

Report on Corporate Governance

COMPANY PHILOSOPHY

HSIL defines Corporate Governance as a process of holding the balance between economic and social goals and also, between individual and communal goals. The Company believes that Corporate Governance is required to construct a corporate environment of awareness, transparency and honesty. It facilitates the Company to raise its long-term value which is seen in terms of its performance. Good governance recognises the diverse interests of shareholders, lenders, employees, government, etc. Your Company refers to a system of controlling and operating with an aim of achieving the strategic goals effectively and efficiently to satisfy all its shareholders, creditors, employees, customers and suppliers.

The Company's philosophy on Corporate Governance ensures: protection of the interest of shareholders; disclosure and transparency in business transactions; compliances of statutory and legal framework and ethical conduct of business.

Your Company has a well-composed Board which brings in the diverse range of expertise, perspective and knowledge into the Boardroom. The Board of Directors aligns the interests of the Board, Management, Shareholders and Stakeholders and responds to their duties and responsibilities with full regard to transparency and accountability.

A. BOARD OF DIRECTORS

The Company is managed and controlled by a professional Board comprising a blend of Executive and Non-Executive professional Directors with considerable professional expertise and experience which provides leadership and guidance to the management thereby enhancing Stakeholders' value. As on 31 March 2020, the Board of Directors consisted of eleven Directors out of which seven (i.e. 63.64%) were Independent Directors, two (18.18%) were Non-Executive Non-Independent Directors and two (18.18%) were Executive Directors. The composition of the Company's Board is in conformity with the provisions of the Companies Act, 2013 ("Act") and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

As on 31 March 2020, none of the Directors on the Company's Board was a Director in more than 10

Public Companies (including 7 Listed Companies), neither a Chairperson of more than 5 Committees nor a Member of more than 10 Committees in all the public companies in which they are Directors. Further, all the Directors have made necessary disclosures regarding their Directorships and Chairmanships/Committee Memberships in other Companies as per the requirement of Listing Regulations, Act and other applicable provisions, if any.

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

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

Five Board meetings were held during 2019-20 and the gap between two meetings did not exceed 120 days. The dates, on which the Board meetings were held, are as follows:

03 May 2019, 06 August 2019, 17 September 2019, 04 November 2019 and 03 February 2020.

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

The names and categories of the Directors on the Board, along with their attendance at the Board meetings held during the year ended 31 March 2020, and at the last Annual General Meeting, and the number of other Directorships and Chairmanships/Memberships 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 |
|--|--|-------------------------------|-----------------------------|-----------------------------------|--------|---------------------------|
| | | | | Chairperson | Member | |
| Executive | | | | | | |
| Dr. Rajendra Kumar Somany (Chairman and Managing Director) DIN: 00053557 | 5 | Yes | 2 | Nil | Nil | 34,10,000 |
| Mr. Sandip Somany (Vice Chairman and Managing Director) DIN: 00053597 | 4 | No | 6 | Nil | 1 | 21,87,731 |
| Non-Executive and Non-Independent | | | | | | |
| Ms. Sumita Somany DIN: 00133612 | 4 | No | 1 | Nil | Nil | 1,61,000 |
| Mr. G. L. Sultania DIN: 00060931 | 4 | Yes | 8 | 1 | 1 | 50,705 |
| Non-Executive and Independent | | | | | | |
| Mr. Ashok Jaipuria # DIN: 00214707 | 4 | No | 3 | Nil | 1 | 25,000 |
| Mr. N. G. Khaitan DIN: 00020588 | 3 | Yes | 6 | 2 | 5 | 132 |
| Mr. V. K. Bhandari DIN: 00052716 | 4 | Yes | 6 | 3 | 2 | Nil |
| Mr. Salil Kumar Bhandari # DIN: 00017566 | 5 | Yes | 5 | 3 | 1 | Nil |
| Dr. Rainer S. Simon DIN: 03543040 ^ | 1 | No | 1 | Nil | Nil | Nil |
| Mr. Anil Wadhwa \$ DIN: 08074310 | NA | NA | 1 | Nil | 1 | Nil |
| Ms. Himalyani Gupta \$ DIN: 00607140 | NA | NA | - | Nil | Nil | Nil |
| Mr. Rakesh Sarin \$ DIN: 02082150 | NA | NA | 1 | Nil | Nil | 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 Chairmanships/Memberships of Audit Committee and Stakeholders Relationship (Shareholders'/Investors' Grievance) Committee. This includes Chairmanships/Memberships in public limited companies (including subsidiaries of public limited companies) and excludes Chairmanships/Memberships in this Company, private, foreign and Section 8 companies.

Mr. Salil Kumar Bhandari resigned as Director w.e.f. 1 April 2020 and Mr. Ashok Jaipuria resigned as Director w.e.f. 27 May 2020

