

FOR INFORMATION OF THE SHAREHOLDERS OF THE COMPANY

Corrigendum to (a) the Notice of 75th Annual General Meeting scheduled to be held on July 29, 2022 (AGM) at 3.00 p.m. IST through video conferencing / other audio visual means; and (b) Board's Report for the financial year 2021-22

In due compliance with the provisions of the Companies Act, 2013 read with Rules made thereunder HIL Limited ("the Company") circulated a Notice dated May 6, 2022 ("AGM Notice") & Annual Report for the financial year 2021-22, to all its shareholders on June 7, 2022.

Subsequent to its circulation certain inadvertent errors have been observed in the Explanatory Statement annexed to the AGM Notice and in Board's Report in respect of the ordinary resolution (Item. no. 4 of the AGM Notice) for appointment of M/s. B S R and Co, Chartered Accountants (FRN - 128510W) as Statutory Auditors of the Company accordingly, vide this Corrigendum, we wish to inform our shareholders that:

a) **On page No. 261 of the Annual Report** (i.e. AGM Notice), in explanatory statement to the Item No. 4, in first para, the words "M/s. B S R and Associates LLP, Chartered Accountants (FRN – 116231W) as a statutory auditors of the Company, the five years term of M/s. B S R and Associates LLP" shall be read as "M/s. B S R & Associates LLP, Chartered Accountants (FRN – 116231W/W-100024) as statutory auditors of the Company, the five year term of M/s. B S R & Associates LLP" and in second para, the words "at such terms and conditions as may be agreed between the Board and the Auditors including the remuneration of Rs. 93.00 Lakh (Rupees Ninety Three Lakh only) (excluding applicable taxes) and actual out of- pocket expenses incurred by them for the purpose of audit and the applicable taxes." Shall be read as "on such terms and conditions and on such remuneration as may be agreed between the Board of Directors of the Company and the Statutory Auditors."

b) **on page No. 54 of the Annual Report** (ie. Board's Report), under the heading Statutory Auditors, in second para, the words "at such terms and conditions as may be agreed between the Board and the Auditors including the remuneration of Rs. 93.00 Lacs (Rupees Ninety Three Lacs only) (excluding applicable taxes) and in addition the agreed remuneration actual out-of pocket expenses incurred by them for the purpose of audit and the applicable taxes shall be reimbursed." shall be read as "on such terms and conditions and on such remuneration as may be agreed between the Board of Directors of the Company and the Statutory Auditors."

Other contents of the AGM Notice and Board's Report remain unchanged.

This Corrigendum shall form an integral part of AGM Notice and Board's Report and shall also be available at Investor section of the Company's website www.hil.in, and on the website of National Securities Depository Limited (NSDL) <https://www.evoting.nsdl.com/> and on the website of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com, respectively.

Date: July 8, 2022
Place: Hyderabad

For HIL Limited

Sd/-
Mahesh Thakar
**Company Secretary &
Head Legal**

**Innovate.
Sustain.
Lead.**



HIL LIMITED

ANNUAL REPORT

2021-22

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Shareholders Information

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Forward-looking statements

Some information in this report may contain forward-looking statements which include statements regarding Company's expected financial position and results of operations, business plans and prospects etc. and are generally identified by forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will" or other similar words. Forward-looking statements are dependent on assumptions or basis underlying such statements. We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution that actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.



INNOVATE. SUSTAIN. LEAD.

Our relentless innovation and sustainable best practices have strengthened our leadership in our core markets. We have grown, over the years, navigating the ebbs and flows of business cycles and economic headwinds, strengthening our resilience to uncertainties.

FY22, just like the year that preceded, put our operations in India and overseas to a severe stress test. However, we have stayed strong in the face of adversity and delivered encouraging growth, supported by an agile business models, along with hard-working and dedicated teams.

We are gradually orienting the business for a global growth curve. As we approach new countries we ensure that we understand local nuances well in order to maximize opportunities. Our expertise in design and quality gives us the ability to delight customers and strengthen our margins. Our brand reputation also helps enhance trust for customers and all other stakeholders.

The cultural and operational fabric of HIL is geared for growth, and we are well on our way to achieving the target of becoming a \$1 billion Company by 2026, serving as a one-stop building material solutions company nationally and internationally.





With over 30000 employees, 47 manufacturing facilities and numerous patents and awards, the Group's businesses are spread across 5 continents. The Group operates in three industry clusters, namely technology and automotive, home and building, and healthcare and education.

