2013

## 1. CORPORATE GOVERNANCE PHILOSOPHY

The Company is committed to the highest standards of Corporate Governance. The Company relies on the strong Corporate Governance systems and policies of business for healthy growth, accountability and transparency. Good Corporate Governance framework enables the Board and Management to achieve the goals and objectives effectively for the benefit of the Company and its Shareholders. The Code of Corporate Governance emphasises on transparency of systems to enhance the benefits to Shareholders, Customers, Creditors and employees of the Company. In addition to compliance with regulatory requirements, the Company endeavors to ensure that the highest standard of ethical conduct is maintained throughout the organisation.

The Company has complied with the requirements of the Corporate Governance Code in terms of Clause 49 of the Listing Agreement with the Stock Exchanges as disclosed hereinbelow:

## 2. BOARD OF DIRECTORS

The Board of Directors along with its Committees provides focus and guidance to the Company's Management as well as directs and monitors the performance of the Company.

The Board of Directors presently comprises of six Directors, having rich experience and specialized skills in their respective fields, out of which five are Non-Executive Directors. The Company has a Non-Executive Chairman and four Independent Directors comprising more than one third of the total strength of the Board. The Non-Executive Directors are more than 50% of the total number of Directors with the Managing Director being the only Executive Director on the Board of the Company.

All the Directors on the Board of the Company have made necessary declarations/disclosures regarding their other directorships along with Committee positions held by them in other Companies.

During the year under review, four Board Meetings were held on 01st May, 2012, 20th July, 2012, 31st October, 2012 and 24th January, 2013. The maximum time-gap between any two consecutive meetings did not exceed four months. The composition of the Board of Directors, their directorship details and the attendance of each Member at the meetings were as follows:

S. No.	Name of the Director	Category of Directorship	No. of Board Meetings held during the Year of his directorship	No. of Meetings attended	Number of other Directorships <sup>1</sup>	Number of other Committee Memberships	Attendance at last AGM	Share-holding
1.	Mr.C.K.Birla	Chairman Promoter Non-Executive	4	4	7	-	Yes	51376
2.	Mr.Krishnagopal Maheshwari	Director Non-Executive & Independent	4	1	2	-	Yes	9660
3.	Mr.Shreegopal Daga	Director Non-Executive & Independent	4	4	1	-	Yes	400
4.	Mr.P.Vaman Rao	Director Non-Executive & Independent	4	4	1	2	Yes	Nil
5.	Mr.Yash Paul	Director Non-Executive & Independent	4	4	-	-	Yes	Nil
6.	Mr.Abhaya Shankar	Managing Director	4	4	1	-	Yes	2997

<sup>1</sup> Other than Directorships in Private Limited Companies, Section 25 Companies, Foreign Companies and Associations.

### 3. COMMITTEES OF DIRECTORS

#### 3.1 Audit Committee

The Company constituted a Qualified and Independent Audit Committee comprising of three Non-Executive Independent Directors in accordance with the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges and Section 292A of the Companies Act, 1956.

The Committee is empowered with the powers as prescribed under Clause 49 of Listing Agreement and Section 292A of the Companies Act, 1956. The Committee also acts in terms of reference and directions of the Board from time to time.

During the year under review, four Audit Committee Meetings were held on 1st May, 2012, 20th July, 2012, 31st October, 2012 and 24th January, 2013. The composition of the Audit Committee and the attendance of each Member of the Committee at the meetings were as follows:

S. No.	Name of the Director	Category	No. of meetings held during the year of his membership	No of meetings attended
1	Mr. P. Vaman Rao	Chairman	4	4
2	Mr. Shreegopal Daga	Member	4	4
3	Mr. Yash Paul	Member	4	4

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

The Managing Director, Chief Financial Officer, Internal Auditor and Statutory Auditors are also invited to the meetings, to brief the Committee and to answer and clarify queries raised at the Committee Meetings. The Company Secretary acts as the Secretary of the Committee.