\$ Appointed as Directors w.e.f. 18 March 2020

^ Resigned as Director w.e.f. 17 December 2019

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

| S. No. | Name of Director | Name of the Listed Company | Category of Directorship |
|--------|---------------------------|--|--|
| 1. | Dr. Rajendra Kumar Somany | None | N.A. |
| 2. | Mr. Sandip Somany | > JK Paper Limited > Somany Home Innovation Limited | Independent Director Non-Executive Chairman |
| 3. | Ms. Sumita Somany | None | N.A. |
| 4. | Mr. G. L. Sultania | > The United Provinces Sugar Company Limited | Independent Director |
| 5. | Mr. Ashok Jaipuria | > Cosmo Films Limited > Somany Home Innovation Limited | Managing Director Independent Director |
| 6. | Mr. N. G. Khaitan | > Somany Home Innovation Limited > Mangalam Cement Limited > Reliance Chemotex Industries Limited > India Power Corporation Limited (Formerly DPSC Limited) > JK Lakshmi Cement Limited > Chase Bright Steel Limited | Independent Director Independent Director Non-Executive Non-Independent Director Independent Director Independent Director |
| 7. | Mr. V. K. Bhandari | > Jayant Agro-Organics Limited > Supershakti Metaliks Limited | Independent Director Independent Director |

| S. No. | Name of Director | Name of the Listed Company | Category of Directorship |
|--------|--------------------------|---|--|
| 8. | Mr. Salil Kumar Bhandari | > Somany Home Innovation Limited > Greenpanel Industries Limited | Independent Director Independent Director |
| 9. | Mr. Anil Wadhwa | > Cosmo Films Limited | Independent Director |
| 10. | Ms. Himalyani Gupta | None | N.A. |
| 11. | Mr. Rakesh Sarin | None | N.A. |

CORE SKILLS / EXPERTISE / COMPETENCIES OF DIRECTORS*

The existing Board of Directors of the Company comprises of appropriate skills/expertise/competencies in diversified domains for its effective functioning. Further, the Board has identified the skills/expertise/competencies of each Director in accordance with their rich and varied experience across different sectors, in the following manner:

| Area of Expertise | Name of Directors | | | | | | | | |
|-----------------------------|---------------------------|-------------------|-------------------|---------------------------|------------------------|--------------------------|-----------------|---------------------|------------------|
| | Dr. Rajendra Kumar Somany | Mr. Sandip Somany | Ms. Sumita Somany | Mr. Girdhari Lal Sultania | Mr. Nand Gopal Khaitan | Mr. Vijay Kumar Bhandari | Mr. Anil Wadhwa | Ms. Himalyani Gupta | Mr. Rakesh Sarin |
| Strategy | ✓ | ✓ | ✓ | - | - | - | ✓ | - | ✓ |
| Business Administration | ✓ | ✓ | ✓ | - | - | - | ✓ | - | ✓ |
| Management | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Corporate Governance | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Engineering & Manufacturing | ✓ | ✓ | - | - | - | - | - | - | ✓ |
| Sales & Marketing | ✓ | ✓ | - | - | - | - | - | - | ✓ |
| Community Services | ✓ | ✓ | ✓ | - | - | - | ✓ | - | - |
| Human Resources | - | ✓ | - | - | - | - | ✓ | - | - |
| Business Development | ✓ | - | ✓ | - | - | - | ✓ | - | ✓ |
| Finance | ✓ | ✓ | - | ✓ | ✓ | ✓ | - | - | - |
| Legal | - | - | - | ✓ | ✓ | ✓ | - | ✓ | - |
| Global Vision | - | - | - | - | - | - | ✓ | - | - |
| Government Relations | - | - | - | - | - | - | ✓ | - | - |
| Energy Sector | - | - | - | - | - | - | - | - | ✓ |
| Project Development | - | - | - | - | - | - | - | - | ✓ |

* The Skills/Expertise/Competencies of Dr. Rainer S. Simon, Mr. Salil Kumar Bhandari and Mr. Ashok Jaipuria are not mentioned in the above table as they ceased to be Directors as on date of this Report.

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

During the FY 2019-20, Dr. Rainer Siegfried Simon has resigned from the office of Independent Director of the Company w.e.f. 17 December 2019 due to his pre-occupation. Dr. Simon had confirmed that there were no other material reasons other than that mentioned by him.

Mr. Salil Kumar Bhandari and Mr. Ashok Jaipuria have resigned from the office of Independent Director of the Company w.e.f. 1 April 2020 and 27 May 2020 respectively due to their appointment as Independent Directors on the Board of Directors of Somany Home Innovation Limited. They had confirmed that there were no other material reasons other than that mentioned by them.

B. COMMITTEES OF THE BOARD

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

- > Audit Committee
- > Corporate Affairs Committee

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

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

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

Audit Committee

Composition

As on 31 March 2020, the Committee comprised of four Independent Directors. Further, the Committee was re-constituted on 31 May 2020. 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.

04 November 2019 and 03 February 2020. The Chairman of the Audit Committee also attended the Company's last Annual General Meeting.

Meetings and Attendance

During the year, five meetings of the Audit Committee were held on 02 May 2019, 06 August 2019, 17 September 2019,

The following table summarises attendance of members of Audit Committee:

| Name of Members | Status | No. of meetings held during the tenure | No. of meetings attended |
|----------------------------|----------|--|--------------------------|
| Mr. V. K. Bhandari | Chairman | 5 | 4 |
| Mr. N. G. Khaitan | Member | 5 | 3 |
| Mr. Salil Kumar Bhandari * | Member | 5 | 4 |
| Mr. Ashok Jaipuria * | Member | 5 | 3 |
| Mr. Rakesh Sarin ^ | Member | N.A. | N.A. |
| Mr. Anil Wadhwa ^ | Member | N.A. | N.A. |
| Ms. Himalyani Gupta ^ | Member | N.A. | N.A. |

* Mr. Salil Kumar Bhandari resigned as Director w.e.f. 1 April 2020 and Mr. Ashok Jaipuria resigned as Director w.e.f. 27 May 2020.

^ Appointed as Members w.e.f. 31 May 2020.

