

# Corporate Governance Report

## COMPANY PHILOSOPHY

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

The Board of Directors is responsible for and committed to sound principles of Corporate Governance in the Company. This belief is reflected in our governance practices, under which we strive to maintain an effective, informed and independent Board. We are continuously nurturing and strengthening this framework through concerted and collective efforts of our people, under the guidance of our leadership team.

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

HSIL's business philosophy is highly ethical, open and transparent. The company, has always maintained an integrated way of thinking which is reflected in the functioning of the Board and corporate governance framework. The Board of Directors, is committed to upholding the highest standards of accountability through an integrated way of thinking.

## A. BOARD OF DIRECTORS

The Company is managed and controlled by a professional Board comprising a blend of Executive and Non-executive professional Directors. As on 31 March 2018, the Board of Directors consisted of nine Directors, including Chairman and Managing Director, Vice Chairman and Managing Director and others.

As on 31 March 2018, none of the Directors on the Company's Board was a Director in more than 20 Companies, neither a Chairman of more than five Committees nor a member of more than 10 Committees in accordance with Companies Act, 2013. Further, none of the Independent Directors are

on the Board of more than 7 Listed Companies and all the Directors have made necessary disclosures regarding their Directorship and Chairmanship/ Committee Membership in other Companies as per the requirement of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Companies Act, 2013 and other applicable provisions, if any.

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

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

Four Board meetings were held during 2017-18 and the gap between two meetings did not exceed 120 days. The dates, on which the Board meetings were held, are as follows:

18 May 2017, 11 August 2017, 10 November 2017 and 29 January 2018

Dates for the Board meetings are decided well in advance and the Agenda, along with the supporting documents, explanatory notes and information, as enumerated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are made available to the Board along with the notice of respective meetings. The Board periodically reviews compliance reports of all laws applicable to the Company. The Company undertakes steps to rectify instances of non-compliance, if any.

The names and categories of the Directors on the Board, along with their attendance at the Board meetings held during the year ended 31 March 2018, and at the last Annual General Meeting, and the number of other Directorship and Chairmanship/ Membership of Committees held by them, are given below:

Name of the Director	No. of Board meetings attended during tenure	Whether attended the last AGM	No. of other Directorships*	Committee position of Companies**		No. of Equity Shares held
				Chairman	Member	
<b>Executive</b>						
Dr. Rajendra Kumar Somany (Chairman and Managing Director)	4	Yes	4	Nil	Nil	30,80,000
Mr. Sandip Somany (Vice Chairman and Managing Director)	4	No	6	Nil	Nil	22,83,563
<b>Non-executive and Non-Independent</b>						
Ms. Sumita Somany	3	No	2	Nil	Nil	1,61,000
Mr. G. L. Sultania	3	Yes	10	Nil	3	705
<b>Non-executive and Independent</b>						
Mr. Ashok Jaipuria	2	No	1	Nil	1	Nil
Mr. N. G. Khaitan	4	No	6	3	5	132
Dr. Rainer Siegfried Simon	4	No	Nil	Nil	Nil	Nil
Mr. V. K. Bhandari	4	Yes	5	3	4	Nil
Mr. Salil Bhandari	4	Yes	2	Nil	4	Nil

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

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

## B. COMMITTEES OF THE BOARD

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

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

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

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

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

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

## AUDIT COMMITTEE

### Composition

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

### Meetings and Attendance

During the year, four meetings of the Audit Committee were held on 18 May 2017, 11 August 2017, 10 November 2017 and 29 January 2018. The Chairman of the Audit Committee also attended the Company's last Annual General Meeting.

The Committee's existing composition meets with requirements of Section 177 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Members of the Audit Committee possess financial / accounting expertise / exposure.