The group's companies are strengthened by shared guiding principles that include a focus on long-term value creation, trust-based relationships, and spreading joy within the communities in which they operate. Each business of the Group is evolving continuously to build on the collective strengths of the Group. The conglomerate is undergoing a transformation exercise with technology and talent driving the change. With a vision to create value in line with the rapidly changing needs of customers, partners, and communities, the Group is poised to change the game.

Transforming

through talent and technology

A diversified US \$2.8 billion conglomerate, the CK Birla Group has a presence globally and shares enduring relationships with renowned global companies.



30000+
Employees



Focused on
Long-term
value creation



Presence across
5+
Continents



Over
~\$ 2.8 billion
Conglomerate

Chairman's message



“
OUR FOCUS ON
ECO-FRIENDLY
CUSTOMER
CENTRIC PRODUCTS
DEVELOPED
THROUGH
INNOVATION,
SUSTAINED
OUR MARKET
LEADERSHIP WHICH
ENABLES US TO
ACCESS UNTAPED
GEOGRAPHIES
”

CK BIRLA
Chairman

Dear Shareholders,

We started the year with the deadliest wave of the pandemic, which took an enormous toll on economies, businesses and livelihoods in India and globally. As the world navigated through the pandemic-induced disruptions, economic activity was further hampered by geopolitical conflicts. We also faced our fair share of challenges in the form of rising input costs and supply chain disruptions. However, we stayed strong in the face of adversity and delivered encouraging growth, on the back of an agile business model and hard-working dedicated teams. Our focus on markets, continually broadening the product basket and selection of the right product mix helped us register a strong revenue growth and retain our leadership position.

The severity of the adversity was even more in Europe, where PARADOR faced scarcity of raw materials and doubling of

key raw material costs. I am pleased that our European team worked determinedly to stay afloat in these trying times and also could partly offset the impact of cost adversities.

Our commitment to stakeholders is to grow responsibly, and to safeguard their long-term interests. This commitment is reflected in our innovative green solutions and our consistent focus on improving our Environment, Social and Governance (ESG) performance. On behalf of the Board, I congratulate the entire leadership team and all members of the HIL family for their dedication and perseverance to perform commendably in these trying times.










CK Birla
Chairman

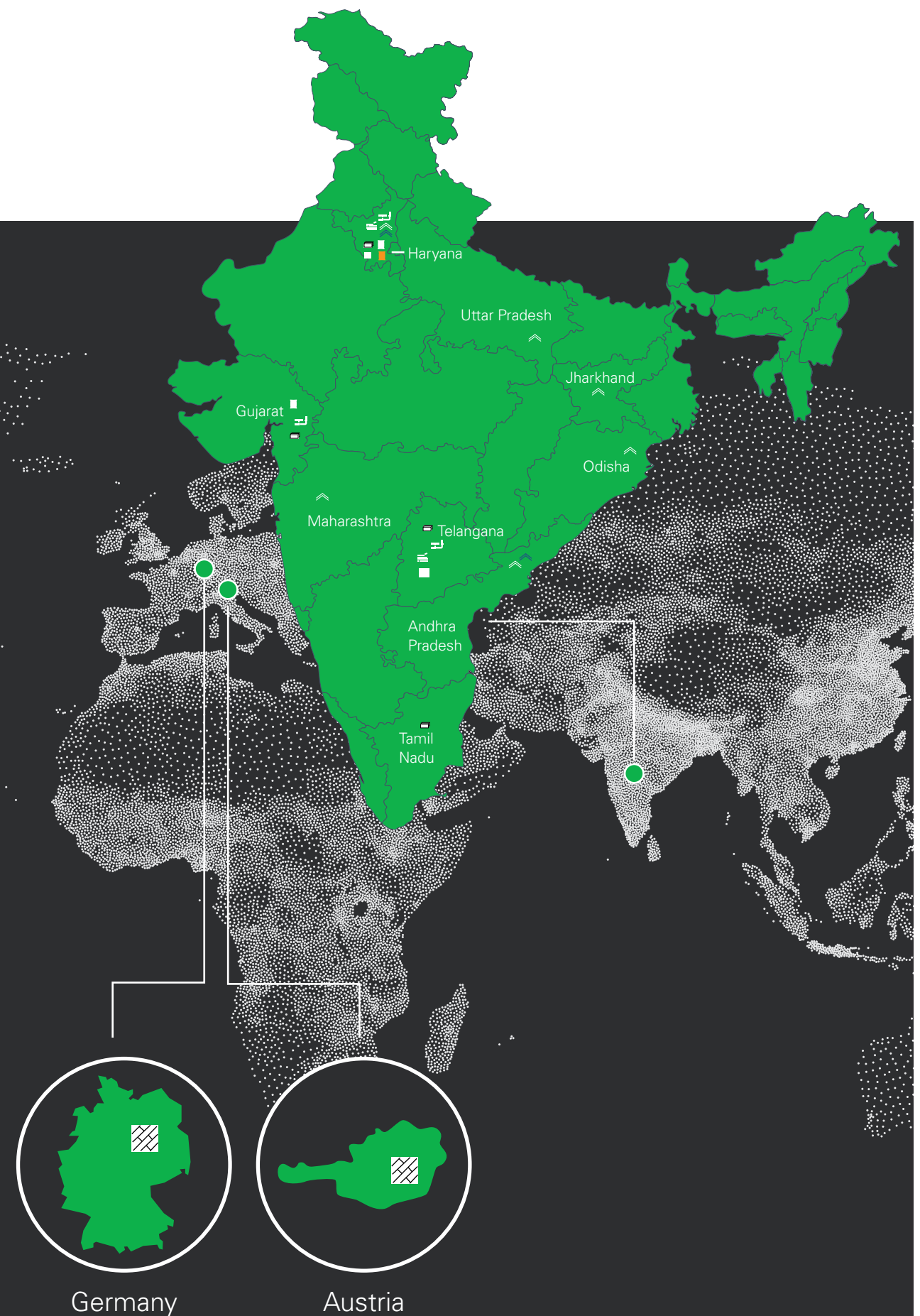
“
OUR COMMITMENT
TO STAKEHOLDERS
IS TO GROW
RESPONSIBLY, AND
TO SAFEGUARD
THEIR LONG-TERM
INTERESTS. THIS
COMMITMENT IS
REFLECTED IN OUR
INNOVATIVE GREEN
SOLUTIONS AND
OUR CONSISTENT
FOCUS ON
IMPROVING OUR
ENVIRONMENT,
SOCIAL AND
GOVERNANCE (ESG)
PERFORMANCE.
”

