

ADITYA BIRLA



ANNUAL REPORT
2018-2019

HGI INDUSTRIES LIMITED

Management Team

DIRECTORS

Mr. Jyoti Prakash Kanoria
Mr. Arvind Kumar Newar
Mr. Yashwant Kumar Daga
Mr. Ravindra Kastia
Mrs. Neha Agrawal

REGISTERED OFFICE

Industry House
18th Floor,
10, Camac Street,
Kolkata - 700017

CHIEF EXECUTIVE OFFICER

Mr. Hukam Chand Daga

STATUTORY AUDITORS

M/s. Salarpuria Jajodia & Co.

CHIEF FINANCIAL OFFICER

Mr. Kamal Kishor Agarwal

SECRETARIAL AUDITORS

M/s. K. Arun & Co.

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Rakesh Sharma (w.e.f. 23.05.2018)

BANKERS

HDFC Bank Limited
State Bank of India

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Shareholder Information

1. Annual General Meeting	
Date and Time	Thursday, 19 th September, 2019 at 10.30 a.m.
Venue	Industry House 19 th Floor, 10, Camac Street, Kolkata - 700 017 West Bengal, India
2. Financial Calendar	April 2019 to March 2020
Financial Year of the Company	1 st April to 31 st March
Financial reporting for the quarter ending June 30, 2019	By Second week of August, 2019
Financial reporting for the quarter ending September 30, 2019	By Second week of November, 2019
Financial reporting for the quarter ending December 31, 2019	By Second week of February, 2020
Financial reporting for the quarter ending March 31, 2020	By Second week of May, 2020
Annual General Meeting for the year ended March 31, 2020	August / September, 2020
3. Dates of Book Closure	13.09.2019 to 19.09.2019 (Both days inclusive)
4. Dividend Payment Date	N.A.
5. Registered Office	Industry House 18 th Floor, 10, Camac Street, Kolkata – 700 017 West Bengal, India Tel: (033) 44555500 / 98 Fax : (033) 4455 5537 Email: hgiho@adityabirla.com Website : www.hgiil.com
6. Corporate Identification Number (CIN)	L40200WB1944PLC011754
7. Listing on Stock Exchange at	Kolkata
8. Name of the Stock Exchange	The Calcutta Stock Exchange Limited 7, Lyons Range, Kolkata - 700001 Stock Code: 10018159 <i>Note : Listing Fees for FY 2019-20 has been paid to The Calcutta Stock Exchange Ltd. as per their schedule and no amount is outstanding.</i>
9. Name of Depositories	<p>1. National Securities Depository Ltd. Trade World, A Wing, 4th& 5thFloors, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013 Tel. : +91 22 2499 4200 Fax: +91 22 2497 6351 E-mail: info@nsdl.co.in Website: www.nsdl.co.in</p> <p>2. Central Depository Services (India) Ltd. Marathon Futurex, 'A' Wing, 25th Floor, N.M.Joshi Marg, Lower Parel, Mumbai – 400 013 Tel.: +91 22 2305 8640/8624/8639/8663 Email:helpdesk@cdslindia.com Website:www.cdslindia.com</p>

Shareholder Information

10.	ISIN	INE 869B01018							
11.	Stock Price Data								
	The Calcutta Stock Exchange Limited								
	F.Y. 2018 - 19	High	Low	Close	Av. Volume				
		–	–	–	–				
Since there has been no trading during the year under review, the monthly data are not available and hence not furnished.									
12.	Registrar and Transfer Agents (Physical and Demat)	MCS Share Transfer Agent Limited 383, Lake Gardens, 1 st Floor, Kolkata – 700 045 Ph : (033) 40724051/53 Fax : (033) 40724050 E-Mail : mcsstal@rediffmail.com							
13.	Share Transfer System	Share Transfers in physical form are registered normally within 15 days from the date of receipt, provided that the documents are complete in all respects. The total number of equity shares transferred in the physical form during the year was 767 (Previous year 3200). The transfers were completed within prescribed time.							
		2018-19				2017-18			
	Transfer period (in days)	No. of transfers	No. of Shares	%	Cumulative Total	No. of transfers	No. of Shares	%	Cumulative Total
	1 – 10					1	3200	100	3200
	11 – 15	–	–	–	–	–	–	–	–
	16 – 20	–	–	–	–	–	–	–	–
	21 – 30	6	767	100	767	–	–	–	–
	30 & above	–	–	–	–	–	–	–	–
	Total	6	767	100	767	1	3200	100	3200
Number of pending Share Transfers as on 31 st March, 2019 is Nil.									

14.	Investor Services: Complaints received during the year				
	Nature of Complaints	2018-19		2017-18	
		Received	Cleared	Received	Cleared
	1. Relating to Transfer, Transmission, Duplicate Share Certificate, Change of Address, etc.	-	-	-	-
	2. Dividends, Interest, Redemption, etc.	-	-	-	-
	3. Demat – Remat	-	-	-	-
	4. Others	7	7	4	4
	Total	7	7	4	4

Legal proceedings on share transfer issues, if any: There are no legal proceedings relating to transfer of shares.

Shareholder Information

15. Distribution of Shareholding as on 31st March, 2019				
No. of Equity Shares held	No. of shareholders		No. of Equity Shares	
	Total	%	Total	%
1– 500	1275	83.28	201933	5.33
501-1000	118	7.71	89925	2.37
1001-2000	71	4.64	99958	2.64
2001-3000	16	1.04	40677	1.07
3001-4000	8	0.52	27820	0.73
4001-5000	6	0.39	27135	0.72
5001-10000	12	0.78	81367	2.15
10001-50000	11	0.72	223148	5.89
50001 –100000	7	0.46	500121	13.21
100001 and Above	7	0.46	2495571	65.89
Total	1531	100	3787655	100
Physical shares	866	56.56	237161	6.26
Demat shares	665	43.44	3550494	93.74

Category of Shareholding as on 31st March, 2019

Category	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Share Holding
Promoters	6	0.39	651730	17.21
Financial Institutions, Banks & Mutual Funds	13	0.85	1592788	42.05
NRI/OCB	2	0.13	162	0.00
Private Body Corporate	60	3.92	925244	24.43
Individuals/Trust	1450	94.71	617731	16.31
Total	1531	100	3787655	100

Shareholder Information

16.	Dematerialization of Shares and Liquidity	As on 31 st March, 2019, 3550494 equity shares of the Company represent 93.74 % of the total shares are in dematerialised form. During the financial year 5,27,101 equity shares of the Company, constituting 13.92% of the issued and subscribed capital of the Company, were dematerialised.
17.	Details on use of public funds obtained in the last three years	No funds have been raised from the public in last 3 years.
18.	Outstanding GDR / Warrants and Convertible Bonds, Conversion date and likely impact on Equity	N.A.
19.	Commodity Price Risk or Foreign Exchange Risk and Hedging Activities	N.A.
20.	Secretarial Audit	(a) Pursuant to the Regulation 40(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, certificates have been issued, on half-yearly basis, by a Practicing Company Secretary, certifying due compliance of share transfer formalities by the Company. (b) A Practicing Chartered Accountant carries out quarterly Reconciliation of Share Capital Audit, to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. The audit confirms that the total issued/paid-up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in demat form (held with NSDL and CDSL). The said certificate is submitted quarterly to The Stock Exchange, NSDL and CDSL and is also placed before the Board of Directors. (c) Pursuant to Section 204 of the Companies Act, 2013, M/s K. Arun & Co., Practicing Company Secretaries, have conducted Secretarial Audit of the Company for the financial year 2018-19. The Audit Report is annexed to the Board's Report.
21.	Plant Locations:	None
22.	Investor Correspondence: Share Transfer / De-materialization or other queries relating to Shares of the Company	MCS Share Transfer Agent Limited 383, Lake Gardens, 1 st Floor, Kolkata – 700 045 Phone : (033) 40724051/53 Fax : (033) 40724050 E-Mail : mcsstal@rediffmail.com

23. Per Share Data:

Particulars	2018-19	2017-18	2016-17	2015-16	2014-15
Net Earnings [PAT] (₹ in Lakh)	2.65	(1.92)	1.75	(0.37)	11.63
Cash Earnings [PBDT] (₹ in Lakh)	2.81	(1.76)	1.91	(0.21)	11.79
Dividend Per Share (₹)	Nil	Nil	Nil	Nil	Nil
Face Value per Share (₹)	10	10	10	10	10

Note: The Financials for the FY 2017-18 and FY 2018-19 have been prepared as per Ind AS and Financials of FY 2014-15 to FY 2016-17 are based on the Accounting Standards in vogue for those respective years. Hence, the numbers are not comparable.