### Scope of the Audit Committee

The Audit Committee, inter alia, supports the Board to ensure an effective internal control environment. The Committee discharges such duties and functions with powers generally indicated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The scope of the Audit Committee is as follows:

### Powers of Audit Committee

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

### Terms of Reference

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

- Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the agency monitoring the utilisation of proceeds of a public or rights issue, if any, and making appropriate recommendations to the Board to take up steps in this matter;
- Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the company, wherever it is necessary;
- Reviewing, with the management, the performance of Statutory and Internal Auditors and adequacy of the internal control system;
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- Reviewing reports of internal audit and discussing with Internal Auditors on any significant findings of any internal investigations by the Internal Auditors and the executive management's response on matters and follow-up thereon;
- Reviewing reports of Cost audit, if any, and discussion with Cost Auditors on any significant findings by them;
- Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- To review the functioning of the Vigil (Whistle Blower) Mechanism;
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

- Recommending to the Board, the appointment and fixation of remuneration of Cost Auditors, if applicable;
- Evaluating Internal Financial Controls and Risk Management Systems and reviewing the Company's financial and risk management policies;
- Looking into the reasons for substantial defaults, if any, in payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- Reviewing the Management Discussion and Analysis of financial condition and results of operation;
- Reviewing the statement of significant related-party transactions;
- Reviewing the Management letters/letters of internal control weaknesses issued by the Statutory Auditors;
- To review the appointment, removal and terms of remuneration of the Chief Internal Auditor; and
- To review the internal audit report relating to internal control weaknesses.

## CORPORATE AFFAIRS COMMITTEE

### Composition

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

### Meetings and Attendance

The Corporate Affairs Committee met on eleven occasions during 2017-18, on 12 May 2017, 29 May 2017, 11 July 2017, 1 August 2017, 28 August 2017, 26 September 2017, 22 November 2017, 18 December 2017, 12 January 2018, 23 January 2018 and 5 March 2018.

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

Name of Members	Status	No. of meetings held during the tenure	No. of meetings attended
Dr. Rajendra Kumar Somany	Chairman	11	11
Mr. Sandip Somany	Member	11	10
Mr. G. L. Sultania	Member	11	Nil
Mr. Salil Bhandari	Member	11	1

### Scope of the Corporate Affairs Committee

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

## CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

### Composition

During the year under review the Company's Corporate Social Responsibility Committee was reconstituted on 18 May 2017 and now it comprises of two Executive Directors,

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

### Meetings and Attendance

During the year, the Corporate Social Responsibility Committee met five times on 18 May 2017, 11 August 2017, 10 November 2017, 29 January 2018 and 30 March 2018. The following table summarises the attendance details of the Corporate Social Responsibility Committee members:

Name of Members	Status	No. of meetings held during the tenure	No. of meetings attended
Mr. Salil Bhandari	Chairman	5	4
Dr. Rajendra Kumar Somany	Member	5	5
Mr. Sandip Somany	Member	5	5
Ms. Sumita Somany*	Member	4	2

\*Appointed as a member by the Board of Directors on 18 May 2017.

### Scope of the Corporate Social Responsibility Committee

The Committee oversees the activities/functioning in identifying the area of Corporate Social Responsibility activities as specified in our CSR Policy in accordance with schedule VII of the Companies Act, 2013 and execution of initiative as per pre-defined guidelines. The Corporate Social Responsibility Policy of the Company is available on its website [www.hindwarehomes.com](http://www.hindwarehomes.com).

### NOMINATION AND REMUNERATION COMMITTEE

#### Composition

The Committee comprises of four members, three of

them being Non-executive Independent Directors and one is Non-executive Non-Independent Director. The Company Secretary acts as Secretary to the Committee.

#### Meetings and Attendance

During the year, the Nomination and Remuneration Committee met twice on 18 May 2017 and 29 January 2018. The following table summarises the attendance details of the Nomination and Remuneration Committee members:

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

#### Terms of reference

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

- formulating criteria for determining qualifications, positive attributes and independence of Directors;
- identifying and recommending individuals who are qualified to become Directors, and who may be appointed as Senior Management in accordance with the criteria laid down;
- assisting the management of the Company in formulating and periodically reviewing the familiarization programs for independent directors, as may be required;
- formulating criteria for evaluation of Independent Directors and the Board;
- specifying the manner for effective evaluation of performance of Board, its Committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance;
- recommending to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and Senior Management, and while formulating such policy ensuring that (i) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors, of the quality required to run the Company successfully; (ii) the relationship of remuneration to performance is clear and meets the appropriate performance benchmarks; and (iii) remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between the fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals;
- preparing a policy on diversity of the Board;
- recommending to the Board the re-appointment and removal of any individuals holding the office of a Director, Key Managerial Personnel or Senior Management, subject to the provision of the law and their service contract;
- determining whether the relevant Director has the requisite qualifications for practice of a profession in terms of section 197 of the Companies Act in relation to payment of remuneration for services rendered by such Director;
- undertaking such other functions as may be determined by the Board or required under the provisions of the Companies Act or the Listing Regulations; and
- undertaking such other actions as may be necessary or appropriate for performance of the aforementioned functions.

The Remuneration Policy of the company is available on the Company's website [www.hindwarehomes.com](http://www.hindwarehomes.com).

**Detail of Remuneration of Directors**

The table below provides the details of the remuneration paid to the Directors during the financial year 2017-18:

(Amount in ₹)

Name of Directors	Basic	Perquisites	Commission (for the year 2016-17)	Contribution to PF	Sitting Fee	Total
Dr. Rajendra Kumar Somany	27,685,484	9,763,997*	51,106,549	3,322,258	-	91,878,288
Mr. Sandip Somany	21,300,000	4,751,147	54,180,943	2,556,000	-	82,788,090
Ms. Sumita Somany	-	-	2,283,427	-	50,000	2,333,427
Mr. V. K. Bhandari	-	-	2,283,426	-	95,000	2,378,426
Mr. Ashok Jaipuria#	-	-	2,283,426	-	-	2,283,426
Mr. N. G. Khaitan	-	-	2,283,426	-	85,000	2,368,426
Mr. G. L. Sultania	-	-	2,283,426	-	45,000	2,328,426
Dr. Rainer S. Simon	-	-	2,283,426	-	-	2,283,426
Mr. Salil Bhandari	-	-	2,283,426	-	115,000	2,398,426
<b>TOTAL</b>	<b>48,985,484</b>	<b>14,515,144</b>	<b>121,271,475</b>	<b>5,878,258</b>	<b>390,000</b>	<b>191,040,361</b>

\* Includes ₹5,475,000/- leave encashment.

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

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

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

The transactions with related parties are furnished in note no. 51 of financial statements, as stipulated under Accounting Standard (Ind AS) 24. Apart from related party transactions furnished in note no. 51, there are no transactions of material nature with Directors or their relatives and others, which may have potential conflict with the Company's interest. The Register of Contracts required to be maintained under Section 189(1) and rule 16(1) of the Companies Act, 2013, containing the details of the contracts, in which the Directors are concerned or interested, is placed at the meeting of the Board of Directors for their approval and noting, on a periodical basis.

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

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

Regulations, 2015, transactions attracting provisions of Section 188 which are in ordinary course of business and are at arm's length have been entered into after being reviewed, scrutinized and approved by the Audit Committee and with approval of the Board.

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

**STAKEHOLDERS RELATIONSHIP (SHAREHOLDERS'/INVESTORS' GRIEVANCE) COMMITTEE****Composition**

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

**Meetings and Attendance**

During the year, four meetings of the Committee were held on 18 May 2017, 11 August 2017, 10 November 2017 and 29 January 2018. The following table summarizes the attendance details of the Stakeholders Relationship (Shareholders'/Investors' Grievance) Committee members:

Name of Members	Status	No. of meetings held during the tenure	No. of meetings attended
Mr. N. G. Khaitan	Chairman	4	4
Mr. V. K. Bhandari	Member	4	4
Mr. G. L. Sultania	Member	4	3
Mr. Salil Bhandari	Member	4	4

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

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

During the year, 24 complaints were received and duly resolved by the Company.

### SHARE TRANSFER COMMITTEE

#### Composition

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

#### Meetings and Attendance

The Committee conducts monthly meetings for the approval of transfer of shares lodged with the Company. As on 31 March 2018, no request for transfer of shares was pending. The Committee met 12 times during the year under review and all the members were present at the meetings.