#### 3.2 Remuneration Committee

The Remuneration Committee comprises of three Independent Non-Executive Directors. During the year under review, two Remuneration Committee Meetings were held on 1st May, 2012 and 31st October, 2012. The composition of the Remuneration Committee and the attendance at its meeting is as follows:

S. No.	Name of the Director	Category	No. of meetings held during the year of his membership	No of meetings attended
1	Mr. Shreegopal Daga	Chairman	2	2
2	Mr. P. Vaman Rao	Member	2	2
3	Mr. Yash Paul	Member	2	2

The Remuneration Committee reviews the remuneration package payable to Executive Director(s) and Executives in the top level Management of the Company and gives its recommendation to the Board and acts in terms of reference of the Board from time to time.

The details of remuneration and performance bonus paid during the year to the Managing Director, is as follows:

#### Mr. Abhaya Shankar, Managing Director

Particulars	Amount (₹ in Lacs)
Salary	42.70
Allowance, Perquisites & Others	97.51
Performance Variable Pay	40.00
Total	180.21

Apart from the above, he is also eligible for the Leave Encashment, Leave Travel Concession, Gratuity and Contribution to Provident Funds and other benefits in terms of his appointment and rules of the Company.

The remuneration by way of commission to the Non-Whole time Directors is decided by the Board of Directors and distributed to them based on their contribution as well as time spent on operational matters other than at the meetings. The Members, at the Annual General Meeting held on 21st July, 2011 approved the payment of remuneration by way of commission to the Non-Whole-time Directors of the Company, calculated in accordance with the provisions of the Companies Act, 1956, for a period of five years, for each financial year commencing from 01st April, 2011. All the Non-executive Directors are eligible



to receive Commission up to a maximum of 1% of profits calculated in accordance with the provisions of Section 198, of the Companies Act, 1956, in addition to the sitting fees. The details of sitting fees, for attending the Board Meetings and Committee Meetings, and Commission for the year under review are as follows:

Name of the Director	Sitting Fees (₹ in Lacs)	Commission (₹ in Lacs)
Mr.C.K. Birla	0.80	65.00
Mr.Krishnagopal Maheshwari	0.20	6.50
Mr.Shreegopal Daga	1.40	6.50
Mr.P.Vaman Rao	1.40	6.50
Mr.Yash Paul	1.40	6.50

Other than the sitting fees and commission paid to Non-Executive Directors there were no material pecuniary relationship or transaction with the Company.

The Company has not issued any stock options to its Directors/employees.

### 3.3 Investors Relations Committee:

The Investors Relations Committee comprises of three Independent Non-Executive Directors. During the year under review, four Investors Relations Committee Meetings were held on 1st May, 2012, 20th July, 2012, 31st October, 2012 and 24th January, 2013. The composition of the Investors Relations Committee and the attendance of each Member of the Committee at the meetings were as follows:

S. No.	Name of the Director	Category	No. of meetings held during the year of his membership	No of meetings attended
1	Mr. P. Vaman Rao	Chairman	4	4
2	Mr. Shreegopal Daga	Member	4	4
3	Mr. Yash Paul	Member	4	4

The Investors Relations Committee of the Board is empowered to oversee the redressal of investor

complaints pertaining to share transfer, non-receipt of Annual Reports, dividend payments, issue of duplicate share certificate transmission of shares and other miscellaneous complaints. In accordance with Clause 49 of the Listing Agreement with Stock Exchanges, the Board has authorised the Company Secretary, who is also the Compliance Officer, to approve share transfers/transmissions and is empowered to oversee the redressal of investor complaints pertaining to share transfer, non-receipt of Annual Reports, dividend payments, issue of duplicate share certificate transmission of shares and other miscellaneous complaints.

Mr. P. Rajesh Kumar Jain, Company Secretary is the Compliance Officer of the Company. All investor complaints, which cannot be settled at the level of the Compliance Officer, are placed before the Committee for final settlement.

Twenty Four investor complaints were received during the year under review, which were resolved at the level of the Compliance Officer itself. There were no pending investor complaints pertaining to the Financial Year ended 31st March, 2013.

### 4. GENERAL BODY MEETINGS

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

Financial Year Ended	Day	Time
31st March, 2012	20th July, 2012	3.00 P.M.
31st March, 2011	21st July, 2011	3.00 P.M.
31st March, 2010	21st July, 2010	3.00 P.M.