Shareholder Information

24. Postal Ballot and remote E- voting

During the financial year, special resolution for continuation of Directorship of Mr. Jyoti Prakash Kanoria (DIN 00225761), Non-Executive Independent Director who has attained the age above 75 years was proposed for the approval of the Members through postal ballot and remote e-voting. This resolution was passed by the Members.

Brief particulars of the Postal ballot and e-voting are provided below:

- The Board of Directors of the Company appointed Mr. Arun Kumar Khandelia (C.P. No. 2270), Partner of M/s. K. Arun & Co., Practicing Company Secretaries as the scrutinizer for conducting the postal ballot process in fair and transparent manner;
- Dispatch of the Postal Ballot Notice dated 12th February, 2019 along with the Explanatory Statement and Postal Ballot Form to the Members of the Company was completed on 25th March, 2019;
- Voting through postal ballot and remote e-voting commenced on Tuesday, 26th February, 2019 and ended on Wednesday, 27th March, 2019;
- Based on the Scrutinizer's Report, the results of the postal ballot and e-voting were declared on 29th March, 2019 at the Registered Office of the Company.

25. Other useful information for Shareholders:

(i) Change of Address

- (a) Members are requested to notify immediately any change of address (with PIN CODE) and Bank Account details to their Depository Participants (DPs) in respect of their electronic share accounts and Shareholders holding shares in physical form should notify the same to the Company's RTA by written request under the signature of sole/first joint holder quoting reference of their folio number.
- (b) Members, who hold shares in Physical Form, are advised that a self-attested copy of the PAN card of the Member/ Transferee Members, surviving joint holder/legal heirs be furnished to the Company while making request for transfer, deletion of the name of the deceased joint holder, transposition of name and transmission of shares, as the case may be.
- (c) Shareholders who have not yet registered their e-mail address for availing the facility of e-communication are requested to register the same immediately with their DPs in respect of their shares held in dematerialised form and to MCS Share Transfer Agent Limited, in respect of their physical share folios, if any, quoting reference of their folio numbers.

(ii) Communication to the Company

Members are requested to make all correspondence in connection with the shares held by them by addressing letters directly to MCS Share Transfer Agent Limited, 383, Lake Gardens, 1st Floor, Kolkata – 700 045, quoting reference of their folio numbers and / or Client ID and DP ID number.

(iii) Loss of Shares

In case of loss/misplacement of shares, investors should immediately lodge a FIR/Complaint with the Police and inform to the Company/RTA along with original or certified copy of FIR/Acknowledged copy of Police Complaint along with a self-attested copy of their PAN card.

(iv) Non-Resident Shareholders

Non-Resident Shareholders are requested to immediately notify the following to the Company in respect of shares held in physical form and to their DPs in respect of shares held in dematerialised form:

- Indian address for sending all communications, if not provided so far;

Shareholder Information

- Change in their residential status on return to India for permanent settlement;
- Particulars of the Bank Account maintained with a bank in India, if not furnished earlier;
- E-mail ID and Fax No.(s), if any; and
- RBI Permission number with date to facilitate prompt credit of dividend in their Bank Accounts.

(v) Share Transfer / Dematerialization

- (a) Share transfer requests are acted upon in 15 days from the date of their receipt. In case no response is received from the Company within 20 days of lodgement of transfer request, the lodger may write to the RTA of the Company with full details so that necessary action could be taken to safeguard interest of the concerned against any possible loss/interception during postal transit.
- (b) Dematerialization requests duly complete in all respects are normally processed within 7 days from the date of their receipt at Registered Office.
- (c) Members who are holding shares in identical order of names in more than one folio are requested to send to the Company the details of such folios together with the Share Certificates for consolidating their holdings in one folio. The Share Certificates will be returned to the Members after making requisite changes thereon.

Board's Report

Dear Shareholders,

The Board of Directors of HGI Industries Limited (the "Company") are pleased to present the 75th Annual Report alongwith the Audited Financial Statement of your Company for the Financial Year ended 31st March, 2019.

Financial Performance

Your Company has prepared Financial Statements in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013. The financial highlights of your Company are as under:

(₹ in thousands)

Particulars	2018-19	2017-18*
Total Income	2017	1460
Less: Expenditure	1736	1636
Profit/(Loss) before Depreciation, Finance Cost, Exceptional Items and Tax Expenses	281	(176)
Less: Depreciation / Amortisation / Impairment	16	16
Profit/(Loss) before Finance Cost, Exceptional Items and Tax Expenses	265	(192)
Less: Finance Cost	-	-
Profit/(Loss) before Exceptional Items and Tax Expenses	265	(192)
Add/(less) : Exceptional Items	-	-
Profit/(Loss) before Tax Expenses	265	(192)
Less: Tax Expenses	-	-
Profit /Loss for the year	265	(192)
Balance of Profit/(Loss) for the earlier years	(1,86,729)	(1,95,641)
Less; Transfer to Reserve	-	-
Add: Transfer from OCI Reserve	-	9,104
Balance carried forward	(1,86,464)	(1,86,729)
Earning per Equity Share – Basic and Diluted	0.07	(0.05)

*previous year figures have been regrouped/rearranged wherever necessary.

Operations and Overall Performance

The total income of the Company during Financial Year 2018-19 is ₹ 20.17 Lakhs as against ₹ 14.60 Lakhs in the previous year. The profit after tax is ₹ 2.65 Lakhs as against Loss of ₹ 1.92 Lakhs in the previous year.

Future Prospects

Your Company is looking for viable business opportunities to be pursued in future.

Dividend

In view of accumulated losses, your Directors do not recommend any dividend for the Financial Year 2018-19.

Reserves

Your Directors do not propose to transfer any amount to General Reserve.

Share Capital

During the year, the Company has not made any allotment of Equity Shares. Consequently, there was no change in the issued, subscribed and paid up share capital of your Company as on 31st March, 2019, from the previous year.

Board's Report

Board of Directors

The composition of Board of Directors is as under:

S. No.	Name	Category
1.	Mr. Jyoti Prakash Kanoria	Independent Director
2.	Mr. Yashwant Kumar Daga	Independent Director
3.	Mr. Arvind Kumar Newar	Non-Executive Director
4.	Mr. Ravindra Kastia	Independent Director
5.	Mrs. Neha Agrawal	Independent Director

During the financial year 2018-19, 4 (Four) Board Meetings were held and the gap between two meetings did not exceed 120 days. The meetings were held on 23th May, 2018, 8th August, 2018, 13th November, 2018 and 12th February, 2019 respectively. The attendance at the Board Meetings and at the previous Annual General Meeting is as under:

S. No.	Name	No. of Board Meeting attended	Last AGM Attended
1.	Mr. Jyoti Prakash Kanoria	4	Yes
2.	Mr. Yashwant Kumar Daga	3	Yes
3.	Mr. Arvind Kumar Newar	3	No
4.	Mr. Ravindra Kastia	2	No
5.	Mrs. Neha Agrawal	2	No

Committees of Board

The composition of the Committees of the Board is as under:

a. Audit Committee

Pursuant to Section 177 of the Companies Act, 2013, the Audit Committee of the Board of Directors comprises of the following Members:

S. No.	Name	Chairman/ Member
1.	Mr. Jyoti Prakash Kanoria	Chairman
2.	Mr. Yashwant Kumar Daga	Member
3.	Mr. Arvind Kumar Newar	Member
4.	Mr. Ravindra Kastia	Member

The Audit Committee reviewed the unaudited quarterly financial results and also recommended the Financial Statement for the Financial Year 2018-19 for approval of the Board. The Committee also reviewed/approved all the matters which come within the terms of its reference in accordance with the provisions of the Companies Act, 2013, from time to time. All the recommendations made by the Committee during the year were accepted by the Board.

During the year, 4 (Four) number of Audit Committee Meetings were held on 23th May, 2018, 8th August, 2018, 13th November, 2018 and 12th February, 2019 respectively.