#### Scope of the Share Transfer Committee

The Board entrusts the Share Transfer Committee

### D. GENERAL BODY MEETINGS

#### Annual General Meeting

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Venue
2016-17	3 August 2017	11.00 a.m.	Sripati Singhania Hall, Rotary Sadan,
2015-16	7 September 2016	12.00 Noon	94/2, Chowringhee Road, Kolkata -
2014-15	23 September 2015	11.00 a.m.	700 020

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

Date of Annual General Meeting	No. of Special Resolution passed	Particulars
3 August 2017	2	1. Re-appointment of Dr. Rajendra Kumar Somany (DIN: 00053557) as Chairman and Managing Director
		2. Authorization to enter into Consultancy Contract with M/s G. L. Sultania & Co., Proprietor Mr. Girdhari Lal Sultania, Non-executive Director
7 September 2016	2	1. Adoption of new set of Articles of Association of the Company in accordance with Companies Act, 2013
		2. Re-appointment of Mr. Sandip Somany (DIN: 00053597) and re-designate as Vice Chairman and Managing Director
23 September 2015	NIL	-

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

### C. OTHER MEETING

#### Independent Directors Meeting

During the year under review, the Independent Directors met on 29 January 2018 inter alia, to discuss:

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

All the Independent Directors were present at the meeting.

**Extra Ordinary General Meeting**

During the financial year 2017-18, no Extra Ordinary General Meeting was held.

**Postal Ballot**

During the financial year 2017-18, the Company did not pass any resolution through Postal Ballot.

**E. DISCLOSURES****Disclosure of Accounting Treatment**

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

**Risk Management**

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

**Strictures/Penalties**

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

**Proceeds from public issues, right issues, preferential issues**

During the financial year 2017-18, the Company did not raise capital through public, rights and/or preferential issue.

**Management**

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

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

**Vigil Mechanism (Whistle Blower Policy)**

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

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

**Performance Evaluation**

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually, Chairman and Vice Chairman as well as the evaluation of the working of its Nomination and Remuneration Committee. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Boards functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligation and governance.

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

**HSIL Code of Conduct for the Prevention of Insider Trading**

The Company implemented a Code of Conduct for the Prevention of Insider Trading, in accordance with the guidelines specified under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended till date.

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

HSIL - code of practices and procedures for fair disclosures is available on the Company's website [www.hindwarehomes.com](http://www.hindwarehomes.com).

**Subsidiary Companies**

HSIL does not have any material non-listed Indian subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth, respectively, of the Company and its subsidiaries in the immediately preceding accounting year. The minutes of the Board meetings as well as statements of all significant transactions of the unlisted subsidiary companies are circulated with the agenda of the Board meeting to the Company's Board



of Directors. The policy on Material Subsidiaries is available on the Company's website at the link <http://www.hindwarehomes.com/pdf/Material-Subsidiary-Policy-Version-II.pdf>

### **Particulars of Director seeking re-appointment**

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

For detailed particulars on the Director seeking re-appointment, please refer to Notice dated 30 May 2018 of the Annual General Meeting scheduled to be held on 6 September 2018.

### **Training of Independent Directors**

As per Regulation 25 (7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company shall provide suitable training to the Independent Directors to familiarize them with the Company, their roles, rights, responsibilities, nature of the industry in which the Company operates, business model of the Company and any other relevant information, if any. The details of such training imparted are also required to be disclosed in the Annual Report.

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

The details of programmes conducted for familiarization of Independent Directors with the Company, nature of the industry in which the Company operates, business model of the Company and related matters are put up on the website of the Company at the link: [http://www.hindwarehomes.com/training\\_of\\_directors.aspx#section2](http://www.hindwarehomes.com/training_of_directors.aspx#section2).

Further, the Company issues a formal letter of appointment to Independent Directors outlining their roles, responsibilities, functions and duties as an Independent Director. The format of the letter of appointment is available on the Company's website at the link: [http://www.hindwarehomes.com/appointment\\_letter\\_independent\\_director.aspx#section2](http://www.hindwarehomes.com/appointment_letter_independent_director.aspx#section2).

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

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

### **Audit Qualification**

The Company is in the regime of unqualified financial statements.

### **Reporting of Internal Auditor**

The Internal Auditor directly reports to the Audit Committee.