- b. All special resolutions moved at the last three Annual General Meetings were passed by show of hand by the shareholders present at the meeting. The details of Special Resolution(s) passed at the last three Annual General Meetings are as follows:

## Report on Corporate Governance (Contd.)

In the Annual General Meeting held on 21st July, 2010:

1. Revision in the remuneration of Mr. Abhaya Shankar, Managing Director

In the Annual General Meeting held on 21st July, 2011:

1. Payment of Commission to Non-Executive Directors for a further period of 5 (five) years commencing from April 1, 2011 at a rate not exceeding 1(one)% of Net Profits of the Company.

In the Annual General Meeting held on 20th July, 2012:

1. Change of Name of the Company
2. Re-appointment of Mr. Abhaya Shankar as Managing Director.

Note:

- a) No special resolution was passed through postal ballot last year.
- b) No special resolution is proposed to be conducted through postal ballot.

### 5. DISCLOSURES:

Disclosures on Materially Significant Related Party Transactions:

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

Details of Non-Compliance and Penalties:

There was no non-compliance during the last three years by the Company on any matter related to Capital Market. There were no penalties imposed nor strictures passed on the Company by any Stock Exchanges, Securities and Exchange Board of India or any Statutory Authority relating to the capital markets.

CEO/CFO Certification:

The Managing Director (CEO) and Chief Financial Officer have certified to the Board in accordance with Clause 49(V) of the Listing Agreement pertaining to

CEO/CFO certification for the financial year ended 31st March, 2013.

Compliance Certificate:

Compliance Certificate for Corporate Governance from Auditors of the Company is annexed hereto and forms part of this Report.

Code of Conduct:

The Company has posted the Code of Conduct for Directors and Senior Management on its website. The Code of Conduct is applicable to all Directors and Senior Management Personnel of the Company. All the members of the Board and Senior Management of the Company have affirmed compliance with their respective Codes of Conducts for the Financial Year ended 31st March, 2013. A declaration to this effect, duly signed by the Managing Director is annexed hereto and forms part of this Report.

Details of Compliance with Mandatory Requirements and Adoption of the Non-mandatory Requirements:

The Company has complied with the mandatory requirements of Clause 49 and is in the process of implementation of Non-mandatory requirements.

Relationships inter-se among Directors:

In accordance with the provisions of Section 6 read with Schedule IA of the Companies Act, 1956, none of the Director(s), on the Board of the Company is related to each other.

### 6. MEANS OF COMMUNICATION

Quarterly and Half-yearly reports are published in two Newspapers - one in English and one in Telugu.

The Financial Results are regularly submitted to the Stock Exchanges in accordance with the Listing Agreement and simultaneously displayed on the Company's website **www.hil.in**. The Company Law Department of the Company serves to inform the investors by providing key and timely information like details of Directors, Financial Results, Shareholding Pattern, etc.

The Company is also displaying official news on its website **www.hil.in**.

**7. GENERAL SHAREHOLDER'S INFORMATION:**

- Date, time and Venue** : Tuesday, 30th July, 2013 at 3.00 P.M.  
Asbestos Centre, Road No. 13, Banjara Hills, Hyderabad
- Financial year** : April to March
- Book Closure** : From 24th July, 2013 to 30th July, 2013 (both days inclusive)
- Dividend Payment Date** : Within one Week from the date of declaration in the Annual General Meeting.
- Listing on Stock Exchanges** : 1) Bombay Stock Exchange Limited,  
Phiroze Jeejeebhoy Towers, Dalal Street,  
MUMBAI - 400001
- 2) National Stock Exchange of India Limited.  
'EXCHANGE PLAZA' 5th Floor, Plot#C/1,  
G-Block, Bandra-Kurla Complex,  
Bandra(E), MUMBAI - 400051.

**Stock Code:**

Name of the Stock Exchange	Stock Code/Symbol
Bombay Stock Exchange Limited	509675/HIL
National Stock Exchange of India Ltd.	HIL

The Listing fee for the year 2013-2014 has been paid to both the above said Stock Exchanges.

