

POSTAL BALLOT NOTICE

Notice is hereby given pursuant to Section 110 of the Companies Act, 2013, (Act) read with Rule 22 of Companies (Management and Administration) Rules, 2014, to transact the following Special Business by the Members of HIL Limited by passing the Special Resolution through Postal Ballot.

The Members' consideration and approval is sought for the Special Resolution annexed hereto. The Statement to be annexed to Notice under Section 102 (1) of the Act, setting out the material facts and reasons for the Resolution is also appended herewith and is being sent to the Members along with a Postal Ballot Form for consideration. Ms. CS N.Vanitha of M/s.P.S.Rao & Associates, Practicing Company Secretaries, (M.No: A26859 & CP No:10573) has been appointed by the Board of Directors of your Company as the Scrutinizer to scrutinize the Postal Ballot process in a fair and transparent manner.

Members are requested to carefully read the instructions printed on the Postal Ballot Form and return the completed form in the enclosed self-addressed postage pre-paid envelope (if posted in India), so as to reach the Scrutinizer on or before the close of business hours i.e., at 5.30 pm on Thursday, the 28th August, 2014, the last date for receipt of the completed Postal Ballot Forms. The postage on the enclosed self-addressed postage pre-paid envelope shall be borne and paid by the Company.

E-Voting Option

We are pleased to offer e-voting facility also, as an alternate for our Members, which would enable them to cast votes electronically, instead of physical postal ballot form. Please carefully read and follow the instructions on e-voting printed in this notice.

The Scrutinizer will submit the report to the Chairman of the Company, upon completion of scrutiny of postal ballots in a fair and transparent manner and the result of

the postal ballot will be announced on 29th August, 2014 at the Registered Office of the Company. The result of the postal ballot will be posted on the Company's website:www.hil.in besides communicating the same to the National Stock Exchange of India Limited and Bombay Stock Exchange Limited. The result of the postal ballot shall also be announced through newspaper advertisement.

Special Business:

1. **Waiver of recovery of excess remuneration paid to Mr. Abhaya Shankar (DIN : 00008378), Managing Director of the Company for the Financial Year ended March 31, 2014:**

To consider and, if thought fit, to pass with or without modification(s), the following resolution as Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII of the Companies Act, 1956 and corresponding provisions of Sections 196, 197 read with Schedule V of the Companies Act, 2013 and other applicable provisions of Companies Act, 1956 and Companies Act, 2013, if any and subject to the approval of the Central Government, if required, the Members do hereby ratify and confirm the remuneration paid in excess of the limits prescribed under the provisions of Sections 198, 309 read together with Schedule XIII of the Companies Act, 1956 amounting to ₹116.90 lacs paid to Mr. Abhaya Shankar (DIN 00008378), Managing Director of the Company, for the Financial Year ended March 31, 2014 and waive the recovery of the above mentioned sum from him, being the remuneration agreed to be paid to him, as per the terms of appointment, as approved by the Members, to the extent it exceeds the statutory limit laid down under the Companies Act, 1956 and also approve the consequential retention thereof by him."

“RESOLVED FURTHER THAT the Board of Directors or a Committee thereof of the Board be and is hereby authorized to take such steps as may be necessary for obtaining necessary approvals, in relation to the above and to settle all matters arising out of and incidental thereto and to sign and execute deeds, applications, documents and writings that may be required, on behalf of the Company and

generally to do all such other acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this Resolution.”

**By order of the Board
For HIL Limited**

Place : Hyderabad
Date : 18th July, 2014

P. Rajesh Kumar Jain
Company Secretary &
DGM (Compliance)

EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013 IN RESPECT OF SPECIAL BUSINESS SET OUT IN THE NOTICE.