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

Scope of the Audit Committee

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

The scope of the Audit Committee is as follows:

Powers of Audit Committee

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

Terms of Reference

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

- › Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- › Reviewing reports of internal audit and discussing with Internal Auditors on any significant findings of any internal investigations by the Internal Auditors and the executive management’s response on matters and follow-up thereon;
- › Reviewing reports of Cost Audit, if any, and discussion with Cost Auditors on any significant findings by them;
- › Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- › 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;
- › To review the internal audit report relating to internal control weaknesses;
- › To review compliance with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, and verify that the systems for internal controls are adequate and are operating effectively; and
- › To review the utilisation of loans and/or advances from/investment by the Company in its subsidiary companies exceeding ₹ 100 crore or 10% of the asset size of the subsidiary, whichever is lower.

Corporate Affairs Committee

Composition

As on 31 March, 2020, the Company’s Corporate Affairs Committee comprised of two Executive Directors and two Non-Executive Directors. Further, the Committee was re-constituted on 31 May 2020. Dr. Rajendra Kumar Somany, Chairman and Managing Director of the Company, is Chairman of the Committee. The quorum of the Committee is either two members or one-third of the total members, whichever is greater. The Company Secretary acts as the Secretary to the Committee.

Meetings and Attendance

The Corporate Affairs Committee met on eight occasions during 2019-20, on 17 April 2019, 26 July 2019, 30 August 2019, 23 September 2019, 25 October 2019, 03 December 2019, 18 December 2019 and 11 February 2020.

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

| Name of Members | Status | No. of meetings held during the tenure | No. of meetings attended |
|----------------------------|----------|--|--------------------------|
| Dr. Rajendra Kumar Somany | Chairman | 8 | 8 |
| Mr. Sandip Somany | Member | 8 | 8 |
| Mr. G. L. Sultania * | Member | 8 | Nil |
| Mr. Salil Kumar Bhandari * | Member | 8 | 2 |
| Mr. Rakesh Sarin ^ | Member | N.A. | N.A. |

* Mr. Salil Kumar Bhandari resigned as Director w.e.f. 1 April 2020 and Mr. G. L. Sultania ceased to be member w.e.f. 31 May 2020.

^ Appointed as Member w.e.f. 31 May 2020.

Scope of the Corporate Affairs Committee

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

Corporate Social Responsibility (CSR) Committee

Composition

As on 31 March 2020, the CSR Committee comprised of two Executive Directors, one Non-Executive Non-Independent Director and an Independent Director. Further, the Committee was re-constituted on 31 May 2020. Dr. Rajendra Kumar Somany, Chairman and Managing Director of the Company is Chairman of the Committee. The quorum of the Committee is either two members or one-third of the total members, whichever is greater. The Company Secretary acts as the Secretary to the Committee.

Meetings and Attendance

The Corporate Social Responsibility Committee met four times on 03 May 2019, 06 August 2019, 04 November 2019 and 03 February 2020. The following table summarises the attendance details of the Members of Corporate Social Responsibility Committee:

| Name of Members | Status | No. of meetings held during the tenure | No. of meetings attended |
|-----------------------------|----------|--|--------------------------|
| Mr. Salil Kumar Bhandari * | Chairman | 4 | 4 |
| Dr. Rajendra Kumar Somany # | Member | 4 | 4 |
| Mr. Sandip Somany | Member | 4 | 4 |
| Ms. Sumita Somany | Member | 4 | 3 |
| Mr. Anil Wadhwa ^ | Member | N.A. | N.A. |

* Resigned as Director w.e.f. 1 April 2020

Appointed as Chairman w.e.f. 31 May 2020

^ Appointed as member w.e.f. 31 May 2020.

Scope of the Corporate Social Responsibility Committee

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

Nomination and Remuneration Committee

Composition

As on 31 March 2020, the Committee comprised of four members, three of them being Independent Directors

and one Non-Executive Non-Independent Director. Further, the Committee was re-constituted on 31 May 2020. Mr. Nand Gopal Khaitan, Independent Director of the Company, is the Chairman of the Committee. The quorum for a meeting of the Nomination and Remuneration Committee shall be either two members or one third of the members of the committee, whichever is greater, including at least one Independent Director in attendance. The Company Secretary acts as Secretary to the Committee.

Meetings and Attendance

The Nomination and Remuneration Committee met four times on 03 May 2019, 17 September 2019, 03 February 2020 and 16 March 2020. The following table summarises the attendance details of the Members of Nomination and Remuneration Committee:

| Name of Members | Status | No. of meetings held during the tenure | No. of meetings attended |
|----------------------------|----------|--|--------------------------|
| Mr. Salil Kumar Bhandari * | Chairman | 4 | 4 |
| Ms. Sumita Somany | Member | 4 | 2 |
| Mr. Ashok Jaipuria * | Member | 4 | 3 |
| Mr. V.K. Bhandari | Member | 4 | 3 |
| Mr. N. G. Khaitan # | Member | N.A. | N.A. |
| Mr. Rakesh Sarin \$ | Member | N.A. | N.A. |

* Mr. Salil Kumar Bhandari resigned as Director w.e.f. 1 April 2020 and Mr. Ashok Jaipuria resigned as Director w.e.f. 27 May 2020

Appointed as Member and designated as Chairman w.e.f. 31 May 2020

\$ Appointed as Member w.e.f. 31 May 2020.