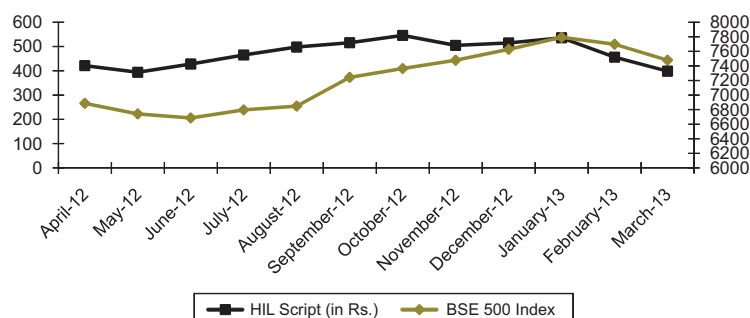
**Market Price Data**

High, low during each month and trading volumes of the Company's Equity Shares during the last financial year 2012-13 at the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited are given below:

Month	Bombay Stock Exchange Limited (BSE)			National Stock Exchange of India Ltd., (NSE)			BSE 500 Index	
	High (₹)	Low (₹)	No. of shares traded	High (₹)	Low (₹)	No. of shares traded	High	Low
Apr-12	373.95	332.00	114,707	421.10	327.00	320,138	6887.06	6585.99
May-12	391.00	342.05	167,235	394.00	346.00	539,076	6741.87	6129.37
Jun-12	428.00	358.55	143,566	428.00	362.10	331,435	6686.19	6088.62
Jul-12	464.80	395.15	551,257	465.00	395.15	1,173,164	6797.05	6407.78
Aug-12	498.45	440.00	202,654	497.95	440.00	514,458	6848.80	6560.62
Sep-12	505.00	455.50	106,322	515.75	452.60	242,831	7243.40	6582.88
Oct-12	545.00	483.20	313,184	546.00	482.00	675,097	7364.54	7070.76
Nov-12	503.00	470.00	79,178	504.90	467.00	169,141	7478.35	7057.34
Dec-12	515.00	478.00	47,477	515.00	480.05	86,723	7627.07	7460.59
Jan-13	538.00	440.00	104,116	535.95	433.15	245,006	7792.70	7600.10
Feb-13	458.80	370.00	84,997	456.45	370.00	108,122	7697.72	7138.74
Mar-13	396.40	348.10	80,813	398.60	350.05	117,671	7478.62	6976.75

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

HIL Share Price and BSE 500 Index



**Registrar and Transfer Agents :** M/s.Venture Capital and Corporate Investments Private Limited,  
12-10-167, Bharat Nagar, Hyderabad - 500018  
Tel: 91-40-23818475 / 476, Fax: 91-40-23868024  
Email:info@vccipl.com

**Share transfer System :** Share Transfers in physical form shall be lodged with the Registrars at the said address.

The share transfers are generally processed by our Registrars within 15 days from the date of receipt provided the documents are complete in all respects.

Pursuant to Clause 47(C) of the Listing Agreement with the Stock Exchanges, certificates, on half-yearly basis, have been given by a Practicing Company Secretary duly certifying compliance of shares transfer formalities.

## Distribution of Equity Shares as on 31st March, 2013

S.No.	Range	No. of Shares Hold	% to Capital	No. of Shareholders	% to Total Shareholders
1	1 to 500	1173431	15.72	15742	94.34
2	501 to 1000	366040	4.91	470	2.81
3	1001 to 2000	334765	4.49	222	1.33
4	2001 to 3000	195977	2.63	77	0.46
5	3001 to 4000	149173	2.00	42	0.25
6	4001 to 5000	148825	1.99	32	0.19
7	5001 to 10000	363282	4.87	53	0.32
8	More than 10000	4731070	63.40	48	0.29
<b>TOTAL</b>		<b>7462563</b>	<b>100.00</b>	<b>16686</b>	<b>100.00</b>

## Shareholding Pattern as on 31st March, 2013

Category of Shareholder	No. of Shares	Percentage
Promoters and Person Acting in Concert	3089566	41.40
Mutual Funds	112183	1.50
Banks, Financial Institutions, Insurance Companies Including A.P. State Govt.	317467	4.25
Foreign Institutional Investors	-	-
Corporate Bodies	931757	12.49
Indian Public	2770616	37.13
NRI's/OCB's	240974	3.23
<b>TOTAL</b>	<b>7462563</b>	<b>100.00</b>

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

The Company has made necessary arrangements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialization facility. As on 31st March, 2013, 97.92% of the Company's Equity Shares are in dematerialised form.

The ISIN No./Code for the Company's Equity Shares is INE557A01011. Shareholders can open an account with any of the depository participants registered with any of these depositories.