Strengthening our footprint across geographies

Building the nation through high quality, cost effective products

Manufacturing Units

-  Charminar AC Sheet
-  Charminar Fortune
-  Birla Aerocon Panel
-  Birla Aerocon AAC Blocks
-  Birla HIL Putty
-  Birla HIL Pipes
-  Birla Aerocon Dry Mix
-  Birla Aerocon Fibre Boards
-  PARADOR Flooring



MD and CEO message

“OUR LEADERSHIP EXTENDS ACROSS QUALITY, DISTRIBUTION, SOCIAL COMMITMENT. WE ARE STRIVING TO BETTER OUR PERFORMANCE AS WE STEP INTO FY23.”

DHIRUP ROY CHOUDHARY
Managing Director and CEO

Dear Shareholders,

For the last two years we have seen health and economic uncertainties taking a huge toll on lives and livelihoods worldwide. After a significant contraction related to the COVID-19 pandemic in 2020, the global economy recovered to a certain extent in 2021. However, the momentum was sluggish in Q2, due to a deadlier variant of the virus, the impact of which was fortunately brief.

Towards the end of Q4 FY2022, a sudden escalation in geopolitical tension arising from prolonged Russia-Ukraine conflict led to a disruption in supply chains, high crude prices and rising inflation across both emerging/developing economies.

The Indian economy performed better than expected and grew by 8.7% in FY2022, driven largely by the government's large-scale vaccination drives and accommodative fiscal and monetary measures. However, given India's high crude imports, the inflation trajectory continues to be a matter of concern, jeopardising long-term growth outlook and putting pressure on corporate margins.

Combating headwinds, delivering growth

Against a challenging backdrop, we have successfully closed FY22 with 16% revenue growth totalling ₹ 3520 crore, which is nearly \$0.5 billion. Our PBT grew by 1% amid higher raw material costs and margin pressures, persistent almost throughout the year and was recorded at ₹ 295 crore. This was driven by a committed response by our dedicated teams to various business headwinds. While the flooring segment countered non-availability and pricing of HDF / MDF boards, we have observed inflation build up across other key inputs in every other business segments. However, we believe these challenges are transient and as these situational adversities recede,

we will regain our focus on profitable volume growth.

Given our brand supremacy and strong product attributes in roofing solutions, we have been successful in gaining market share, even as we were compelled to take price increments. In line with the overall trend of the economy, our business has seen a certain pick-up in the cost of cement, fly ash, fibre, and sea freight. Our teams continue to work on various avenues of cost reduction methodically, which includes looking at alternative raw materials and recipes.