Vigil Mechanism/Whistle Blower

In compliance with the provision of Section 177 of the Companies Act, 2013 read with Rule 7 of the Companies (Meeting of Board and its Powers) Rules, 2014 and SEBI (LODR), Regulations, 2015 your Company has established a robust Vigil Mechanism for reporting of concerns through the Whistle Blower Policy. . The policy provides for framework and process, for the employees and directors to voice genuine concerns or grievances about unprofessional conduct without fear of reprisal. Adequate safeguards have been provided against victimization to those who avail of the mechanism and access to the Chairman of the Audit Committee is provided to them in exceptional cases. The details

Board's Report

of such policy is also available at the website of the Company, viz., www.hgiil.com. During the year, no complaint was received/reported under the Vigil Mechanism/Whistle Blower Policy.

b. Nomination & Remuneration Committee

Pursuant to Section 178 of the Companies Act, 2013, the Nomination & Remuneration Committee of the Board of Directors comprises of the following Members:

S. No.	Name	Chairman/ Member
1.	Mr. Jyoti Prakash Kanoria	Chairman
2.	Mr. Yashwant Kumar Daga	Member
3.	Mr. Arvind Kumar Newar	Member
4.	Mr. Ravindra Kastia	Member

The role of Nomination & Remuneration Committee is to formulate the criteria for determining qualifications, positive attributes and independence of a Director, remuneration for the Directors, Key Managerial Personnel and Senior Management as defined under the Act (one level below the KMP) in accordance with the policy.

During the year, the Committee met twice on 23th May, 2018 and 12th February, 2019.

Company's Policy on Appointment and Remuneration

The Company has adopted the Nomination & Remuneration Committee Charter and Executive Remuneration Philosophy/Policy of "Nomination & Remuneration Committee" (Committee). The prime responsibility of the Committee is to identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every Director's performance, Board and its Committee thereof. The Committee has also formulated a policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees. The Policy is available on company's website, viz: www.hgiil.com.

c. Stakeholders Relationship Committee

Pursuant to Section 178 of the Companies Act, 2013, the Stakeholders Relationship Committee of the Board of Directors comprises of the following Members:

S. No.	Name	Chairman/ Member
1.	Mr. Jyoti Prakash Kanoria	Chairman
2.	Mr. Yashwant Kumar Daga	Member
3.	Mr. Arvind Kumar Newar	Member
4.	Mr. Ravindra Kastia	Member

The role of Stakeholders Relationship Committee is to review the grievances of shareholders of the Company.

During the year, 4 (Four) number of Committee Meetings were held on 23th May, 2018, 8th August, 2018, 13th November, 2018 and 12th February, 2019 respectively.

Directors & Key Managerial Personnel

Re-appointment:

In accordance with the provisions of the Companies Act, 2013, Mr. Arvind Kumar Newar (DIN 00469492), Non-Executive Director, retires from office by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting.

The Directors of your Company recommend his re-appointment at the ensuing Annual General Meeting.

Pursuant to the provisions of Regulation 17(A) of Securities and Exchange Board of India (Listing Obligations and Disclosure

Board's Report

Requirements) Regulations, 2015, as amendment, Company has received shareholders approval through Postal Ballot for continuation of Directorship of Mr. Jyoti Prakash Kanoria (DIN 00225761) Non-Executive Independent Director who has attained the age above 75 years, from the effective date of the said Amendment, i.e., 1st April, 2019 till the expiry of his term, i.e., 24th September, 2019.

In terms of the provisions of Section 203 of the Companies Act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Mr. Hukam Chand Daga, Chief Executive Officer, Mr. Kamal Kishor Agarwal, Chief Financial Officer and Mr. Rakesh Sharma, Company Secretary are the Key Managerial Personnel of the Company during the year under review.

Directors' Responsibility Statement

Your Directors acknowledge the responsibility for ensuring compliance with the provisions of Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013. In the preparation of the annual accounts for the financial year ended 31st March, 2019, the Directors stated that:

- (a) the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis;
- (e) the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Annual Evaluation of the Board of Directors

The formal annual evaluation has been made by the Board of its own performance and that of its Committees and individual Directors on the basis of a set of criteria framed by the Nomination & Remuneration Committee and approved by the Board. The performance evaluation, thus, included the following:

- i. Board Assessment;
- ii. Assessment of each of the Committees constituted by the Board;
- iii. Self-assessment by each Director;
- iv. Peer Assessment by each Director

Your Directors were circulated with performance evaluation sheets containing various parameters with a rating scale to communicate the same to the Board of Directors and to the respective Committees of the Board. The outcome of such performance evaluation was discussed and based on the above evaluation, it was decided to continue the terms of the appointed Independent Directors and also to seek approval of the shareholders at the forthcoming Annual General Meeting for re-appointment of Director(s) retiring by rotation.

Declaration by Independent Directors

Mr. Jyoti Prakash Kanoria, Mr. Yashwant Kumar Daga, Mr. Ravindra Kastia and Mrs. Neha Agrawal are Independent Directors on the Board of your Company. In the opinion of the Board and as confirmed by these Directors, they meet the criteria of independence as laid down and fulfil the conditions specified in Section 149(6) of the Companies Act and the Rules made thereunder and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

Board's Report

Further, the Independent Directors have also complied with the Code for Independent Directors prescribed in Schedule IV to the Act.

Statutory Auditors, their Report and Notes to Financial Statement

In the 70th Annual General Meeting (AGM) held on 25th September, 2014, M/s. Salarpuria Jajodia & Co., Chartered Accountants were appointed as Statutory Auditors of the Company for a period of 5 (Five) consecutive Financial Years, from FY 2014-15 to FY 2018-19, i.e., upto the conclusion of the 75th AGM.

The report of the Statutory Auditors along with notes to Financial Statement are enclosed to this report. The observations made in the Auditors' Report are self-explanatory and therefore do not call for any further comments from the Board. The Auditors' Report does not contain any qualification, reservation or adverse remark.

Further, the first term of five years of M/s. Salarpuria Jajodia & Co., Statutory Auditors is expiring in 2019. Accordingly, it is proposed to consider and appoint M/s. Salarpuria Jajodia & Co., Chartered Accountants, Kolkata as the Statutory Auditors of the Company for a second term of five consecutive years, i.e., from FY 2019-2020 to FY 2023-2024.

Your Company has received a letter from M/s. Salarpuria Jajodia & Co., to the effect that their appointment, if made, would be within the prescribed limits under Section 139(1) of the Companies Act, 2013, and that they are not disqualified for re-appointment within the meaning of Section 141 of the said Act.

As recommended by the Audit Committee, the Board of Directors proposed their re-appointment for the second term of five years, i.e., from FY 2019-20 to FY 2023-24.

Cost Auditors

During the year under review the Company is not required to conduct Cost Audit, as the provisions of Section 148 of the Companies Act, 2013 are not applicable to the Company.

Details of Fraud as per Auditors Report

During the year under review, no instances of fraud have been reported by the Statutory Auditors of the Company under Section 143(12) of the Companies Act, 2013.

Secretarial Audit

In terms of Section 204 of the Companies Act, 2013 and Rules made thereunder, M/s. K. Arun & Co., Practicing Company Secretaries have been appointed as the Secretarial Auditors of the Company. The report of the Secretarial Auditors is self-explanatory and do not call for any further comments and is annexed to this report as **Annexure 1**.

Related Party Transactions

The Company is having a policy on Related Party Transaction to ensure the compliances of provisions of the Companies Act, 2013. During the year, the Company had not entered into any transactions as enumerated in Section 188 of the Companies Act, 2013 (the Act) and Rules made thereunder with its Related Party as defined in Section 2(76) of the Act.

Loans/Guarantees or Investments

During the year, the Company has not given any loan or provided any guarantee or made any investment in any body corporate.

Holding & Subsidiary Company

Your Company has no subsidiary company and has not become subsidiary of any other company during the year under review.

Human Resources

Your Company treats its "human resources" as one of its most important assets.

Your Company continuously invests in attraction, retention and development of talent on an ongoing basis. Your Company's thrust is on the promotion of talent internally through job enlargement and individual development.

Board's Report

Risk Management

Your Directors periodically reviews and identifies the element of risk, if any, which may threaten the existence of the Company. During the year, Company had no operations and no operational risks were existing that may have threatened the existence of the Company.

Internal Financial Controls

During the year, the Company had adequate Internal Financial Controls over financial reporting commensurate with the size and nature of its business and the same were operating effectively.

Public Deposits

Your Company has not accepted any deposits from public in terms of Section 73 and/or Section 74 of the Companies Act, 2013 during the year under review.

Significant and Material Orders Passed by the Regulators

During the year, no significant and material orders were passed by the Regulators, Courts or Tribunals impacting the going concern status of the Company.