**Plant Locations** : **Manufacturing**

1. Hyderabad, Sanatnagar - 500018 (Andhra Pradesh)
2. Faridabad, Sector-25 - 121005 (Haryana)
3. Jasidih, Industrial Area - 814142 (Jharkhand)
4. Dharuhera, Plot No.31, Rewari District - 122106 (Haryana)
5. Thimmapur, Mahboobnagar District - 509325 (Andhra Pradesh)
6. Vijayawada, Plot No.289, IDA, Kondapalli - 521228 (Andhra Pradesh)
7. Chennai, Kannigaiper Vil., Tiruvallur District -601102 (Tamil Nadu)
8. Wada, Musarane Vil., Thane District - 421312 (Maharashtra)
9. Sathariya, SIDA, Jaunpur District - 222022 (Uttar Pradesh)
10. Thrissur, Mulangunnathukavu Post - 680581 (Kerala)
11. Balasore, IDCO, Plot No. 72, ND Centre, Somanathpur - 756019 (Odisha)
12. Golan Village, Valod Taluka, Tapi District - 394640 (Gujarat)
13. Village Saidpura, Dera Bassi - 140 507 (Punjab)

**Wind Power**

14. 3.60 MW (2x1.80 MW) at Kutch Dist, Gujarat.
15. 1.25 MW near Coimbatore, Tirupur Dist, Tamilnadu.
16. 2.50 MW (2x1.25 MW) at Jodhpur Dist, Rajasthan.

**Address for Correspondence** : Mr. P. Rajesh Kumar Jain  
Company Secretary & Compliance Officer  
HIL Limited  
Sanatnagar, Hyderabad - 500 018  
Tel: 91 40 30999000, 30999121 (D)  
Fax: 91 40 23701227 & 23702400  
Email: **cs@hil.in**

The above Report was approved by the Board of Directors at their meeting held on 3rd May, 2013.



**Details of the Directors seeking appointment/reappointment of  
Directors at this Annual General Meeting  
(In pursuance of Clause 49 of the Listing Agreement)**

<b>Particulars</b>	<b>Mr. Krishnagopal Maheshwari</b>	<b>Mr. Yashpaul</b>
Date of Birth	11-02-1922	10-06-1940
Date of Appointment	16-10-1964	27-01-2009
Qualification	Under Graduate	M.A.
Occupation	Business	Retired Senior Executive Director of LIC
Expertise in specific functional areas	Rich Experience in the field of Business and Management, as he held various senior Positions in several Companies and had been a Director on the Boards of reputed Companies	Expertise in the fields of finance and management as he had held various senior executive positions in LIC for several years
Directorships held on other Companies	1) Kesoram Industries Limited 2) Jayashree Traders Pvt. Ltd.	NIL
Memberships/ Chairmanships of Committees across other public Companies	NIL	NIL
Shareholding	400 Equity Shares	NIL

Dear Shareholder,

Re; Green Initiative in Corporate Governance: Go Paperless.

The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" (Circular No. 17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011) allowing paperless compliances by Companies through electronic mode. Companies are now permitted to send various notices /documents to its shareholders through electronic mode to the registered e-mail addresses of shareholders. This move by the Ministry is welcome since it will benefit the society at large through reduction in paper consumption and contribution towards a Greener Environment. It will also ensure prompt receipt of communication, avoid loss in postal transit.

Keeping in view the underlying theme members are requested to support green initiative by registering/updating their email id address in respect of shares held in dematerialisation form with respective depository participants (DP's) and in respect of shares held in physical form update with our registrars(RTA's) by sending email to gicg@vccilindia.com or send requests to Venture Capital and Corporate Investments Private Limited along with your Folio No.



## HIL LIMITED

(Formerly Hyderabad Industries Limited)  
Registered Office: Sanathnagar, Hyderabad - 500018

### Attendance Slip

I hereby record my presence at the **Sixty-sixth Annual General Meeting** of the Company at Asbestos Centre, Road No. 13, Banjara Hills, Hyderabad - 500 034, at **3.00 P.M.** on **Tuesday, the 30th July, 2013.**

Name of the Attending Member / Proxy :

Signature of the Attending Member / Proxy :

#### Notes:

1. Shareholder/Proxy holder wishing to attend the meeting are requested to bring the Attendance Slip to the meeting and hand over at the entrance duly signed.
2. Shareholder/Proxy holder desiring to attend the meeting should bring his copy of the Annual Report for reference at the meeting.
3. A Proxy need not be a Member.
4. Bodies Corporate, whether a Company or not, who are members, may attend through their authorised representatives appointed under Section 187 of the Companies Act, 1956. A copy of authorisation should be deposited with the Company.
5. In case the shares held in demat/electronic form, the signatures of the beneficial owner is liable for verification with the record furnished to the Company by NSDL/CDSL. Beneficial owners are advised to bring relevant identity card issued by the Depository Participant.