1. Waiver of recovery of excess remuneration paid to Mr. Abhaya Shankar (DIN : 00008378), Managing Director of the Company for the Financial Year ended March 31, 2014:

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

The Board of Directors at their meeting held on 24th January, 2012 after considering the performance and achievements of the Company under the able guidance of Mr. Abhaya Shankar, Managing Director reappointed him as a Managing Director for a further period of 3 (Three) years. The Members at their Annual General Meeting held on 20th July 2012 by way of Special Resolution approved the re- appointment of Mr. Abhaya Shankar, Managing Director for a further period of 3 (Three) years commencing 1st May 2012.

Mr. Abhaya Shankar took charge as Managing Director of HIL Limited from 1st February, 2008. During the last 5 years preceding 2013-14, under his leadership, the revenue of the Company grew by 15% CAGR, viz., from ₹664 crores in FY 2008-09 to

₹1,166 crores in FY 2012-13. During the same period the Company earned a EBIDTA of ₹578 crores. In view of splendid performance of the company over these years the dividend percentage declared to the shareholders also went up to 200% i.e., ₹20/- per share in FY 2012-13 as compared to 50% i.e., ₹5/- per share in FY 2008-09.

In the year 2013-14, the Company's revenue stood at ₹978 Crores as compared to ₹1166 crores in the previous year. Consequently, Profit Before Tax for the year 2013-14 stood at ₹9.89 crores as compared to ₹91.35 crores in the previous year.

Due to subdued market conditions coupled with overall rise in costs on account of various external factors including the slow down of the economy, the net profit of the company in the financial year 2013-14, as computed U/s. 349 & 350 of the Companies Act, 1956, witnessed steep decline, resulting in the net profit of Company being inadequate for the payment of remuneration payable to Mr. Abhaya Shankar, Managing Director, as per his terms of appointment for the financial year 2013-14.

Inspite of tough market conditions such as low demand, low spend on infrastructure development compounded by pressure on prices that affected the overall profitability of the industry, HIL under the guidance of Mr. Abhaya Shankar used this trying period as an opportunity to implement several strategic initiatives and realign the structure to be future ready: initiatives such as capacity expansion,

innovation in manufacturing processes for improved productivity, financial restructuring that resulted in significant reduction in working capital etc. One of the exciting development was HIL's diversification into the new business of Advanced Polymer Products.

As per the terms of appointment of Mr. Abhaya Shankar, Managing Director as approved by members at their AGM held on 20-07-2012, in the event of loss or inadequacy of profits during the tenure of service of Mr. Abhaya Shankar as Managing Director, the payment of salary, commission, perquisites and other allowances shall be governed by the limits prescribed under Section II of Part II of Schedule XIII to the Companies Act, 1956. For the Financial Year 2013-14, the remuneration of ₹204.60 lacs paid to Mr. Abhaya Shankar, Managing Director exceeds limits prescribed under Section II of Part II of Schedule XIII to the Companies Act, 1956 to the extent of ₹116.90 lacs.

In respect of Financial Year 2013-14, the Ministry of Corporate Affairs ("MCA") have vide General Circular No.08/2014 dated April 4, 2014 clarified that the provisions pertaining to maintenance of books of accounts, preparation, adoption and filing of financial statements and other documents required to be attached to the Annual Report shall be governed by the relevant provisions, schedules, rules of the Companies Act, 1956. Pursuant to the provisions of Sections 198 and 309 read together with Schedule XIII ("Schedule XIII") of the Companies Act, 1956, in case of no profits or inadequacy of profits calculated under Section 349 and 350 of the Companies Act, 1956, the Company may pay remuneration by way of salary, dearness allowance, perquisites and any other allowances (excluding commission) up to the ceiling limits as specified in Schedule XIII subject to Members' approval by way of Special Resolution and compliance of disclosure requirements and other conditions as stated therein. Any sums paid in excess of the said statutory limits become refundable to the Company and until such sums become refundable, are held in trust by the Director, on behalf of the Company, unless the

Company waives recovery of the said amount by way of a Special Resolution passed by the Members and such waiver is approved by the Central Government.