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 familiarisation programs for Independent Directors, as may be required;
- › formulating criteria for evaluation of Independent Directors and the Board;
- › specifying the manner for effective evaluation of performance of Board, its Committees and individual Directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance;

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

Details of Remuneration of Directors

The table below provides the details of the remuneration paid to the Directors during the financial year 2019-20.

Amount (in ₹)

| Name of Directors | Basic & Allowances | Perquisites | Commission (for the year 2018-19) | Contribution to PF | Sitting Fee | Total |
|---------------------------------|--------------------|-----------------|-----------------------------------|--------------------|-----------------|---------------------|
| Dr. Rajendra Kumar Somany | 3,10,84,792 | 1,15,736 | 1,60,27,783 | 40,42,258 | - | 5,12,70,569 |
| Mr. Sandip Somany* | 1,75,00,000 | 1,94,069 | 2,28,79,767 | 18,06,000 | - | 4,23,79,836 |
| Ms. Sumita Somany | - | - | 15,62,362 | - | 65,000 | 16,27,362 |
| Mr. V. K. Bhandari | - | - | 15,62,363 | - | 1,00,000 | 16,62,363 |
| Mr. Ashok Jaipuria [#] | - | - | 15,62,362 | - | - | 15,62,362 |
| Mr. N. G. Khaitan | - | - | 15,62,362 | - | 70,000 | 16,32,362 |
| Mr. G. L. Sultania | - | - | 15,62,362 | - | 60,000 | 16,22,362 |
| Dr. Rainer S. Simon | - | - | 15,62,362 | - | - | 15,62,362 |
| Mr. Salil Kumar Bhandari | - | - | 15,62,363 | - | 1,30,000 | 16,92,363 |
| TOTAL | 4,85,84,792 | 3,09,805 | 4,98,44,086 | 58,48,258 | 4,25,000 | 10,50,11,941 |

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

*Mr Sandip Somany was paid salary for the period 01.04.2019-31.10.2019 in terms of provisions of the Companies Act, 2013 read with Schedule V thereto.

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

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

During the year, no pecuniary or business relationship existed between the Non-Executive and Independent Directors and the Company. M/s. G. L. Sultania & Co., Proprietorship firm of Mr. G. L. Sultania, Non-Executive Non-Independent Director of the Company, was paid consultancy fees for rendering professional services,

which is approved by Audit Committee and Board of Directors and further by shareholders in the Annual General Meeting of the Company held on 3 August 2017.

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

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

The Company entered into Related Party Transaction with Brilloca Limited (a related party), which exceeded the limit prescribed under the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and was considered material in accordance with the policy of the Company on materiality of related party

transactions. The aforesaid transaction was approved by Shareholders of the Company through Postal Ballot by way of an ordinary resolution on 19 December 2019.

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

Stakeholders Relationship (Shareholders'/Investors' Grievance) Committee

Composition

As on 31 March 2020, the Committee comprised of four members, three of them were Independent

Meetings and Attendance

Four meetings of the Committee were held on 02 May 2019, 06 August 2019, 04 November 2019 and 03 February 2020. The following table summarises the attendance details of the Members of the Stakeholders Relationship (Shareholders'/Investors' Grievance) Committee:

| Name of Members | Status | No. of meetings held during the tenure | No. of meetings attended |
|----------------------------|----------|--|--------------------------|
| Mr. N. G. Khaitan | Chairman | 4 | 3 |
| Mr. V. K. Bhandari | Member | 4 | 4 |
| Mr. G. L. Sultania | Member | 4 | 4 |
| Mr. Salil Kumar Bhandari * | Member | 4 | 3 |
| Ms. Himalyani Gupta ^ | Member | N.A. | N.A. |

* Resigned as Director w.e.f. 1 April 2020

^ Appointed as Member w.e.f. 31 May 2020

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

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

During the year, 20 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.

Directors and one Non-Executive Non-Independent Director. Further, the Committee was re-constituted on 31 May 2020. The Chairman of the Committee is Mr. N. G. Khaitan. The quorum of the Committee is either two members or one-third of the total members, whichever is greater. The Company Secretary of the Company acts as the Secretary to the Committee and is also the Company's Compliance Officer.

As on 31 March 2020, no request for transfer of shares was pending. The Committee met 13 times during the year under review and all the members were present at the meetings.

Scope of the Share Transfer Committee

The Board entrusts the Share Transfer Committee with the powers related to 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 Share Transfer Agent.

C. OTHER MEETING

Independent Directors Meeting

During the year under review, the Independent Directors met on 03 February 2020 inter alia, to discuss:

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

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

D. GENERAL BODY MEETINGS

Annual General Meeting

The last three Annual General Meetings were held as under:

| Financial Year | Date | Time | Venue |
|----------------|------------------|------------|--|
| 2018-19 | 2 September 2019 | 11.30 a.m. | Sripati Singhanian Hall, Rotary Sadan, |
| 2017-18 | 6 September 2018 | 11.00 a.m. | 94/2, Chowringhee Road, Kolkata - |
| 2016-17 | 3 August 2017 | 11.00 a.m. | 700 020 |