## **F. MEANS OF COMMUNICATION**

### **Results**

The Quarterly, Half yearly and Annual results are submitted to the Stock Exchange(s) in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, the quarterly/half yearly/annual results in the prescribed format, are published within 48 hours in any prominent daily newspaper, such as The Financial Express and Ekdin vernacular newspaper. All vital information of the Company's performance, including Financial Results, Annual Reports of the last three years and Shareholding Pattern have been posted on the Company's website [www.hindwarehomes.com](http://www.hindwarehomes.com).

### **News releases, presentations, among others**

Official news releases and official media releases etc. are displayed on the Company's website [www.hindwarehomes.com](http://www.hindwarehomes.com).

### **Presentation**

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

### **Website**

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

### **Annual Report**

The Annual Report containing, inter alia, Audited Financial Statement, Consolidated Financial Statements, Directors' Report, Auditors' Report, Business Responsibility Report and other important information is circulated to members and others entitled thereto. The Management's Discussion and Analysis (MD&A) Report forms part of the Annual Report and is displayed on the Company's website [www.hindwarehomes.com](http://www.hindwarehomes.com).

### **NSE Electronic Application Processing System (NEAPS)**

The NEAPS is a web-based application designed by NSE for Corporates. All periodical compliance filings like shareholding pattern, corporate governance report, results and other requirement of SEBI

(Listing Obligations and Disclosure Requirements) Regulations, 2015, media releases, among others are filed electronically on NEAPS, by the Company.

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

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

### **SEBI Complaints Redress System (SCORES)**

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

### **Designated Exclusive email-id**

The Company has designated the email-id [hsilinvestors@hindware.co.in](mailto:hsilinvestors@hindware.co.in) exclusively for investor servicing.

## **G. SHAREHOLDER INFORMATION**

### **Company Registration Details**

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

### **Contact Information**

- Registered Office  
2, Red Cross Place  
Kolkata - 700 001  
Phone: +91 - 33 -2248 7407/5668  
email: [hsilinvestors@hindware.co.in](mailto:hsilinvestors@hindware.co.in)
- Corporate Office  
301-302, Park Centra  
Sector-30, National Highway – 8  
Gurugram, Haryana  
Phone: +91- 124-477 9200  
Fax: +91-124-429 2898-99  
Email: [payal@hindware.co.in](mailto:payal@hindware.co.in)

## **Plant locations**

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

### **Company Secretary**

Ms. Payal M. Puri

### **Annual General Meeting**

The 58th Annual General Meeting is scheduled to be held on Thursday, the 6 September 2018 at 11:00 a.m. at Sripati Singhania Hall, Rotary Sadan, 94/2, Chowringhee Road, Kolkata - 700 020.

### **Financial Calendar**

The Company follows April to March as its financial year. The results for every quarter, beginning from April, will be declared within 45 days of the end of quarter, except for the last quarter, which will be submitted, along with the annual audited results within 60 days of the end of the last quarter, as permitted under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### **Date of Book Closure**

25 August 2018 to 6 September 2018 (both days inclusive).

### **Dividend Payment Date**

Latest by 11 September 2018.

### **Listing on Stock Exchanges**

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

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

BSE Ltd. (BSE): 500187

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

Listing fees for the financial year 2018-19, have been paid to the Stock Exchanges.

### **Registrar and Transfer Agent**

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

Maheshwari Datamatics Private Limited  
23, R. N. Mukherjee Road, 5th Floor, Kolkata -700 001  
Phone +91-33- 2243 5809/5029  
Fax +91-33- 2248 4787  
Email: mdpldc@yahoo.com

the share certificates returned within 15 days from the date of receipt, subject to the documents being valid and complete in all respects. The dematerialised shares are transferred directly to the beneficiaries through the depositories.