In accordance with Section 309 (5B) read along with Schedule XIII of the Companies Act 1956, the Board at its meeting held on 8th May 2014, on recommendation of the Nomination and Remuneration Committee, subject to approval of Central Government, approved the waiver of the recovery of excess remuneration paid to Mr. Abhaya Shankar, Managing Director for the financial year 2013-14. Further, the Board at its meeting held on 18th July 2014, resolved to seek approval of members by postal ballot, subject to approval of Central Government, for the waiver of the recovery of excess remuneration paid to Mr. Abhaya Shankar, Managing Director for the financial year 2013-14 to extent of ₹116.90 lacs.

THE STATEMENT CONTAINING ADDITIONAL INFORMATION AS REQUIRED IN SCHEDULE V OF THE ACT.

I. General Information:

(1) Nature of industry

The Company is mainly engaged in the business of manufacture of various building products such as Fibre Cement Corrugated and Flat Sheets, Autoclaved Aerated Concrete (AAC) Blocks, Aerocon Building Panels, cPvc & uPvc Pipes and fittings etc., The Building Products manufactured by the Company are marketed under the brand name of "CHARMINAR" and "AEROCON" all over the Country through well established dealer network.

(2) Date or expected date of commencement of commercial production

The Company was incorporated on June 17, 1946. The Company had since commenced its business.

(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.

Not Applicable.

(4) Financial performance based on given indicators

(Rs in Lacs)

	2013-14	2012-13	2011-12	2010-11
Gross Revenue	97819.93	116608.92	94908.19	80203.62
EBITDA	5239.21	12867.24	11599.32	9771.68
PBT	988.77	9135.30	8735.69	7413.81
PAT	713.22	6063.63	6054.55	5060.42
Dividend%	50%	200%	185%	160%

It may be noticed from the above table that the Company, under the able guidance of Mr. Abhaya Sankar as Managing Director, had consistently grown in terms of Revenue with considerable profits for the last 3 years preceding FY 2013-14. The FY 2013-14 had been an exceptional year where in the entire industry had de-grown due to slow down of the economy and hence the profits for the said year had been inadequate for payment of managerial remuneration.

(5) Foreign investments or collaborators, if any.

The Company has setup a Joint Venture Company in Nigeria in collaboration with the Nigerian Government in the name of "Supercor Industries Ltd". The Company is holding 33% stake in the said Joint Venture Company.

II. Information about Mr. Abhaya Shankar, Managing Director:

(1) Brief Background:

Mr. Abhaya Shankar (age 58 years) has over 33 years of experience in the private sector in India and abroad, of which over 23 years have been in top management roles. A mechanical engineer from IIT Kanpur (1979) and a Managing Graduate (PGDM) from IIM Calcutta (1981), he has extensive experience in heading manufacturing companies, as well as undertaking corporate roles encompassing formulation of corporate strategy, mergers and acquisitions, formation of joint ventures and turn around of under-performing companies.

(2) Past Remuneration:

The remuneration paid to Mr. Abhaya Shankar as Managing Director for last 3 years is as follows:

Amt (₹. in Lacs)

Particulars	2013-14	2012-13	2011-12
Salary	49.68	42.70	37.20
Allowances, Perquisites & Others	129.92	97.51	79.05
Performance Variable Pay	25.00	40.00	25.00
Guaranteed Bonus	–	–	15.00
Total	204.60	180.21	156.25

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

(3) Recognition or awards

Mr. Abhaya Shankar was awarded the best final year project at IIT, Kanpur. He was also recognized as "Shadow Award" nominee by his previous Company for his leadership skills.

Under the dynamic leadership of Mr. Abhaya Shankar as Managing Director, the Company was awarded several prestigious awards including the following Awards to name a few:

- Greenco Gold Rating award conferred by former President Dr. A.P.J. Abdul Kalam Azad.
- Manufacturing Excellence award for Sustainability (for Golan Plant).
- Ethical Brand – Award conferred by CSR World Congress.
- Indira award for Excellence in Brand Management & Product Innovation.
- Innovative Product – Bronze Medal – ET – AceTech Award.
- Manufacturing Excellence award – ITP publishing.