## HIL LIMITED

(Formerly Hyderabad Industries Limited)  
Registered Office: Sanathnagar, Hyderabad - 500018

### Proxy

I/we.....of.....being a Members/Members of the above named Company, hereby appoint Mr..... or failing him Mr.....of.....as my/our Proxy to attend and vote for me/us and on my/our behalf at the **Sixty-sixth Annual General Meeting** of the Company, to be held on **Tuesday, the 30th day of July, 2013** and at any adjournment thereof.

Signed this.....day of.....2013

Folio No./CL ID\* :

D.P. ID\* :

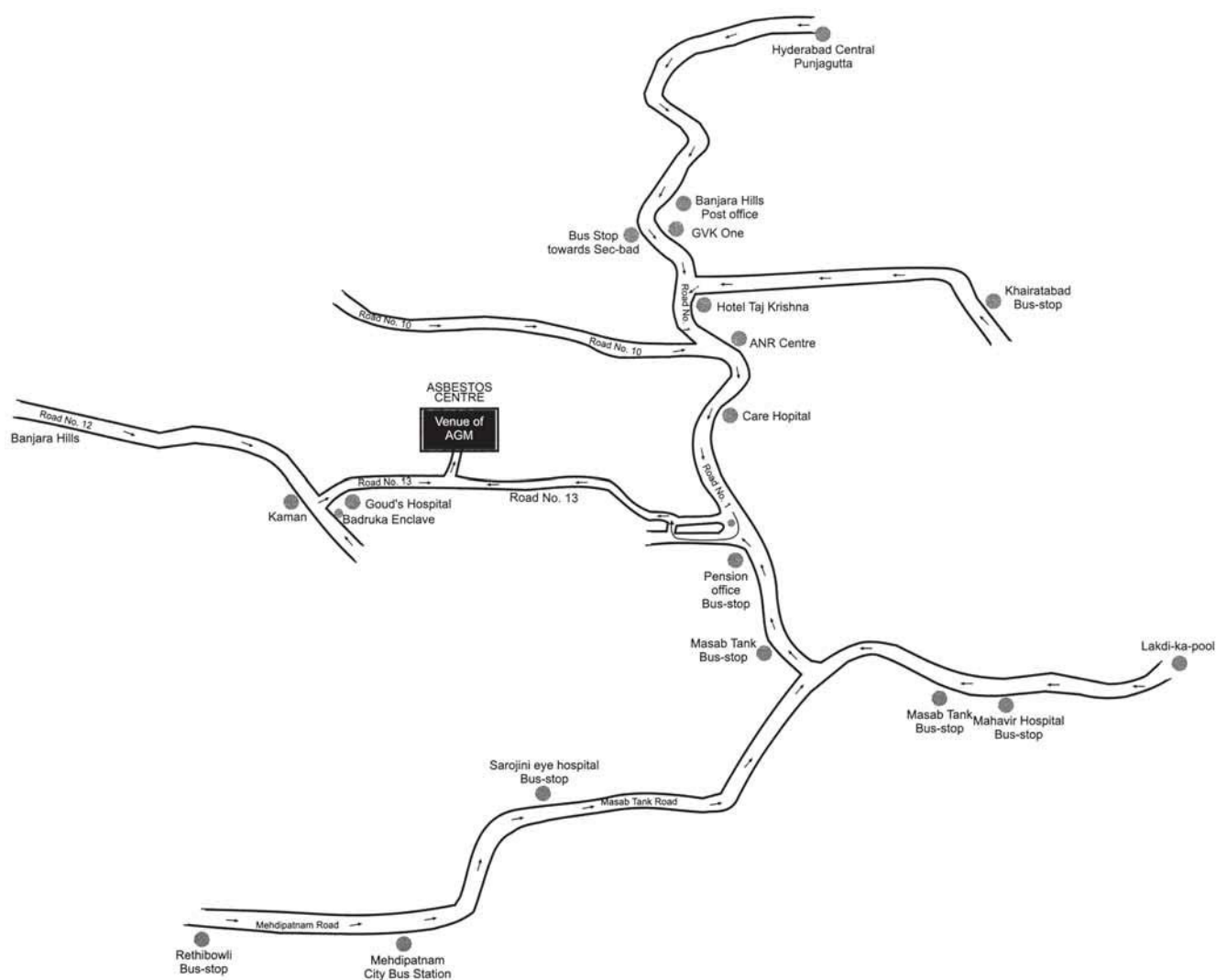
No. Of Shares :