Disclosure on remuneration of Directors and Key Managerial Personnel (KMP)

Pursuant to the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 the remuneration of Key Managerial Personnel of the Company is as under:

Remuneration of Key Managerial Personnel (KMP)

Name of the KMP	Designation	Remuneration in FY 2018-19 (in ₹)	Remuneration in FY 2017-18 (in ₹)	% increase of remuneration in 2019 as compared to 2018
Kamal Kishor Agarwal	Chief Financial Officer	1,20,000	1,20,000	–
Rakesh Sharma* (Appointed as on 23.05.2018)	Company Secretary & Compliance Officer	4,22,936	–	–
Shubhradip Bose (Resigned as on 31.03.2018)	Company Secretary & Compliance Officer	–	7,71,282	–

***Note:**

- Remuneration of Company Secretary is considered from the date of appointment and includes variable pay and Leave Travel Allowances, etc.
- New Company Secretary was appointed for the part of the year, therefore the comparison of remuneration is not possible on like to like basis.

Your Company aims to provide competitive remuneration opportunities to the executives by positioning target total remuneration (including perks and benefits, annual incentive pay-outs, long term incentive pay-outs at target performance) and target total cash compensation (including annual incentive pay-outs) at target performance directionally between median and top quartile of the primary talent market. The Median Remuneration of Employees (MRE) cannot be computed as there were only two employees on the rolls of the Company during Financial Year 2018-19. During the year, there was no remuneration paid to employee other than managerial personnel. Further, no remuneration was paid to any of the Directors except sitting fees for attending Board and Committee meetings.

It is affirmed that the remuneration paid to KMPs, during the Financial Year ended 31st March, 2019 is as per the Nomination & Remuneration Committee Charter and Executive Remuneration Philosophy/Policy of the Company.

A Statement containing the information of top ten employees in terms of remuneration drawn as required under Section 197 (12) read with Rules 5(2) and 5(3) of the Companies (Appointment & Remuneration of Managerial Personnel), Rules, 2014 and subsequent amendments thereto is annexed to this report as **Annexure 2**.

Further, there was no employee who was in receipt of remuneration in excess of limits prescribed in the said rules.

Board's Report

Extract of Annual Return

Pursuant to Section 134 (3)(a) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, extract of annual return is annexed as **Annexure 3** and same has been placed on its website at www.hgil.com.

Corporate Governance

Corporate Governance refers to a set of laws, regulations and good practices that enable an organization to perform efficiently and ethically generate long-term wealth and create value for all its stakeholders.

We, at HGI Industries Limited, are committed to the adoption of best governance practices and its adherence in true spirit, at all times. Our governance practices are self-driven, reflecting the culture of the trusteeship that is deeply ingrained in our value system.

As the requirement under Regulation 34 of the SEBI (Listing Obligations & Disclosures Requirements) Regulations, 2015, regarding disclosures pertaining to attaching "Report on Corporate Governance" as an addition to Boards' Report is not applicable on the Company, hence, the same is not annexed hereto.

Corporate Social Responsibility

The requirement as per Section 135 of the Companies Act 2013 to include an annual report on CSR activities containing the particulars specified in the Rules is not applicable to the Company.

Conservation of Energy, Technology Absorption & Foreign Exchange Earnings & Outgo

There were no operations during the year under review and furnishing of information required under the provisions of Section 134(3)(m) of the Companies Act, 2013 in respect of conservation of energy and technology absorption is not applicable.

Further during the year under review, there was no foreign exchange earning and outgo.

Disclosure on Prevention of Sexual Harassment of Women at Workplace

The Company has in place a policy against Sexual Harassment of Women at Workplace in line with the requirement of Sexual Harassment of Women at Workplace (Prevention, prohibition and Redressal) Act, 2013. There were no cases or complaints reported during the year under review.

Other Disclosures

- i. There were no material changes and commitments affecting the financial positions of your Company between the end of the financial year and the date of this report.
- ii. During the year under review, Company has complied with all the provisions of Secretarial Standards issued by The Institute of Company Secretaries of India.

Acknowledgement

Your Directors placed on record their appreciation for the employees of the Company.

Your Directors also thank the vendors, bankers, shareholders and advisers of the Company for their continued support.

Your Directors also thank the Central and State Governments, and other statutory authorities for their continued support.

For and on behalf of the Board

Place : Kolkata
Date : 28th May, 2019

Jyoti Prakash Kanoria
Director
00225761

Yashwant Kumar Daga
Director
00040632

Board's Report

Annexure 1

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST DAY OF MARCH, 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
HGI Industries Limited
CIN: L40200WB1944PLC011754

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by HGI Industries Limited (hereinafter called "the Company"). The Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion the Company has, during the audit period covering the financial year ended 31st March, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2019 according to the provisions of:

- I. The Companies Act, 2013(the Act)and the rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder;
- III. The Depositories Act, 1996 along with SEBI Depositories and Participants Regulations, 2018 and the Regulations and Bye-laws framed there under;
- IV. The following Regulations (as amended from time to time) and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992:-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 along with Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2019;
 - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
- V. We in consultation with the Company came to a conclusion that no specific laws were directly applicable with regard to business activities of the Company during the period under review.

We have also examined the compliance by the company of the following statutory provisions/standards/regulations:

- a. The Listing Agreements entered into by the Company, with The Calcutta Stock Exchange Limited.
- b. The Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- c. The Secretarial Standards (SS - 1 and SS - 2) issued by the Institute of Company Secretaries of India.

We further report that:

The Board of Directors of the Company **is duly constituted with proper balance of Non-Executive Directors, Independent Directors and a Woman Director**. There has been no change in the composition of the Board of Directors during the period under review.

Board's Report

Adequate notice is given to all Directors to schedule the Board Meetings and to all the members to schedule the Committee Meetings. Agenda and detailed Notes on Agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

We further report that, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines as also represented by the management.

We further report that, during the audit period Mr. Rakesh Sharma has been appointed as the Company Secretary of the Company with effect from 23rd May, 2018.

We further report that, during the audit period the Company has not undertaken any such transactions which have a major effect on the affairs of the Company.

Place: Kolkata

Date: 28.05.2019

K. Arun & Co
Company Secretaries
Arun KumarKhandelia
Partner
FCS: 3829
C.P. No.: 2270

Board's Report

Annexure 2

HGI Industries Limited
Registered Office: Industry House, 18th Floor, 10, Camac Street, Kolkata - 700 017

INFORMATION U/S 197(12) OF THE COMPANIES ACT, 2013, READ WITH THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2019

S. No.	Name	Designation	Remuneration (₹)	Date of Birth (DD-MM-YYYY)	Qualifications	Age (Years)	Nature of Employment Whether Contractual or Otherwise	Experience (Years)	No. of Equity Shares, if Any, Held In The Company	Date of Commencement [DD/MM/YYYY]	Details Of Previous Employment		
											Name of Employer	Designation	Experience
I. Top 10 employees in terms of remuneration drawn during the year.													
1	Rakesh Sharma	Company Secretary & Compliance Officer	4,22,936	04-04-1986	B.Com, ACS	32	Full Time	4.5	NIL	23-05-2018	Worldwide Safety Private Limited	Company Secretary	3
2	Kamal Kishor Agarwal	Chief Financial Officer	1,20,000	02-04-1951	B.Com	67	Full Time	41	NIL	09-02-2016	Essel Mining & Industries Limited	Deputy Manager	17

Note :

- 1) None of the above employee is relative of any Director of the Company.
- 2) Remuneration of Company Secretary is considered from the date of appointment and includes variable pay and Leave Travel Allowances, etc.

For and on behalf of the Board

Place : Kolkata
Date : 28th May, 2019

Jyoti Prakash Kanoria
Director
00225761

Yashwant Kumar Daga
Director
00040632

Board's Report

Annexure 3

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2019

of

HGI Industries Limited

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and other details

CIN	L40200WB1944PLC011754
Registration Date	14/06/1944
Name of the Company	HGI Industries Limited
Category / Sub-Category of the Company	Public Limited Company
Address of the Registered Office and contact details	Industry House, 18 th Floor, 10, Camac Street, Kolkata – 700 017. Contact Details:-rakesh.m.sharma@adityabirla.com
Whether listed company	Yes
Name, Address and contact details of Registrar & Transfer Agents (RTA), if any	MCS Share Transfer Agent Limited 383, Lake Gardens, 1 st Floor Kolkata – 700 045 Ph : (033) 4072-4051/53 Fax : (033) 4072-4054 Email: mcsstal@rediffmail.com

II. Principal Business Activities of the Company

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

S. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
N.A.			