### Share Transfer System

The Company has constituted a Share Transfer Committee to approve the transfer of securities. Share transfers, which are received in physical form, are processed and

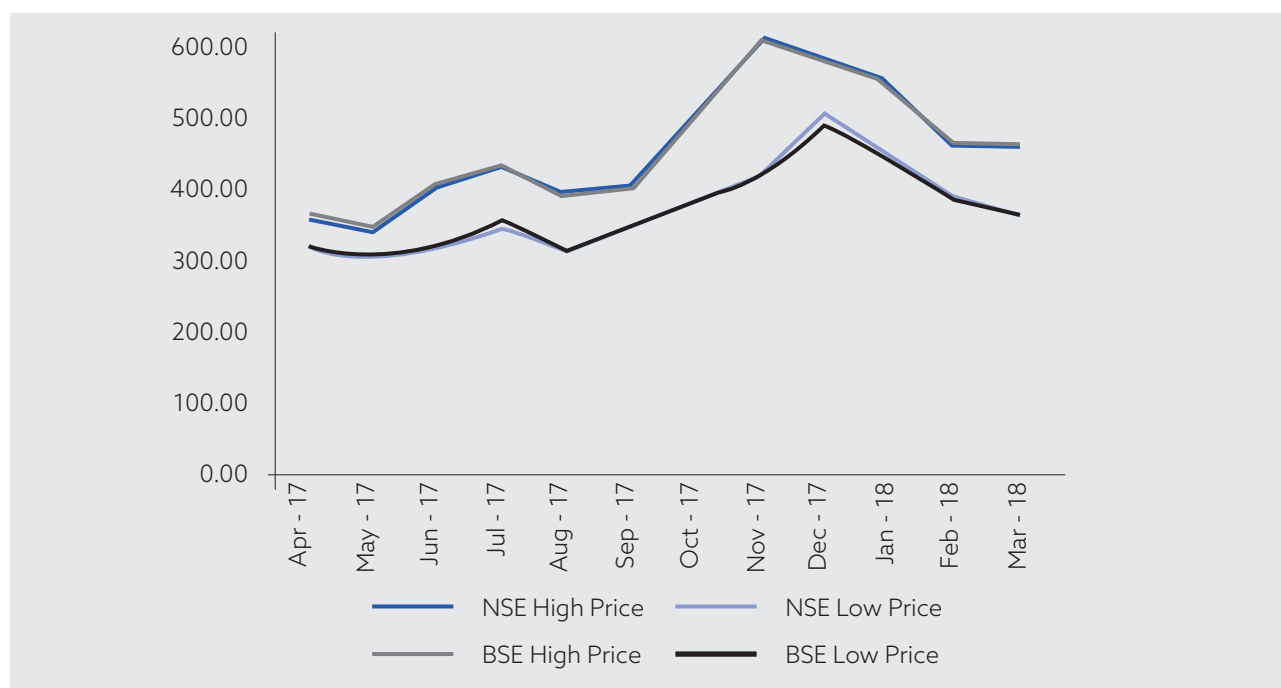
### Market Price Data

Monthly stock market data of the Company's high-and-low prices of equity shares during 2017-18 and their performance, in comparison with the broad-based index, comprise:

### Monthly Stock Market Data

Month	NSE High Price	NSE Low Price	BSE High Price	BSE Low Price
Apr-17	366.30	336.10	374.10	335.60
May-17	354.05	324.55	359.00	326.00
Jun-17	404.80	334.70	405.00	335.35
Jul-17	424.00	356.40	424.75	365.90
Aug-17	394.00	331.00	393.00	331.25
Sep-17	401.25	358.15	401.00	359.00
Oct-17	478.00	385.55	477.00	387.00
Nov-17	564.00	414.00	564.35	410.75
Dec-17	539.95	480.05	539.85	465.30
Jan-18	513.60	431.10	509.80	432.10
Feb-18	445.05	386.15	445.00	389.80
Mar-18	443.00	368.10	449.00	368.55