(4) Job profile and his suitability

Mr. Abhaya Shankar is the Managing Director of the Company since 1st Feb, 2008. Under the guidance of Mr. Abhaya Shankar the Company has constantly improved its performance both on operational parameters and financial parameters. His previous assignment (Feb 1998 to Jan 2008), was in the capacity of Managing Director and Country Manager of Tenneco Automotive India, which is a part of Tenneco Inc. USA, headquartered in the United States of America, and with a global presence of over 80 facilities worldwide, and engaged in design, development and manufacture of ride-control and emission control products.

Prior to this (1994 to 1998) he was heading the corporate office, as President, for Bharat Technologies Group, engaged in automotive, information technology, electrical and sugar related industries. Having worked in India and abroad with leading multi-nationals, he brings with him an extensive experience of highly professional, process and execution driven management practices.

(5) Remuneration proposed

The present resolution is proposed to waive the recovery of excess remuneration to the extent of ₹116.90 lacs paid to Mr. Abhaya Shankar, Managing Director for the FY 2013-14, subject to the approval Central Government.

(6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person.

The remuneration of the Managing Director was commensurate with the remuneration package of professionals appointed at CEO/MD levels in other Companies taking into account the size of the Company and the responsibilities of Mr. Abhaya Shankar as Managing Director.

(7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.

Besides the remuneration paid/payable, Mr. Abhaya Shankar, Managing Director does not have any other pecuniary relationship with the Company or with its managerial personnel.

He holds 2997 shares amounting to 0.04% of the paid-up share capital of the Company.

III. Other information:

(1) Reasons of loss or inadequate profits

The drop in profitability is mainly attributable to subdued market conditions contributed by prolonged slowdown in the economic activity, weak consumer sentiments, and subdued infrastructure activity coupled with overall rise in all costs on account of various external factors. Fibre Cement Sheets (including flat products) continue to be the major revenue generator for the Company accounting for about 80 % of the Company's sales Revenue. The sheeting industry registered a de-growth of 14 % during last fiscal 2013-14 resulting in a de-growth of Company's sales Revenue and profits.

(2) Steps taken or proposed to be taken for improvement

While the external factors beyond the control of the Company have seriously impacted the net profit of the Company in FY 2013-14, the Company has managed to increase its market share in the sheeting business which is its largest revenue generating business.

The Company has undertaken various strategic initiatives such as diversification into manufacture of Advanced Polymer Products, expansion of Golan and Kondapally plants, addition of fuel efficient boilers etc., to maintain its leadership, improve market share and financial performance. Company's efforts to position itself as a "Complete building solution provider" with superior and consistent quality and service level's evoked good response from the market. The Company is constantly expanding the product portfolio to further increase its presence in the building products segment. Company's thrust on exports with focussed approach is expected to deliver the desired results in the current fiscal.

The Company has also undertaken several new initiatives in order to make the operations more efficient and the organisation structure more responsive to customers needs.

These steps will be beneficial to the Company as the Indian Economy revives and the markets demand rebounds.

(3) Expected increase in productivity and profits in measurable terms.

Fibre cement sheets market is expected to grow at over 15% in 2014-15. Company has enhanced its capacity at the existing locations, to meet the increased demand and has taken several initiatives to reduce overall logistic cost in order to improve margins.

Further, adding to the portfolio of building materials the Company ventured into manufacturing of Advanced Polymer Products, with cPVC and uPVC plumbing products, with the commissioning of its state of art cPVC and uPVC Pipes and Fittings manufacturing unit at Faridabad, Haryana on 7th October'2013 with an initial capacity of 6000 MT. The products are being marketed under the brand name of "AEROCON".

In order to sustain the existing market and grow at a faster phase, the Company has started the process of setting up a project for manufacture of AAC Blocks in Jhajjar in Haryana. The project is progressing as per the timelines envisaged and expected to start its commercial production latest by beginning of last quarter of current fiscal.