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

| Date of Annual General Meeting | No. of Special Resolutions passed | Particulars |
|--------------------------------|-----------------------------------|---|
| 2 September 2019 | 6 | <ol style="list-style-type: none"> 1. Re-appointment of Mr. Nand Gopal Khaitan as Independent Director 2. Re-appointment of Mr. Vijay Kumar Bhandari as Independent Director 3. Re-appointment of Mr. Ashok Jaipuria as Independent Director 4. Re-appointment of Mr. Salil Kumar Bhandari as Independent Director 5. Approval for continuation of payment of remuneration to Dr. Rajendra Kumar Somany, Chairman and Managing Director, who is a Promoter, in excess of threshold limits prescribed vide SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 6. Approval for continuation of payment of remuneration to Mr. Sandip Somany, Vice Chairman and Managing Director, who is a Promoter, in excess of threshold limits prescribed vide SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 |
| 6 September 2018 | 3 | <ol style="list-style-type: none"> 1. Remuneration by way of Commission to Non-Executive Directors 2. Increase in Borrowing Powers of the Board of Directors 3. Approval for continuation of Directorship of Mr. Vijay Kumar Bhandari as an Independent Director of the Company |
| 3 August 2017 | 2 | <ol style="list-style-type: none"> 1. Re-appointment of Dr. Rajendra Kumar Somany (DIN: 00053557) as Chairman and Managing Director 2. Authorisation to enter into Consultancy Contract with M/s G. L. Sultania & Co., Proprietor Mr. Girdhari Lal Sultania, Non-Executive Director |

Extra Ordinary General Meeting

During the financial year 2019-20, no Extra Ordinary General Meeting was held.

Postal Ballot

During the financial year 2019-20, the Company conducted Postal Ballot once, the results of which were declared on 20 December 2019. The Following two resolutions were passed by the above-mentioned Postal Ballot:

| S. No. | Resolutions | Votes cast in favour | | Votes cast against | | Date of declaration of Results |
|--------|--|----------------------|-------|--------------------|------|--------------------------------|
| | | No. of votes | % | No. of votes | % | |
| 1. | Alteration of Object Clause of the Memorandum of Association of the Company (Special Resolution) | 4,97,86,573 | 99.99 | 3,428 | 0.01 | 20 December 2019 |
| 2. | Approval for Related Party Transactions with Brilloca Limited (Ordinary Resolution) | 1,41,15,770 | 99.99 | 1,412 | 0.01 | 20 December 2019 |

Mr. Pravin Kumar Drolia, Practicing Company Secretary, Kolkata (FCS: 2366, CP: 1362), was appointed to act as Scrutinizer of the Company to conduct the Postal Ballot and remote e-voting process in a fair and transparent manner.

Procedure for Postal Ballot(s)

In compliance with Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Sections 108, 110 and other applicable provisions of the Companies Act, 2013

read with related rules, the Company engaged the services of Central Depository Services (India) Limited (CDSL) for the purpose of providing remote e-voting facility to all its Members. The Members were provided with the option to vote either by physical ballot or e-voting.

The Company dispatched the postal ballot notice and forms along with postage prepaid business reply envelopes to all its Members whose names were appearing on the register of Members/list of

beneficiaries as on cut-off date. The postal ballot notice was sent to the email addresses of Members who have registered their email ids with their depository participants (in case of electronic shareholding)/the Company's Registrar and Share Transfer Agent (in case of physical shareholding). The Company also placed the notice on its website and published the same in the newspapers declaring the details of completion of dispatch and other requirement as mandated under the Act and applicable rules.

Voting rights were reckoned on the paid-up value of the shares registered in the name of the Members as on the cut-off date. Members who desired to exercise their votes by electronic mode were requested to vote before close of business hours on the last date of e-voting and the Members who desired to exercise their votes by physical postal ballot form were requested to return the duly completed and signed form, to the Scrutinizer on or before the close of voting period.

The Scrutinizer submitted his reports to Mr. Girdhari Lal Sultania, Director of the Company after completion of the scrutiny and the consolidated results of the voting by postal ballot and remote e-voting and then Mr. Girdhari Lal Sultania announced the result on 20 December 2019. All the proposed resolutions were passed with requisite majority and the results of postal ballot were also displayed on the website of the Company i.e. www.hsilgroup.com, besides communicated to the stock exchanges. The date of declaration of the results by the Company was 20 December 2019 and the date of passing the resolution was 19 December 2019.

E. DISCLOSURES

Disclosure of Accounting Treatment

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

Risk Management

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

Disclosure of Commodity Price Risks and Hedging Activities

Please refer Note No. 41 of the Financial Statements, which form part of the Annual Report.

Strictures/Penalties

No strictures/penalties were imposed on the Company by Stock Exchanges or SEBI or any

statutory authority, or any matter related to capital markets during the last three years.

Proceeds from Public Issues, Right Issues, Preferential Issues

During the financial year 2019-20, 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 the Listing Regulations.

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

Vigil Mechanism (Whistle Blower) Policy

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

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

Performance Evaluation

Pursuant to the provisions of the Act and Listing Regulations, the Board has carried out the annual performance evaluation of its own performance, the Directors individually, Chairman and Vice Chairman as well as the evaluation of the working of its Nomination and Remuneration Committee. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the 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 has revised its existing Code of Conduct for the Prevention of Insider Trading, in accordance with the guidelines specified under the Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018.

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

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

Subsidiary Companies

Subsequent upon effectiveness of Composite Scheme of Arrangement between the Company, Somany Home Innovation Limited ("SHIL") and Brillloca Limited ("Brilloca") and their respective Shareholders and Creditors under sections 230 to 232 of the Companies Act, 2013, the Company has no subsidiaries.

The policy on Material Subsidiaries is available on the Company's website at the link: <http://hsilgroup.com/wp-content/themes/hindware/pdf/policies/Material-Subsidiary-Policy-Version-III.pdf>.