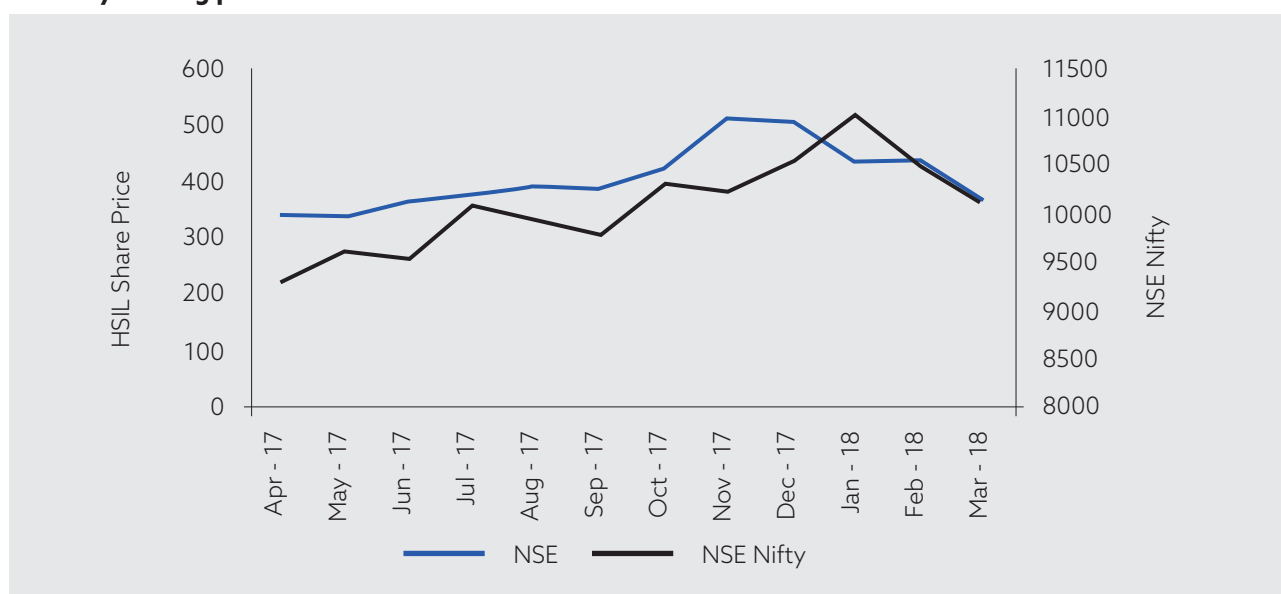
### Monthly NSE and BSE prices of equity shares



### Monthly closing price of HSIL shares on NSE and NSE Nifty

Month	NSE	NSE Nifty
Apr-17	340.40	9304.05
May-17	339.75	9621.25
Jun-17	365.55	9520.90
Jul-17	378.45	10077.10
Aug-17	389.90	9917.90
Sep-17	388.90	9788.60
Oct-17	424.65	10335.30
Nov-17	513.10	10226.55
Dec-17	505.25	10530.70
Jan-18	433.75	11027.70
Feb-18	439.70	10492.85
Mar-18	371.20	10113.70

### Monthly closing prices of HSIL shares on NSE and NSE NIFTY



### Distribution of Shareholding as on 31 March 2018

Number of Shares held	Shareholders		Shares	
	Number	% of Total	Number	% of Total
Up to 500	24036	83.07	2452021	3.39
501-1,000	2793	9.65	2206454	3.05
1,001-2,000	1210	4.18	1731894	2.40
2,001-3,000	324	1.12	816739	1.13
3,001-4,000	142	0.50	502529	0.70
4,001-5,000	95	0.33	441242	0.61
5,001-10,000	175	0.60	1243624	1.72
10,001 and above	160	0.55	62901892	87.00
<b>Total</b>	<b>28935</b>	<b>100.00</b>	<b>72296395</b>	<b>100.00</b>

## Category of Shareholders as on 31 March 2018

Category	No. of Shares of ₹ 2 each	% of Total
Promoter	35012819	48.43
Mutual Fund/UTI	17861536	24.71
Alternative Investment Funds	385329	0.53
Foreign Portfolio Investors	4626275	6.40
Financial Institutions/Banks	197183	0.27
Insurance Companies	500	0
Foreign Institutional Investors	0	0
Foreign National	207	0
Domestic Companies/Bodies Corporate	2033406	2.81
Non-Resident Individual	1272014	1.76
Others	10907126	15.09
<b>Total</b>	<b>72296395</b>	<b>100</b>

## Dematerialization of Shares

The details of shares dematerialised and those held in physical form, as on 31 March 2018.