III. Particulars of Holding, Subsidiary and Associate Companies

S. No.	Name and address of the company	CIN/GLN	Holding/Subsidiary/ Associate	% of Shares held	Applicable Section
N.A.					

Board's Report

IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
(a) Individual/HUF	146104	0	146104	3.85	146104	0	146104	3.85	-
(b) Central Govt	0	0	0	0	0	0	0	0	-
(c) State Govt (s)	0	0	0	0	0	0	0	0	-
(d) Bodies Corp.	505626	0	505626	13.34	505626	0	505626	13.34	-
(e) Banks / FI	0	0	0	0	0	0	0	0	-
(f) Any Other....	0	0	0	0	0	0	0	0	-
Sub-total (A) (1):-	651730	0	651730	17.20	651730	0	651730	17.20	-
(2) Foreign									
(a) NRIs - Individuals	0	0	0	0	0	0	0	0	-
(b) Other – Individuals	0	0	0	0	0	0	0	0	-
(c) Bodies Corp.	0	0	0	0	0	0	0	0	-
(d) Banks / FI	0	0	0	0	0	0	0	0	-
(e) Any Other....	0	0	0	0	0	0	0	0	-
Sub-total (A) (2):-	0	0	0	0	0	0	0	0	-
Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	651730	0	651730	17.20	651730	0	651730	17.20	-
B. Public Shareholding									
1. Institutions									
(a) Mutual Funds	216269	0	216269	5.71	216269	0	216269	5.70	-
(b) Banks / FI	24	979	1003	0.03	24	1028	1052	0.02	-
(c) Central Govt	0	0	0	0	0	0	0	0	-
(d) State Govt(s)	0	0	0	0	0	0	0	0	-
(e) Venture Capital Funds	0	0	0	0	0	0	0	0	-
(f) Insurance Companies	1375467	0	1375467	36.31	1375467	0	1375467	36.31	-
(g) FIs	0	0	0	0	0	0	0	0	-
(h) Foreign Venture Capital Fund	0	0	0	0	0	0	0	0	-
(i) Others (specify)	0	0	0	0	0	0	0	0	-
Sub-total (B)(1):-	1591760	979	1592739	42.05	1591760	1028	1592788	42.05	-

Board's Report

IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions									
(a) Bodies Corp.									
(i) Indian	417486	509307	926793	24.46	914796	10448	925244	24.42	(0.04)
(ii) Overseas	0	0	0	0	0	0	0	0	-
(b) Individuals									
(i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	255591	253864	509455	13.45	290982	225573	516555	13.63	0.18
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	98784	0	98784	2.61	98784	0	98784	2.60	-
(c) Others (specify)									
i) Trust & Foundations	2392	0	2392	0.06	2392	0	2392	0.06	-
ii) Non-Resident Individuals	5650	112	5762	0.15	50	112	162	0.00	(0.15)
Sub-total (B)(2):-	779903	763283	1543186	40.75	1307004	236133	1543137	40.74	-
Total Public Shareholding									
(B)=(B)(1)+(B)(2)	2371663	764262	3135925	82.79	2898764	237161	3135925	82.79	-
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	-
Grand Total (A+B+C)	3023393	764262	3787655	100	3550494	237161	3787655	100	-

(ii) Shareholding of Promoters

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	TGS Investment & Trade Private Limited	422322	11.15	0	422322	11.15	0	NIL
2.	Umang Commercial Company Pvt. Limited	83304	2.19	0	83304	2.19	0	NIL
3.	Kumar Mangalam Birla	69000	1.82	0	69000	1.82	0	NIL
4.	Rajashree Birla	63604	1.67	0	63604	1.67	0	NIL
5.	Neerja Birla	13500	0.35	0	13500	0.35	0	NIL

Board's Report

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

During the year, no changes took place in the Promoters' Shareholding.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

S. No.	For Each of the Top 10 Shareholders	Shareholding		Cumulative shareholding	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year					
1.	Life Insurance Corporation of India	957896	25.28	957896	25.28
2.	Kesoram Industries Limited	496100	13.09	496100	13.09
3.	Administrator of the specified undertaking of the Unit Trust of India	216269	5.7	216269	05.70
4.	General Insurance Corporation of India Ltd.	147331	3.88	147331	3.88
5.	National Insurance Company Limited	128026	3.38	128026	3.38
6.	Bharat Arogya and Gyan Mandir	127627	3.36	127627	3.36
7.	Jayantika Investment & Finance Limited (Formerly known as Parvati Tea Company Pvt. Ltd.)	86200	2.27	86,200	2.27
8.	The Oriental Insurance Company Limited	85279	2.25	85279	2.25
9.	Padmavati Investment Ltd.	68299	1.8	68299	01.80
10.	United India Insurance Company Ltd.	56935	1.5	56935	01.50
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year (or on the date of separation, if Separated during the year)	No Change	No Change	No Change	No Change

(v) Shareholding of Directors and Key Managerial Personnel

S. No.	For Each of the Directors and KMP	Shareholding		Cumulative shareholding	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year					
1	Mr. Jyoti Prakash Kanoria	720	0.01	720	0.01
2	Mr. Arvind Kumar Newar	500	0.013	500	0.013
3	Mr. Yashwant Kumar Daga	9300	0.24	9300	0.24
4	Mr. Ravindra Kastia	100	0.002	100	0.002
5	Mr. Hukam Chand Daga	200	0.005	200	0.005
Date wise increase/decrease during the with reason of such change					
1.	Mr. Jyoti Prakash Kanoria	NIL	NIL	NIL	NIL
2.	Mr. Arvind Kumar Newar	NIL	NIL	NIL	NIL
3.	Mr. Yashwant Kumar Daga	NIL	NIL	NIL	NIL
4.	Mr. Ravindra Kastia	NIL	NIL	NIL	NIL
5.	Mr. Hukam Chand Daga	NIL	NIL	NIL	NIL

Board's Report

S. No.	For Each of the Directors and KMP	Shareholding		Cumulative shareholding	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the end of the year				
1.	Mr. Jyoti Prakash Kanoria	720	0.01	720	0.01
2.	Mr. Arvind Kumar Newar	500	0.013	500	0.013
3.	Mr. Yashwant Kumar Daga	9300	0.24	9300	0.24
4.	Mr. Ravindra Kastia	100	0.002	100	0.002
5.	Mr. Hukam Chand Daga	200	0.005	200	0.005

V. Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	NIL	NIL	NIL	NIL
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	NIL	NIL	NIL	NIL
Change in Indebtedness during the financial year	NIL	NIL	NIL	NIL
• Addition				
• Reduction				
Net Change	NIL	NIL	NIL	NIL
Indebtedness at the end of the financial year	NIL	NIL	NIL	NIL
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	NIL	NIL	NIL	NIL

Board's Report

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Director:

The Directors of the Company are not paid any Remuneration or Commissions. Further, a sum of ₹ 2,000/- is paid to all Directors for attending every Board and Committee Meetings

S. No.	Particulars of Remuneration	Name of Directors				
		Jyoti Prakash Kanoria	Yashwant Kumar Daga	Ravindra Kastia	Neha Agrawal	Arvind Kumar Newar
1	Independent Directors					
	• Fees for attending Board / Committee meetings	28,000	20,000	16,000	4,000	-
	• Commission					
	• Others, please specify					
2	Other Non-Executive Directors					
	• Fees for attending Board / Committee meetings	-	-	-	-	20,000
	• Commission					
	• Others, please specify					
	Total	28,000	20,000	16,000	4,000	20,000

B. Remuneration to Key Managerial Personnel other than Director

S. No.	Particulars of Remuneration	Key Managerial Personnel		
		Kamal Kishor Agarwal, Chief Financial Officer (Amount in ₹)	*Rakesh Sharma, Company Secretary (Amount in ₹)	Total (Amount in ₹)
1	Gross salary	1,20,000	4,06,244	5,26,244
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961			
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	614	614
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit			
	- others, specify...			
	Others, please specify (Company PF)	-	16,078	16,078
	Total	1,20,000	4,22,936	5,42,936

*Remuneration of Company Secretary is considered from the date of appointment and includes variable pay and Leave Travel Allowances, etc.

VII. Penalties/Punishment/Compounding of offences

There were no penalties/punishment/compounding of offences imposed by any regulatory authority for the financial year ended 31st March, 2019.

For and on behalf of the Board

Place : Kolkata
Date : 28th May, 2019

Jyoti Prakash Kanoria
Director
00225761

Yashwant Kumar Daga
Director
00040632

Independent Auditor's Report

TO THE MEMBERS OF HGI INDUSTRIES LIMITED REPORT ON THE AUDIT OF THE IND AS FINANCIAL STATEMENTS

OPINION

We have audited the accompanying Ind AS Financial Statements of **HGI Industries Limited ("the Company")**, which comprise the Balance Sheet as at 31st March, 2019, and the statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and statement of Cash Flows for the year then ended, and notes to the Ind AS Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS Financial Statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and profit and loss, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS Financial Statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS Financial Statements of the current period. These matters were addressed in the context of our audit of the Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

INFORMATION OTHER THAN THE IND AS FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, and Shareholder's Information, but does not include the Ind AS Financial Statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE IND AS FINANCIAL STATEMENT.