We are continuing our cost-optimisation initiatives for a few quarters now and hence, despite the shortcomings on the supply side, we could grow our market share with little impact on margins. Our leadership extends across pricing, quality, distribution, and connects, and we are striving to better our performance as we step into FY23. Our non-asbestos roofing Charminar Fortune brand continues to garner business growth and robust traction in the market where volumes have shown improvements. Since last one year, our team has been graduating production towards unit care, which comes with better manufacturing efficiency, thereby aiding our competitiveness.

Coming to the Building Solutions segment, we delivered a robust performance in FY22 compared to FY21. Revenue grew by 44% and PBT grew by 86%. We are witnessing very high rates of utilisation of capacity. Our next growth lever will be geographic expansion in east and capacity enhancement in existing plants. Amidst raw material inflation, the real estate and building materials industry has actually seen a healthy demand and we are confident that we will be able to maintain our growth trajectory on the back of our strategy for this business.

In the polymer solution business, our margins remain under pressure due to

volatility of resin prices and high cost of other chemicals and polymers. However, our strategy of geographic expansion continues to help us accelerate growth.

The challenges were far more in the European context, where Parador faced a huge scarcity of raw materials, and a doubling of key raw material costs. Other challenges such as an increase in energy cost, and tripling of sea freight impacted our operations.

Yet, Parador registered growth in top-line over that of last year. Our European team has taken determined efforts towards making multiple selling price escalations across product categories, entering long-term supply contracts with key dependable raw material suppliers, improving product mix, and continuously working on cost base. These initiatives have all supported towards partially offsetting the impact of cost adversities. Parador continues to expand in Europe at a very good rate. Globally, China continues to be an important market for us, while plans for further global expansions are on the cards.

Overall, in this tough inflationary and volatile operating environment, we have demonstrated significant sales growth, protected our operating margins and increased our market share in all segments in the domestic market.

Value creation is a teamwork

Our teams have always played a pivotal role in our journey in building an innovative, customer-focused and sustainable business. We have always invested in upskilling our employees/partners and encouraging them to take on more challenging roles. I am happy to announce that we have been recognised as a 'Great Place to Work' for a third consecutive year.

As a responsible business, we have put in place an ESG governance structure, which comprises Corporate Social Responsibility

and Sustainability Committee, ESG Steering Committee & ESG Working Group for holistic ESG oversight across our value chain. We are formulating our ESG strategy, along with short-term and long-term roadmap in consultation with all stakeholders.

Maintaining leadership

I must thank all our teams, partners, investors and the entire stakeholder fraternity for their dedication and efforts in helping HIL strengthen its leadership. We are well on our way to achieving the goal of becoming a \$1 billion Company by 2026, serving as a one-stop building material solutions company with both domestic and global presence.

The Birla brand has a reputation for quality and is one of the most well-known brands in the country. These factors combined with our strategies and valuable experience gained in the last few years has helped ensure business growth, despite challenges and we are committed to continue leveraging this going forward.

Thank You!

Dhirup Roy Choudhary
Managing Director and CEO

Enhancing core competence for a competitive edge

Our high-quality, affordable, customer friendly products are a testament to our commitment towards innovation and sustainability to create value for our customers and stakeholders. Over the years, our leadership in the building material space in India and overseas channeled us as a global, innovative, and eco-friendly building and infrastructure solutions provider.

Our growth drivers



Portfolio of high-quality brands

Our high-quality and sustainable brands help us cater to a wide customer base across the world. We are also foraying into the construction chemical business which will further boost our leadership position in the construction material segment.

6

Renowned brands



Wide distribution reach

We have a strong foothold in India and we are expanding our footprint across the globe with the help of our efficient supply chain consisting dedicated partners. Strategically placed sales depots, distributors and retail units across urban and semi-urban areas help us cement our position further. We also have a strategic approach for deeper market penetration in rural areas.

3

Sales office

40

Sales depots

2500

Distributors

6000+

Sub dealers



State-of-the-art manufacturing units

Our manufacturing units play an important role in offering a wide range of products on a large scale. We have 22 manufacturing facilities in India and one facility each in Germany and Austria which are specialised to produce our innovative solutions and are strategically located to reach the key markets. Efficient operational methods and process innovations lead to higher margins and premium on products.

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Manufacturing facilities



Advanced research and development capabilities

Research capabilities are integral to our business model as it helps us sustain ourselves in the fast-paced market. We were the pioneers in setting advanced research centres in the construction industry. We are constantly striving to improve our existing product mix and develop new products. We have also made strategic investment in our research to cater to green buildings. To stay ahead of competitors, we adopt process innovations and research on industry changing dynamics.