Particulars of Director seeking Re-appointment

Pursuant to provisions of the Act, Mr. G. L. Sultania shall retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

As Mr. Sultania will attain the age of 75 years in the month of October 2020, it is proposed to continue to avail services of Mr. Sultania as Non-executive Non-Independent Director of the Company by way of Special Resolution pursuant to Regulation 17 (1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The present term of Dr. Rajendra Kumar Somany as Chairman and Managing Director of the Company will expire by efflux of time on 8 January 2021. The Board is seeking shareholders' approval at ensuing Annual General Meeting for re-appointment of Dr. Rajendra Kumar Somany, as Chairman and Managing Director of the Company for a further period of three consecutive years, commencing from 9 January 2021 upto 8 January 2024.

For detailed particulars on the Director seeking re-appointment, please refer to Notice dated 10 June 2020 of the Annual General Meeting scheduled to be held on 19 September 2020.

Training of Independent Directors

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

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

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

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

Adoption of Mandatory and Non - Mandatory Requirements of Listing Regulations

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

Audit Qualification

The Company is in the regime of unqualified financial statements.

Reporting of Internal Auditor

The Internal Auditor directly reports to the Audit Committee.

Certificate from a Company Secretary in Practice

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

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

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

Details of total fees paid to Statutory Auditor

The details of total fees for all services paid by the Company for the FY 2019-20, to the Statutory Auditor and all entities in the network firm / network entity of which the Statutory Auditor is a part, are as follows:

| (₹ in lakhs) | | |
|--------------|---------------------------|--------------|
| S. No. | Nature of Service | Amount |
| 1. | Audit Fees | 11.00 |
| 2. | Other Services | 2.60 |
| 3. | Reimbursement of Expenses | 7.70 |
| Total | | 21.30 |

Sexual Harassment of Women at Workplace

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

F. MEANS OF COMMUNICATION**Results**

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

News Releases, Presentations, among others

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

Presentation

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

Website

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

Annual Report

The Annual Report containing, inter alia, Audited Financial Statements, Directors' Report, Auditors'

Report, Business Responsibility Report, if applicable, 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 i.e. www.hsilgroup.com.

NSE Electronic Application Processing System (NEAPS)

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

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

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

SEBI Complaints Redress System (SCORES)

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

Designated Exclusive Email-id

The Company has designated the email-id hsilinvestors@hsilgroup.com 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@hsilgroup.com

Corporate Office

301-302, Park Centra
Sector-30, National Highway - 8
Gurugram, Haryana -122001
Phone: +91- 124-477 9200
Email: pulkit.bhasin@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, Lakamhalli, Dharwad - 580004 |
| Uttarakhand | • Khasra No.122, Pachwadoon, Mauja Central Hope Town, Pargana, Selaqui, Dehradun-248197 |

Company Secretary

Mr. Pulkit Bhasin

Annual General Meeting

The 60th Annual General Meeting is scheduled to be held on 19 September 2020 at 11:00 A.M. through Video Conferencing / Other Audio Visual Means.

Financial Calendar

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

Date of Book Closure

Friday, 11 September 2020 to Saturday, 19 September 2020.

Dividend Payment Date

On or before 29 September 2020.

Monthly Stock Market Data

| Month | NSE High Price | NSE Low Price | BSE High Price | BSE Low Price |
|---------|----------------|---------------|----------------|---------------|
| Apr-19 | 294.80 | 251.20 | 294.50 | 250.65 |
| May-19 | 303.25 | 253.00 | 305.90 | 250.25 |
| Jun-19 | 290.35 | 229.15 | 294.00 | 230.00 |
| Jul-19 | 262.90 | 215.25 | 262.95 | 215.00 |
| Aug-19* | 238.00 | 43.00 | 237.95 | 43.55 |
| Sep-19 | 52.80 | 40.50 | 53.00 | 40.45 |
| Oct-19 | 48.85 | 38.70 | 49.00 | 38.10 |
| Nov-19 | 59.90 | 44.75 | 59.95 | 44.70 |
| Dec-19 | 53.85 | 43.10 | 53.90 | 43.00 |
| Jan-20 | 61.85 | 47.95 | 61.85 | 48.05 |
| Feb-20 | 66.20 | 47.65 | 66.10 | 47.80 |
| Mar-20 | 55.25 | 32.70 | 55.40 | 34.70 |

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
Exchange Plaza, 5th Floor,
Plot No. C/1, G Block,
Bandra-Kurla Complex,
Mumbai - 400 051,
Maharashtra, India

BSE Ltd. (BSE): 500187
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001,
Maharashtra, India

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 2020-21 have been paid to the Stock Exchanges.