Through continuous efforts in innovation and product development by research and development, we want to stay ahead in our industry; Company will not only evaluate opportunities in existing product lines but would also explore the possibilities of growth in synergic products.

In anticipation of revival of the overall economy in future, the aforesaid steps taken/ to be taken by the Company are expected to improve the Company's performance and profitability. The results of these initiatives are already visible in the financial performance of the Company for the quarter ended 30th June 2014.

The Resolutions passed by the Board of Directors on 8th May 2014 and 18th July 2014 as referred above are open for inspection by the members at the Registered Office of the Company between 10.00 A.M. to 12.00 Noon on any working day up to 28th August 2014.

Mr. Abhaya Shankar as Managing Director is interested in the resolution set out at Item No. 1 of the Notice. He holds 2997 shares amounting to 0.04% of the paid-up share capital of the Company.

The relatives of Mr. Abhaya Shankar, Managing Director may be deemed to be interested in the resolution set out at Item No. 1 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

This statement may also be regarded as a disclosure under clause 49 of the listing agreement with the Stock Exchanges.

The Board recommends the Special Resolution set out at Item No.1 of the Postal Ballot Notice, for approval of the members, by casting their vote through the Postal Ballot Form/E-Voting as explained in the notes appended herewith.

**By order of the Board
For HIL Limited**

Place : Hyderabad
Date : 18th July, 2014

P. Rajesh Kumar Jain
Company Secretary &
DGM (Compliance)

NOTES:

1. An explanatory statement as required under Section 102 of the Companies Act, 2013 (Act) and other applicable provisions of the Companies Act, 2013 and Companies Act, 1956 as amended, to the extent applicable in respect of the business specified above is annexed hereto.
2. In terms of Section 110 of the Companies Act, 2013 read with Rule 22 of Companies (Management and Administration) Rules, 2014, the business set out in the notice above is sought to be passed by postal ballot.
3. The notice of postal ballot is being sent to the members, whose names appear in the register of members or list of Beneficial Owners as received from National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) as on 18th July 2014 and voting rights shall be reckoned on the paid up value of shares registered in the name of the shareholders as on the same date.
4. The Board appointed Ms. CS N.Vanitha of M/s. P.S.Rao & Associates, Practicing Company Secretaries, (M.No: A 26859 & CP No: 10573), as the Scrutinizer for conducting the postal ballot voting process in accordance with the law, in a fair and transparent manner.
5. The shareholders are requested to carefully read the instructions printed in the attached postal ballot form. The postal ballot form, duly completed and signed should be returned in the enclosed self-addressed postage prepaid envelope directly to the Scrutinizer so as to reach the Scrutinizer not later than 5.30 P.M. on 28.08.2014 or before. Any postal ballot form received after this date and time shall be treated as invalid.
6. The shareholders are requested to exercise their voting rights by using the attached postal ballot form. Shareholders who do not receive the postal ballot form may apply to the Company/Registrars and Transfer Agents, Venture Capital and Corporate Investments Pvt. Limited, 12-10-167, Bharatnagar, Hyderabad - 500018 and obtain a duplicate thereof.
7. The Special Resolution mentioned above shall be declared as passed, if the number of votes cast in favour of the resolution is three times more than the votes, if any, cast against the said resolution.
8. The Scrutinizer will submit the report to the Chairman, after completion of the scrutiny and the results of the postal ballot will be announced by the Chairman or any one of the Directors of the Company on 29.08.2014 at 6.00 P.M. at the Registered Office of the Company situated at Sanatnagar, Hyderabad - 500 018. The results along with the Report will be posted on the website of the Company: www.hil.in. The date of declaration of Postal Ballot results will be taken to be the date of passing the resolutions.
9. The results of the postal ballot will be published in one English Newspaper with nationwide circulation and in one Telugu Newspaper for the information of members, and will also be informed to National Stock Exchange of India Limited and Bombay Stock Exchange Limited.
10. In compliance with the provisions of Clause 35B of the listing agreement and Section 110 of the Companies Act 2013, read with Rule 22 of Companies (Management and Administration) Rules, 2014, the Company has also extended e-voting facility as an alternate, for its Members to enable them to cast their votes electronically instead of dispatching Postal Ballot Form.
11. In line with the Ministry of Corporate Affairs' 'Green Initiative in the Corporate Governance', the Company is sending the Postal Ballot Notice electronically by e-mail, to those shareholders who have registered their e-mail addresses with the Depositories, Company or Registrars and Transfer Agents, Venture Capital and Corporate Investments Pvt. Limited, 12-10-167, Bharatnagar, Hyderabad-500018 and by post to all the remaining Shareholders, whose names appear in the Company's Register of Members as at the close of business hours on 18.07.2014. Members, who have received the Postal Ballot Notice by e-mail and who do not wish to avail the electronic voting facility, may obtain the physical copy of the Notice and Postal Ballot Form by sending their written request to the Company or Registrars and Transfer Agents, Venture Capital and Corporate Investments Pvt. Limited, 12-10-167, Bharatnagar, Hyderabad-500018
12. Please see the instructions for voting by postal ballot printed behind the postal ballot form and for voting by e-voting which have been printed herein.
13. In case of e-voting on the website: www.evoting.nsdl.com, voting will commence on and from 9.00 a.m. on 29.07.2014 and end at 5.30 p.m. on 28.08.2014.
14. The Postal Ballot Notice is also placed on the website of the Company: www.hil.in and website of NSDL: www.nsdl.com.