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS Financial Statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standard specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant of the preparation and presentation of the financial statement that give a true and fair view and are free from material

Independent Auditor's Report

misstatement, whether due to fraud or error.

In preparing the Ind AS Financial Statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE IND AS FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Ind AS Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of user taken on the basis of these Ind AS Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS Financial Statements, including the disclosures, and whether the Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

Independent Auditor's Report

- (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid Ind AS Financial Statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure –B".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Company has disclosed the impact of pending litigations on its financial position in its Ind AS Financial Statements – Refer Note 21 to the Ind AS Financial Statements.
- (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- (iii) There were no amount which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Salarpuria Jajodia & Co.
Chartered Accountants
Firm ICAI Reg. No. 302111E

Anand Prakash
Chartered Accountant
Membership No. 056485
Partner

Place : Kolkata
Date : 28th May, 2019

Annexure 'A' To The Independent Auditor's Report

(Referred to Paragraph 1 of Report on Other Legal and Regulatory Requirements of our Report of even date)

On the basis of such checks as we considered appropriate and in terms of the information and explanations given to us, we state that:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals in a phased verification programme which, in our opinion, is reasonable, looking at the size of the Company and the nature of its business. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) The title deeds of immovable properties are held in the name of the Company.
- ii. Since there is no inventory so clause (ii) of the said order is not applicable.
- iii. According to the information and explanations given to us, the Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence, comments on sub-clause (a) to (c) of clause 3(iii) the said orders do not arise.
- iv. According to the information and explanations given to us, the Company has not given any loans, investments, guarantees, and security and has not invested in any other body corporate, hence the comment on the said clause of the order is not applicable.
- v. According to the information and explanations given to us, there is no such deposits, taken by the Company, for which directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under, are required.
- vi. According to the information and explanations given to us, maintenance of cost records under sub section 148(i) of Companies Act, 2013 is not required.
- vii. (a) According to the records of the Company and as per the information and explanations given to us, it is regular in depositing undisputed statutory dues like Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Cess and Other Statutory Dues with the appropriate authorities and there were no outstanding statutory dues as at 31st March, 2019

for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, the details of disputed statutory dues, against which ₹ 3 Lacs has been deposited, is given below:

Name of the statute	Nature of dues	Amount (₹ in lacs)	Related Year	Forum (where it is pending)
Maharashtra Sales Tax	Sales Tax	6.37	1990-1991	Deputy Commissioner of Sales Tax

- viii. The Company has not defaulted in repayment of loans or borrowing to a financial institution, banks, government or dues to debenture holders.
- ix. The Company has not raised any money by way of initial public offer or further public offer or term loan during the year. Hence, clause (ix) of the said order is not applicable.
- x. According to the information and explanations given to us, no fraud by the company or on the company by Officer or Employees has been noticed or reported during the course of our audit.
- xi. According to the Information and explanations given to us Director Remuneration has not been paid by the company during the year. Hence Clause (xi) of the said order is not applicable.
- xii. The Company is not a Nidhi Company as specified in the Nidhi Rules, 2014. Hence, clause (xii) of the said order is not applicable.
- xiii. The Company has not entered into any transaction with its related party during the year. Hence, clause (xiii) of the said order is not applicable.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year; hence comment on the said clause of the order is not applicable.
- xv. To the best of our knowledge and belief and as per the information and explanations given to us, the Company has not entered into any non-cash transaction with directors or persons connected with him.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Salarpuria Jajodia & Co.
Chartered Accountants
Firm ICAI Reg. No. 302111E

Anand Prakash
 Chartered Accountant
 Membership No. 056485
 Partner

Place : Kolkata
 Date : 28th May, 2019

Annexure 'B' To The Independent Auditor's Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

(Referred to Paragraph 2(g) of Report on Other Legal and Regulatory Requirements of our Report of even date to the members of HGI INDUSTRIES LIMITED for the year ended 31st March, 2019)

We have audited the internal financial controls over financial reporting of **HGI INDUSTRIES LIMITED** ("the Company") as of 31st March, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting

was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial control system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls,

Annexure 'B' To The Independent Auditor's Report

material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st

March, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Salarpuria Jajodia & Co.
Chartered Accountants
Firm ICAI Reg. No. 302111E

Anand Prakash
Chartered Accountant
Membership No. 056485
Partner

Place : Kolkata
Date : 28th May, 2019

Balance Sheet as at 31st March, 2019

CIN : L40200WB1944PLC011754

₹ in Thousands

	Notes	As at 31 st March, 2019	As at 31 st March, 2018
I ASSETS			
1) Non-Current Assets			
a) Property, Plant and Equipment	3	601	617
b) Financial Assets			
i) Investments	4	66,688	96,512
ii) Other Financial Assets	5	439	399
c) Other Assets	6	78	78
		67,806	97,606
2) Current Assets			
a) Financial Assets			
i) Cash and Cash Equivalents	7	16,315	15,729
ii) Other Financial Assets	8	217	223
b) Current Tax Assets (Net)	9	393	562
c) Other Assets	10	225	49
		17,150	16,563
Total Assets		84,956	1,14,169
II EQUITY AND LIABILITIES			
1) Equity			
a) Equity Share Capital	11	37,877	37,877
b) Other Equity	12	31,201	54,748
Total Equity		69,078	92,625
2) Liabilities			
i) Non-Current Liabilities			
a) Financial Liabilities			
- Other Financial Liabilities	13	400	-
b) Deferred Tax Liability (Net)	14	13,829	19,841
		14,229	19,841
ii) Current Liabilities			
a) Financial Liabilities			
Trade Payables	15	-	-
- Total outstanding dues of micro enterprises and small enterprises			
- Total outstanding dues of creditors other than micro enterprises and small enterprises		544	590
b) Other Liabilities	16	1,105	1,113
		1,649	1,703
Total Liabilities		15,878	21,544
Total Equity and Liabilities		84,956	1,14,169

Significant Accounting Policies

2

The accompanying notes are an integral part of the Financial Statements

As per our report of even date

For Salarpuria Jajodia & Co.
Firm Registration Number: 302111E
Chartered Accountants

Anand Prakash
Partner
Membership No.056485

Date : 28th May, 2019

Jyoti Prakash Kanoria
Director
DIN:00225761

Hukam Chand Daga
Chief Executive Officer

Rakesh Sharma
Company Secretary

Yashwant Kumar Daga
Director
DIN:00040632

Kamal Kishor Agarwal
Chief Financial Officer

Statement of Profit and Loss for the year ended 31st March, 2019

CIN : L40200WB1944PLC011754

₹ in Thousands

	Notes	2018-19	2017-18
I Revenue from operations (Gross)		–	–
II Other income	17	2,017	1,460
III Total Revenue (I+II)		2,017	1,460
IV EXPENSES			
Employee Benefit Expenses	18	639	868
Depreciation & Amortisation Expenses	3	16	16
Other Expenses	19	1,097	768
Total expenses		1,752	1,652
V Profit / (Loss) Before Tax V= (III-IV)		265	(192)
VI Tax expenses		–	–
VII Profit / (Loss) for the year (V-VI)		265	(192)
VIII Other Comprehensive Income (OCI)			
Other Comprehensive Income not to be reclassified to profit/ loss in subsequent periods -			
Net Gain / (Loss) on FVTOCI Investments		(29,824)	(1,279)
Income Tax Effect on above		6,012	2,126
Other Comprehensive Income for the year, net of tax - (VIII)		(23,812)	847
Total Comprehensive Income for the year - [(VII) + (VIII)]		(23,547)	655
Earning per Equity Share (nominal value of Share ₹ 10/-each) - Basic and diluted (in ₹)	20	0.07	(0.05)

Significant Accounting Policies

2

The accompanying notes are an integral part of the Financial Statements

As per our report of even date

For Salarpuria Jajodia & Co.
Firm Registration Number: 302111E
Chartered Accountants

Anand Prakash
Partner
Membership No.056485

Date : 28th May, 2019

Jyoti Prakash Kanoria
Director
DIN:00225761

Hukam Chand Daga
Chief Executive Officer

Rakesh Sharma
Company Secretary

Yashwant Kumar Daga
Director
DIN:00040632

Kamal Kishor Agarwal
Chief Financial Officer

Cash Flow Statement for the year ended 31st March, 2019

CIN : L40200WB1944PLC011754

Accounting Policy

Cash flows are reported using the indirect method as set out in Ind AS 7 prescribed under the Companies Act (Indian Accounting Standard) Rules, 2015 of the Companies Act, 2013, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated. The Company considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents.