Particulars of Shares	Shares of ₹ 2 each	
	Number	% of Total
<b>Dematerialized Form</b>		
National Securities Depository Ltd. (NSDL)	68811008	95.18
Central Depository Services (India) Ltd. (CDSL)	2670794	3.69
<b>Physical Form</b>	814593	1.13
<b>Total</b>	<b>72296395</b>	<b>100.00</b>

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

#### H. CODE OF CONDUCT

The Company's Board of Directors laid down and adopted a Code of Conduct under Corporate Governance for all the Directors and the Senior Management Personnel of your Company. The said Code of Conduct has also been posted on the Company's website. The Board members and Senior Management Personnel have affirmed their compliance with the Code of Conduct for 2017-18.

A declaration signed by the Company's Chairman and Managing Director to this effect is enclosed at the end of this report.

#### I. CEO AND CFO CERTIFICATION

The Certificate, as required under Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, duly signed by the Vice Chairman and Managing Director and Chief Financial Officer, was placed before the Board, and the same is provided as Annexure to this report.

#### J. CERTIFICATION BY AUDITORS

As required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015,

the Company's Statutory Auditors, M/s Lodha & Co., Chartered Accountants, have verified the compliances of the Corporate Governance by the Company. We have obtained a Certificate affirming the compliance from M/s Lodha & Co., Chartered Accountants, the Company's Statutory Auditors, and the same is enclosed to this Report and forms a part of the Annual Report.

#### Declaration by Chairman and Managing Director under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding adherence to the Code of Conduct

In accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby confirm that all the Directors and the Senior Management Personnel have affirmed compliance with their respective code of conduct, as applicable to them, for the year ended 31 March 2018.

Place: Gurugram  
Date: 30 May 2018

**Dr. Rajendra Kumar Somany**  
Chairman and Managing Director

## CEO/CFO CERTIFICATION

To  
The Board of Directors

We hereby certify that:

- a) We have reviewed the financial statements and the cash flow statement of HSIL Limited ('the Company') for the year ended 31 March 2018 and that to the best of our knowledge and belief:
  - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There were, to the best of our knowledge and belief, no transactions entered into by the Company during the abovesaid period, which were fraudulent, illegal or violate the Company's Code of Conduct.
- c) We accept the responsibility of establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the Company's internal control systems; we have disclosed to the Auditors and the Audit Committee deficiencies in the design or operation of internal controls, if any, and the steps we have undertaken or propose to undertake to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee:
  - i. Significant changes in internal control over financial reporting during the above-mentioned period;
  - ii. Significant changes in accounting policies, during the abovesaid period and that the same have been disclosed in the notes to the financial statements; and
  - iii. Instances of significant fraud, of which we have become aware, and the involvement therein, if any, of the management or an employee having a significant role in the internal control system over financial reporting.

**Sandip Somany**

Vice Chairman and Managing Director

**Sandeep Sikka**

Chief Financial Officer

Place: Gurugram  
Date: 30 May 2018

## INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members of  
HSIL Limited

- We have examined the compliance of the conditions of corporate governance by HSIL Limited ("the Company") for the year ended 31 March 2018 as stipulated in Regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and paragraphs C and D of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

### MANAGEMENT'S RESPONSIBILITY FOR THE STATEMENT

- The compliance of conditions of corporate governance is the responsibility of the management of the Company. This responsibility includes the designing, implementing and operating effectiveness of internal control to ensure compliance with the conditions of Corporate Governance as stipulated in the Listing Regulations.

### AUDITOR'S RESPONSIBILITY

- Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
- We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
- We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Report or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

- We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

### OPINION

- Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended 31 March 2018.
- We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the company.

### RESTRICTION ON USE

- This certificate is issued solely for the purpose of complying with the aforesaid regulations. Our Certificate should not to be used for any other purpose or by any person other than the addressees of this Certificate. Accordingly, we do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this Certificate is shown or into whose hands it may come without our prior consent in writing.

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

**N. K. Lodha**  
Partner  
Membership No.: 85155

Place: Gurugram  
Date: 30 May 2018