Registrar and Share Transfer Agent

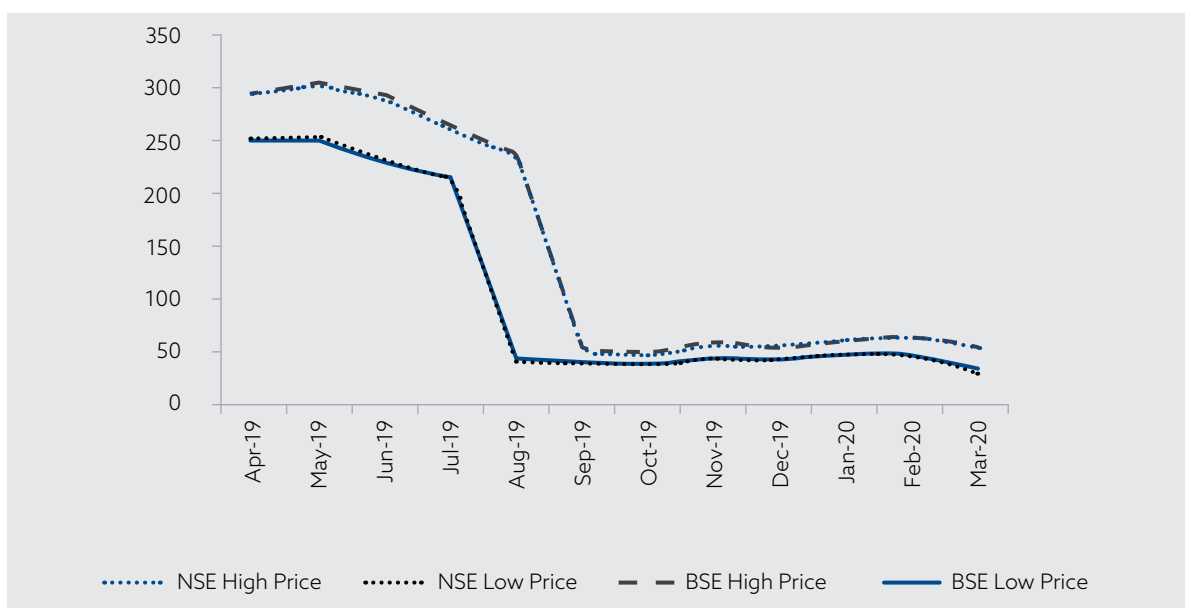
M/s. Maheshwari Datamatics Private Limited is the Company's Registrar and Share Transfer Agent (RTA) for its equity shares. The contact details of RTA are: Maheshwari Datamatics Private Limited
23, R. N. Mukherjee Road, 5th Floor, Kolkata -700 001
Phone: +91-33- 2243 5809/2248 2248
Fax: +91-33- 2248 4787
Email: mdpldc@yahoo.com

Share Transfer System

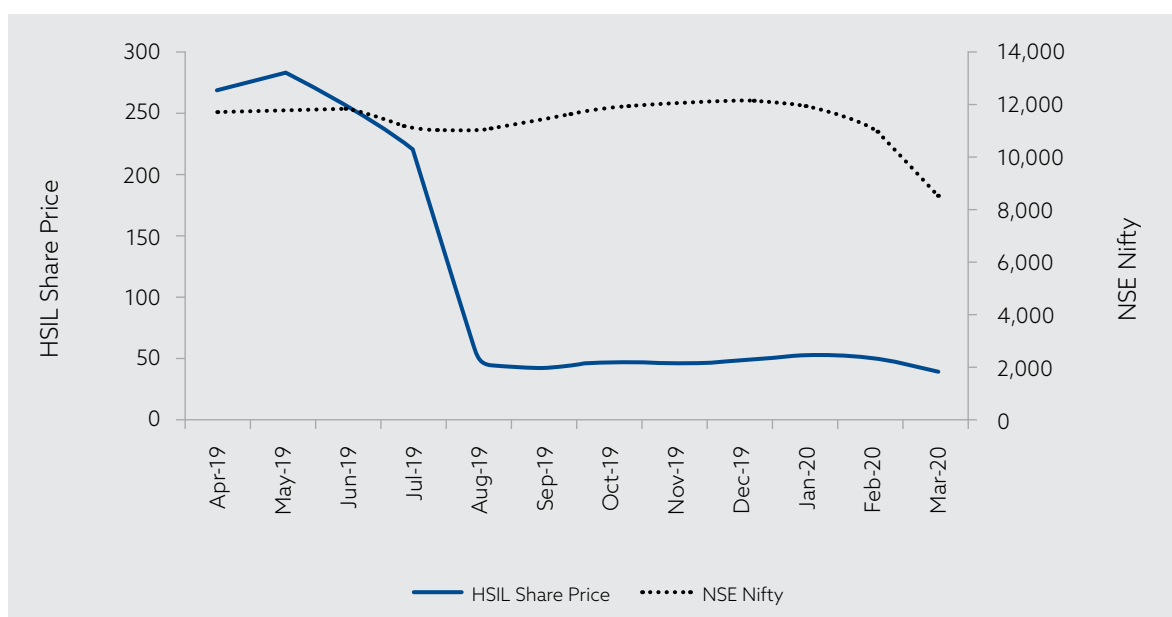
The Company has constituted a Share Transfer Committee to consider and approve applications for re-materialisation/transmission/transposition/internal transfer/issuance of duplicate certificates etc. for physical shares, if any received in future.

Market Price Data

Monthly stock market data of the Company's high-and-low prices of equity shares during FY 2019-20 and their performance, in comparison with the broad-based index, comprise:

Monthly NSE and BSE prices of equity shares

Monthly closing price of HSIL shares on NSE and NSE Nifty

| Month | NSE | NSE Nifty |
|---------|--------|-----------|
| Apr-19 | 270.35 | 11748.15 |
| May-19 | 283.95 | 11922.80 |
| Jun-19 | 256.90 | 11788.85 |
| Jul-19 | 221.45 | 11118.00 |
| Aug-19* | 45.00 | 11023.25 |
| Sep-19 | 40.85 | 11474.45 |
| Oct-19 | 48.00 | 11877.45 |
| Nov-19 | 46.80 | 12056.05 |
| Dec-19 | 48.60 | 12168.45 |
| Jan-20 | 53.30 | 11962.10 |
| Feb-20 | 52.00 | 11201.75 |
| Mar-20 | 40.35 | 8597.75 |

Monthly closing prices of HSIL shares on NSE and NSE NIFTY


*Subsequent to the effectiveness of Composite Scheme of Arrangement (Demerger) of the Company, the movement in the price of the shares from August 2019 onwards is on account of post demerger market value. Hence, the prices are not comparable.