₹ in Thousands

	2018-19		2017-18	
A. Cash Flow from Operating Activities :				
Profit before tax		265		(192)
Add: Adjustments for :				
Depreciation	16		16	
Interest Income	(1,124)	(1,108)	(536)	(520)
Operating Profit before Working Capital changes		(843)		(712)
Increase/(Decrease) in Trade Payables	(46)		(95)	
Increase/(Decrease) in Other Current Liabilities	(8)		6	
Increase/(Decrease) in Other Non Current Financial Liabilities	400		–	
Increase/(Decrease) in Provisions	–		(12)	
Decrease/(Increase) in Other Financial Assets	(40)		–	
Decrease/(Increase) in Other Current Assets	(176)	130	328	227
Cash Generation from / (Used in) operations		(713)		(485)
Direct Tax (Payments) / Refunds		169		(146)
Net Cash From / (Used in) Operating Activities		(544)		(631)
B. Cash Flow from Investing Activities :				
Sale / Redemption of Investments		–		9,124
Interest received		1,130		462
Fixed Deposits Matured		701		837
Fixed Deposits made during the year		(1,430)		(9,609)
Net Cash From/(Used in) Investing Activities		401		814
C. Cash Flow from Financing Activities :				
Other Borrowing Costs		–		–
Net Cash From/(Used in) in Financing Activities		–		–
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)		(143)		183
*Cash and Cash equivalents at the beginning of the year		214		31
*Cash and Cash equivalents at the end of the year		71		214

* Represents cash and bank balances as indicated in Note 7 and excludes ₹ 16,244 thousands (31st March, 2018: ₹ 15,515 thousands) being Fixed deposits.

Cash Flow Statement for the year ended 31st March, 2019 (Contd.)

CIN : L40200WB1944PLC011754

₹ in Thousands

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	As at 31 st March, 2019	As at 31 st March, 2018
Balances with Banks:		
- On Current Accounts	69	212
Cash on hand	2	2
	71	214

Significant Accounting Policies

2

As per our report of even date

For Salarpuria Jajodia & Co.
Firm Registration Number: 302111E
Chartered Accountants

Anand Prakash
Partner
Membership No.056485

Date : 28th May, 2019

Jyoti Prakash Kanoria
Director
DIN:00225761

Hukam Chand Daga
Chief Executive Officer

Rakesh Sharma
Company Secretary

Yashwant Kumar Daga
Director
DIN:00040632

Kamal Kishor Agarwal
Chief Financial Officer

Statement of Changes in Equity for the year ended 31st March, 2019

CIN : L40200WB1944PLC011754

₹ in Thousand

A. Equity Share Capital

	Number	Amount
Equity Shares of ₹ 10/- each issued, subscribed and fully paid		
At 31 st March, 2017	37,87,655	37,877
Issued during the year 2017-18	–	–
At 31 st March, 2018	37,87,655	37,877
Issued during the year 2018-19	–	–
At 31st March, 2019	37,87,655	37,877

B. Other Equity

Particulars	Capital Reserve	Capital Redemption Reserve	Securities Premium	Retained Earnings	Items of OCI	Total
					Net Gain / (Loss) on FVTOCI Investments	
Balance as on 31 st March, 2017	30,922	1,200	1,32,759	(1,95,641)	84,853	54,093
Profit / (Loss) for the year	–	–	–	(192)	–	(192)
Net Gain / (Loss) on FVTOCI Investments	–	–	–	–	847	847
Transfer to Retained Earnings	–	–	–	9,104	(9,104)	–
Balance as on 31 st March, 2018	30,922	1,200	1,32,759	(1,86,729)	76,596	54,748
Profit / (Loss) for the year	–	–	–	265	–	265
Net Gain / (Loss) on FVTOCI Investments	–	–	–	–	(23,812)	(23,812)
Balance as on 31st March, 2019	30,922	1,200	1,32,759	(1,86,464)	52,784	31,201

As per our report of even date

For Salarpuria Jajodia & Co.
Firm Registration Number: 302111E
Chartered Accountants

Anand Prakash
Partner
Membership No.056485

Date : 28th May, 2019

Jyoti Prakash Kanoria
Director
DIN:00225761

Hukam Chand Daga
Chief Executive Officer

Rakesh Sharma
Company Secretary

Yashwant Kumar Daga
Director
DIN:00040632

Kamal Kishor Agarwal
Chief Financial Officer

Notes to the financial statements as at and for the year ended 31st March, 2019

CIN : L40200WB1944PLC011754

1. Corporate Information

HGI Industries Limited (the Company) having CIN No.-L40200WB1944PLC011754 and its registered office at Industry House 18th Floor, 10 Camac Street Kolkata-700017, India is a Public Limited Company incorporated and domiciled in India.

2.1 Basis of Preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under The Companies (Indian Accounting Standards) Rules, 2015 (the Rules) as amended from time to time.

The financial statements of the Company comply in all material aspect with the Indian Accounting Standards (Ind AS) as prescribed under section 133 of the Companies Act, 2013 (the Act), as notified under the Companies (Indian Accounting Standards) Rule, 2015, Companies (Indian Accounting Standards) Amendment Rule, 2016 and the accounting principles generally accepted in India.

The financial statements for the year ended 31st March, 2019 have been approved by the Directors of the Company in their meeting held on 28th May, 2019.

The financial statements have been prepared on a historical cost convention, on accrual basis, except for certain financial assets and liabilities which have been measured at fair value as described in accounting policies regarding financial instruments.

The financial statements of the Company have been presented in Indian Rupee (₹) which is the Company's functional currency. All financial information presented in INR have been rounded off to 'Thousands', unless otherwise stated.

Use of Estimates and Management Judgements while preparing the financial statements in conformity with accounting principles generally accepted in India, management is required to make estimates & assumptions that affects reported amount of Assets & Liabilities and the disclosure of Contingent Liabilities as at the date of standalone financial statements and the amount of revenue and expenses during the reported period.

Actual results could differ from those estimates. Any revision to such estimates is recognised in the period in which the same is determined.

2.2 Summary of Significant Accounting Policies

i) Basis of classification of Current and non-current

Assets and liabilities in the Balance Sheet have been classified as either current or non-current based upon the requirements of Schedule III to the Companies Act, 2013.

An asset has been classified as current if :

- (a) It is expected to be realized in, or is intended for sale or consumption in the Company's normal operating cycle; or
- (b) It is held primarily for the purpose of being traded; or
- (c) It is expected to be realized within twelve months after the reporting date; or
- (d) It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date. All other assets have been classified as non-current.

A liability has been classified as current when

- (a) It is expected to be settled in the Company's normal operating cycle; or
- (b) It is held primarily for the purpose of being traded; or
- (c) It is due to be settled within twelve months after the reporting date; or
- (d) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. All other liabilities have been classified as non-current.

Notes to the financial statements as at and for the year ended 31st March, 2019

CIN : L40200WB1944PLC011754

An operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. The Company has considered its operating cycle to be 12 months.

ii) Fair value measurement

The Company measures certain financial instruments at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either

- > In the principal market for the asset or liability, or
- > In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

iii) Revenue Recognition

Revenue, if any, from sale of goods will be recognized upon passage of title to the customers which would generally coincide with delivery thereof. Claims, due to uncertainty in realization, are accounted for on acceptance/cash basis. Dividend income on investments is accounted for when the right to receive the payment is established. Interest income, if any, will be recognized on a time proportion basis taking into account the amount outstanding and rate applicable. Profit on sale of investments is recorded on transfer of title from the Company and is determined as the difference between sale price, carrying value of Investment and other incidental expenses. Rental Income is recognised on an accrual basis in accordance with the terms of the relevant agreement.

iv) Operating Leases

Company as Lessor

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

v) Retirement Benefits and other employee benefits

- a) Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Statement of Profit and Loss of the year when an employee renders the related service. There are no obligations other than the contributions payable to the respective trusts / funds.
- b) Short term Employee Benefits are recognised at the undiscounted amount as expense for the year in which the related service is rendered.

vi) Borrowing Costs

Borrowing costs (including other ancillary borrowing cost) directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Notes to the financial statements as at and for the year ended 31st March, 2019

CIN : L40200WB1944PLC011754

vii) Taxation

Provision for current Income Tax is made on the taxable income using the applicable tax rules and tax laws. Deferred Tax, if any, arising on account of timing difference and which are capable of reversal in one or more subsequent period is recognized using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets, if any, subject to consideration of prudence are recognized and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

viii) Earnings Per Share

Earnings per share is calculated by dividing the net profit or loss before OCI for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss before OCI for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

ix) Property, Plant and Equipment

Property, Plant and Equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises of purchase price and any attributable cost of bringing the asset to its working condition for its intended use. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

x) Depreciation on Property, Plant and Equipment

a) Depreciation on Property, Plant and Equipment is provided on straight line method and manner specified in Schedule II of the Companies Act, 2013.