Affix thirty  
Paise  
Revenue  
Stamp

Note: \*Applicable only for Shareholders holding shares in dematerialised form.

1. The Proxy must be deposited at the Registered Office of the Company, not less than **48 (Forty Eight)** Hours before the commencement of the aforesaid meeting.
2. In the case of joint Shareholders, all must sign the proxy form.

## Routemap



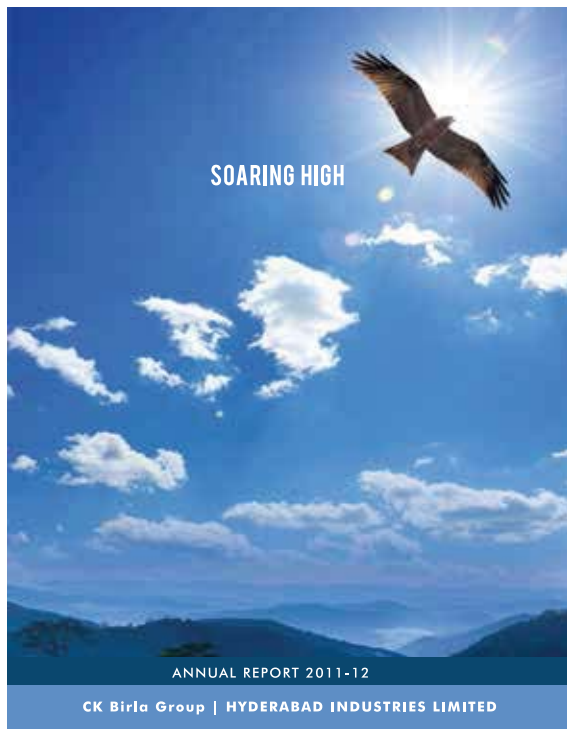
**Note: Pickup facility will be available at the beginning of Road No. 13, Banjara Hills, Hyderabad from 2.00 p.m. onwards.**

## Notes

[illegible]

## Notes

[illegible]



From our inspired inception, HIL has undoubtedly come across a long way. From deriving inspiration from the peerless creator: nature to finding an inner drive that constantly propelled us onward, to constantly evolving and inventing ourselves, the path was set for us to take a giant leap: to soar towards lofty heights of ambition and excellence. But with great height comes greater vision. A vision that drives us forward to reinvent a world of possibilities.

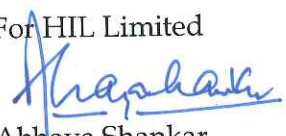
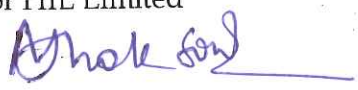







HIL Limited, Sanathnagar, Hyderabad - 500 018 | [www.hil.in](http://www.hil.in)

FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

1	Name of the Company:	HIL Limited (formerly Hyderabad Industries Limited)
2	Annual financial statements for the year ended	31 <sup>st</sup> March 2013
3	Type of Audit observation	Unqualified
4	Frequency of observation	Not Applicable
5	To be signed by-	
	❖ CEO/Managing Director	For HIL Limited  Abhaya Shankar (Managing Director)
	❖ CFO	For HIL Limited  Ashok Soni (CFO)
	❖ Auditor of the company	For S.R. BATLIBOI & ASSOCIATES LLP Chartered Accountants ICAI Firm registration number: 101049W  per Vikas Kumar Pansari Partner Membership No.: 093649 
	❖ Audit Committee Chairman	For HIL Limited  Mr.P.Vaman Rao (Audit Committee Chairman)