Over the years we have continuously invested in R&D, upgrading our technologies across our manufacturing facilities. Sustained investments in new technologies have led to greater productivity.

2

R&D centres



Experienced management

Our experienced management team consisting industry stalwarts guide us with their consistent inputs and help us achieve our goals. Our open work culture allows a seamless communication between the leadership and the employees which provides guidance and employee engagement.

Factors that impacts our growth positively



Green building

Green buildings are being widely adopted across the globe to reduce negative impacts on the environment. Such buildings provide some of the most effective means to achieve a range of global goals, such as addressing climate change, reducing carbon footprint and driving economic growth. As per the World Green Building Council, green buildings contribute to 9 out of 15 SDGs which makes it a favourable option for the construction sector. In India we have only 5% green buildings which are LEED certified. We, at HIL are striving to manufacture green products and have ramped up innovation to offer green building solutions.



Increasing focus of ESG

There has been an increasing focus on our performance in environmental, social, and governance (ESG) parameters due to the rising awareness on sustainability and climate change. Organisations are increasingly facing the pressure to showcase their sustainability credentials. We, as a company, have inculcated sustainability in every aspect of our operations and have ESG practices in place to mitigate any external risk.

Industry 4.0 standards have been integral in enhancing operational capabilities and performance of companies. This digital disruption is particularly visible in risk assessments and training. However, the need for digital support and optimisation is expected to expand further in the coming years, particularly in incident, contractor and visitor management. We, at HIL have started Industry 4.0 and have successfully started our digital transformation journey through business analytics, human resource management systems, centralised data processing systems and many more.



Construction chemicals

The construction chemicals industry is expected to grow at a CAGR of more than 5.5% by 2025. In India, various government incentives to boost the infrastructure sector, and a spike in demand for affordable housing due to a growing middle-class, have significantly helped the expansion of the construction industry. To capitalise of the opportunities, we are entering the construction chemicals business from the next financial year.

Financial highlights

Consolidated

Revenue

(in ₹ crore)



EBITDA

(in ₹ crore)



PAT

(in ₹ crore)



Net worth

(in ₹ crore)



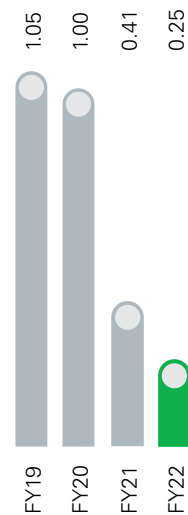
Share of non-asbestos

Share of non-asbestos
(% of total revenue)



Debt equity ratio

Debt equity ratio (in times)



ROCE

ROCE (%)



ROE

ROE (%)



Standalone

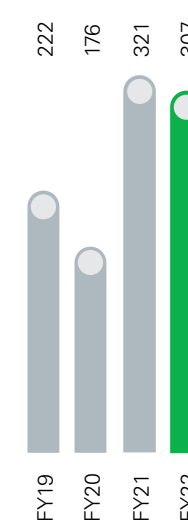
Revenue

(in ₹ crore)



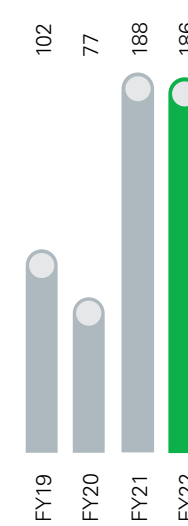
EBITDA

(in ₹ crore)



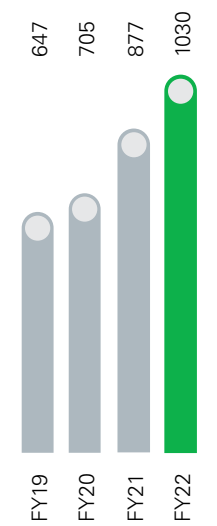
PAT

(in ₹ crore)



Net worth

(in ₹ crore)



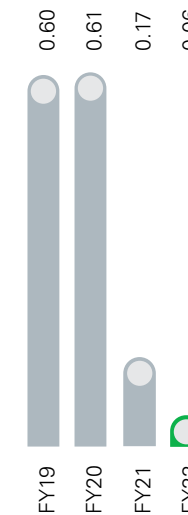
Share of non-asbestos

Share of non-asbestos
(% of total revenue)



Debt Equity Ratio

Debt equity ratio (in times)



ROCE

ROCE (%)



ROE

ROE (%)