Distribution of Shareholding as on 31 March 2020

| Number of Shares held | Shareholders | | Shares | |
|-----------------------|--------------|---------------|-----------------|---------------|
| | Number | % of Total | Number | % of Total |
| Up to 500 | 27528 | 83.77 | 3095098 | 4.28 |
| 501-1,000 | 2695 | 8.20 | 2158475 | 2.99 |
| 1,001-2,000 | 1548 | 4.71 | 2283565 | 3.16 |
| 2,001-3,000 | 394 | 1.20 | 1009316 | 1.40 |
| 3,001-4,000 | 177 | 0.54 | 628857 | 0.87 |
| 4,001-5,000 | 117 | 0.36 | 552870 | 0.76 |
| 5,001-10,000 | 211 | 0.64 | 1572570 | 2.18 |
| 10,001 and above | 193 | 0.59 | 60995644 | 84.37 |
| Total | 32863 | 100.00 | 72296395 | 100.00 |

Category of Shareholders as on 31 March 2020

| Category | No. of Shares of ₹ 2 each | % of Total |
|-------------------------------------|---------------------------|---------------|
| Promoter | 38,972,819 | 53.91 |
| Mutual Fund/UTI | 4,393,026 | 6.08 |
| Alternative Investment Funds | 1,920,000 | 2.66 |
| Foreign Portfolio Investors | 1,853,823 | 2.56 |
| Financial Institutions/Banks | 167,870 | 0.23 |
| Insurance Companies | 160,359 | 0.22 |
| Foreign Institutional Investors | - | - |
| Foreign National | 207 | 0.00 |
| Domestic Companies/Bodies Corporate | 3,898,701 | 5.39 |
| Non-Resident Individual | 1,355,171 | 1.87 |
| Others | 19,574,419 | 27.08 |
| Total | 72,296,395 | 100.00 |

Dematerialisation of Shares

| Particulars of Shares | Shares of ₹2 each | |
|---|-------------------|---------------|
| | Number | % of Total |
| Dematerialised Form | | |
| National Securities Depository Ltd. (NSDL) | 63,683,621 | 88.09 |
| Central Depository Services (India) Ltd. (CDSL) | 7,979,616 | 11.04 |
| Physical Form | 633,158 | 0.87 |
| Total | 72,296,395 | 100.00 |

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

Disclosure in respect of equity shares transferred in the Company's unclaimed suspense account

| Details | No. of Shareholders | No. of Shares |
|--|---------------------|---------------|
| Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 01 April 2019 | Nil | Nil |
| Shareholders who approached the Company for transfer of shares from suspense account during the year | Nil | Nil |
| Shareholders to whom shares were transferred from the suspense account during the year | Nil | Nil |
| Shareholders whose shares are transferred to the demat account of the IEPF Authority as per Section 124 of the Companies Act, 2013 | 93 | 30,309 |
| Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 31 March 2020 | Nil | Nil |

The voting rights on the shares outstanding in the suspense account as on 31 March 2020 shall remain frozen till the rightful owner of such shares claims the shares.

Credit Ratings

The Company has obtained the following credit ratings during the financial year:

| S. No. | Name of Rating Agency | Instrument Type | Rating | Revision, if any |
|--------|-----------------------|----------------------------|---|--|
| 1. | CARE Ratings Limited | Long Term Bank Facilities | CARE A+; Stable (Single A Plus; Outlook: Stable) Reaffirmed | None Amount reduced from ₹ 1,309.40 Crore to ₹ 1,194.00 Crore |
| | | Short Term Bank Facilities | CARE A1+ (A One Plus) Reaffirmed | None Amount reduced from ₹ 285 Crore to ₹ 200 Crore |
| | | Commercial Paper | CARE A1+ (A One Plus) Reaffirmed | None Amount reduced from ₹ 300 Crore to ₹ 100 Crore |

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 FY 2019-20.

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

I. CEO AND CFO CERTIFICATION

The Certificate, as required under Regulation 17 (8) of the Listing Regulations, duly signed by the Vice Chairman and Managing Director and Chief Financial Officer, was placed before the Board, and the same is enclosed to this Report and forms part of the Annual Report.

J. CERTIFICATION BY SECRETARIAL AUDITORS

As required under Listing Regulations, M/s. DMK Associates, Company Secretaries, the Company's Secretarial Auditors, have verified the compliances of the Corporate Governance by the Company. We have obtained a Certificate affirming the compliance from M/s. DMK Associates, Company Secretaries, and the same is enclosed to this Report and forms a part of the Annual Report.

Declaration by Chairman and Managing Director under Listing Regulations regarding adherence to the Code of Conduct

In accordance with Listing Regulations, I hereby confirm that all the Directors and the Senior Management Personnel have affirmed compliance with their respective Code of Conduct, as applicable to them, for the year ended 31 March 2020.

Place: Gurugram
Date: 10 June 2020

Dr. Rajendra Kumar Somany
Chairman and Managing Director