PROCESS FOR MEMBERS OPTING FOR E-VOTING

A. In case of Members receiving the Postal Ballot Form by E-mail:

Log on to the e-voting website: www.evoting.nsdl.com and Click on 'Shareholder-login'.

- i. Enter following details in the appropriate boxes and click "SUBMIT":

Details

User ID	For NSDL - 8 characters DP ID + 8 digits demat Client ID. For CDSL - 16 digits Beneficial Owner ID. For Physical - EVEN Number +Registered Folio Number with the Company.
Password	Your unique password has been provided in the Postal Ballot Form or the e mail forwarded by NSDL.

- ii. Insert user id and password as noted in point no (3)(i) of above and click login.
- iii. Logging in for the first time, Password change menu appears. Change the password with new password of your choice with minimum 8 digits / characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- iv. Home page of "e-voting" opens. Click on "e-voting":- Active Voting Cycles. Select the "Electronic Voting Event Number" (EVEN) of the 'HIL Limited'.
- v. Now you are ready for "e-voting" as "Cast Vote" page opens. Cast your vote by selecting the appropriate option and click on "Submit" and also "Confirm" when prompted.
- vi. Once you have voted on a resolution, you will not be allowed to modify your vote.
- vii. You can log in for any number of times till you have voted on all resolutions during the e-voting period i.e., from 9.00 a.m. on 29.07.2014 and end at 5.30 p.m. on 28.08.2014.
- viii. Institutional Shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF / JPG Format) of the relevant board resolution / authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorised to vote, to the scrutinizer through e-mail at csvanitha19@gmail.com with a copy marked to cs@hil.in and evoting@nsdl.co.in. File name of the scanned image should be "Corporate Name_EVEN". The documents can be sent before/immediately after casting the vote. However, in case the same do not reach before closure of voting, the vote so exercised will be rejected in the system.

B. In case of Members receiving Postal Ballot Form by Post:

- i) User ID and initial password is provided at the bottom of the Postal Ballot Form.
- ii) Please follow all steps from Sr. No. A (ii) to (xii) above, to cast your vote.
- iii) If you are already registered with NSDL for e-voting then you can use your existing user ID and password for Login to cast your vote.
- iv) In case of queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting user manual for shareholders available at "downloads" section for www.evoting.nsdl.com or call on 022-2499 4600.

Note: E-voting period starts from 9.00 a.m. on 29.07.2014 and end at 5.30 p.m. on 28.08.2014.