The Company has used the following useful lives to provide depreciation on its fixed assets.

Class of Asset	Useful Lives (years)
Building	60
Computers	3 to 6
Office Equipment	5

b) Depreciation on Property, Plant and Equipment added/disposed off during the year is provided on pro-rata basis with reference to the date of addition/disposal thereof.

xi) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered as impaired and is written down to its recoverable amount.

Impairment losses are recognised in the statement of profit and loss.

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xii) Provisions

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted at a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

xiii) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A) Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- (a) Debt instruments at amortised cost
- (b) Debt instruments, derivatives, equity instruments and mutual fund investments at fair value through profit or loss (FVTPL)
- (c) Equity instruments measured at fair value through other comprehensive income (FVTOCI)

a) Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met :

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the profit or loss.

b) Debt instruments, derivatives, equity instruments and mutual fund investments at fair value through profit or loss (FVTPL)

All derivatives and mutual fund investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit & Loss.

Notes to the financial statements as at and for the year ended 31st March, 2019

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c) Equity instruments measured at fair value through other comprehensive income (FVTOCI)

For all equity instruments other than the ones classified as at FVTPL, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Profit & Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e.; removed from the balance sheet) when the rights to receive cash flows from the asset have expired.

Impairment of financial assets

The Company measures the expected credit loss associated with its assets based on historical trend, industry practices and the business environment in which the entity operates or any other appropriate basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

B) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, financial guarantee contract payables, or derivative instruments.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Notes to the financial statements as at and for the year ended 31st March, 2019

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Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

xiv) Cash and Cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

xv) Contingent Liabilities

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

xvi) Foreign currency transactions and translation

(a) Functional and Presentation Currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian Rupee (₹), which is the Company's functional and presentation currency.

(b) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. At the year-end, monetary assets and liabilities denominated in foreign currencies are restated at the year-end exchange rates. The exchange differences arising from settlement of foreign currency transactions and from the year-end restatement are recognised in profit and loss.

All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within 'Other Income'/'Other Expenses'. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

xvii) Recent accounting pronouncements:

Ind AS 116 Leases : On 30th March, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e.; the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is beginning on or after 1st April, 2019.

Notes to the financial statements as at and for the year ended 31st March, 2019

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₹ in Thousands

3. Property, Plant and Equipment

Particulars	Freehold land	Buildings*	Office Equipments	Computer	Total
Cost or Valuation					
At 1 st April, 2017	125	509	2	13	649
Additions	–	–	–	–	–
Less: On Disposals	–	–	–	–	–
As at 31 st March, 2018	125	509	2	13	649
Additions	–	–	–	–	–
Less: On Disposals	–	–	–	–	–
At 31st March, 2019	125	509	2	13	649
Depreciation					
At 1 st April, 2017	–	16	–	–	16
Charge for the year	–	16	–	–	16
Less: On Disposals	–	–	–	–	–
At 31 st March, 2018	–	32	–	–	32
Charge for the year	–	16	–	–	16
Less: On Disposals	–	–	–	–	–
At 31st March, 2019	–	48	–	–	48
Net Block					
At 31 st March, 2018	125	477	2	13	617
At 31st March, 2019	125	461	2	13	601

* Includes cost of shares of ₹ 0.50 thousand (31st March, 2018: ₹ 0.50 thousand) in the Housing Co-operative Society.

4. Non Current Investments

	Face Value (₹)	As at 31 st March, 2019	As at 31 st March, 2018
Investments at fair value through OCI (FVTOCI)			
Unquoted:			
Equity Shares (Fully paid)			
7000 (31 st March, 2018 : 7000)	10	66,687	96,511
Equity Shares of Birla Management Centre Services Ltd.			
500 (31 st March, 2018: 500)	10	1	1
Equity Shares of Mohan Machines Ltd.			
		66,688	96,512
Aggregate Amount of Investments			
- Quoted		–	–
- Unquoted		66,688	96,512
		66,688	96,512

Notes to the financial statements as at and for the year ended 31st March, 2019

CIN : L40200WB1944PLC011754

₹ in Thousands

5. Other Non-Current Financial Assets

	As at 31 st March, 2019	As at 31 st March, 2018
At Amortised Cost (Unsecured, considered good, unless stated otherwise)		
Trade and other Deposits	73	33
Deposits against demands under dispute	366	366
	439	399

6. Other Non-Current Assets

(Unsecured, considered good, unless stated otherwise)		
Advances recoverable in cash or in kind or for value to be received		
Considered good	78	78
Doubtful	–	–
	78	78
Less: Provision for Doubtful Advances	–	–
	78	78

7. Cash and Cash Equivalents

Balances with Banks:		
- On Current Accounts	69	212
Cash on hand	2	2
	71	214
Other Bank Balances :		
Deposits with maturity for less than 3 months	–	1,984
Deposits with maturity for more than 3 months but less than 12 months*	16,244	13,531
	16,244	15,515
	16,315	15,729

* ₹ 2,110 Thousands (31st March, 2018: ₹ 1,984 Thousands) has been pledged against bank guarantee.

8. Other Current Financial Assets

Interest Accrued on:		
- Fixed Deposits	217	223
	217	223

9. Current Tax Assets (Net)

Advance Payment of Income Tax & Tax Deducted at Source [net of Provisions of ₹ Nil (31 st March, 2018: ₹ Nil)]	393	562
	393	562

10. Other Current Assets

(Unsecured, considered good, unless stated otherwise)		
Advances recoverable in cash or in kind or for value to be received	219	44
Pre-paid Expenses	6	5
	225	49

Notes to the financial statements as at and for the year ended 31st March, 2019

CIN : L40200WB1944PLC011754

₹ in Thousands

11. Share Capital

	As at 31 st March, 2019		As at 31 st March, 2018	
	Number	₹ In Thousands	Number	₹ In Thousands
Authorised				
95,00,000 (31 st March, 2018: 95,00,000) Equity Shares of ₹ 10 each	95,000		95,000	
50,000 (31 st March, 2018: 50,000) Preference Shares of ₹ 100 each	5,000	1,00,000	5,000	1,00,000
Issued, Subscribed & Paid-up				
37,87,655 (31 st March, 2018: 37,87,655) Equity Shares of ₹ 10 each fully paid up		37,877		37,877

(a) Reconciliation of the Shares outstanding at the beginning and at the end of the reporting period

	As at 31 st March, 2019		As at 31 st March, 2018	
	Number	₹ In Thousands	Number	₹ In Thousands
Equity Share				
At the beginning of the year	37,87,655	37,877	37,87,655	37,877
Issued during the year	-	-	-	-
Outstanding at the end of the year	37,87,655	37,877	37,87,655	37,877

(b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each holder of Equity Shares is entitled to one vote per share.

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

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

	As At 31 st March, 2019		As at 31 st March, 2018	
	Number of Shares	% holding in the class	Number of Shares	% holding in the class
Equity Share of ₹ 10 each fully paid				
Life Insurance Corporation of India	9,57,896	25.29	9,57,896	25.29
Kesoram Industries Limited	4,96,100	13.10	4,96,100	13.10
TGS Investment & Trade Private Limited	4,22,322	11.15	4,22,322	11.15
Administrator of The Specified Undertaking of the Unit Trust of India	2,16,269	5.71	2,16,269	5.71

As per records of the Company, the above shareholding represents legal ownership of shares.

Notes to the financial statements as at and for the year ended 31st March, 2019

CIN : L40200WB1944PLC011754

₹ in Thousands

12. Other Equity

	As at 31 st March, 2019	As at 31 st March, 2018
i) Capital Reserve		
Balance as per last Financial Statements	30,922	30,922
ii) Capital Redemption Reserve		
Balance as per last Financial Statements	1,200	1,200
iii) Securities Premium		
Balance as per last Financial Statements	1,32,759	1,32,759
iv) Retained Earnings		
Balance as per last Financial Statements	(1,86,729)	(1,95,641)
Profit / (Loss) for the year	265	(192)
Add: Transfer from OCI Reserve	–	9,104
Net Surplus/(Deficit) in the statement of Profit & Loss	(1,86,464)	(1,86,729)
v) FVTOCI Reserve		
Balance as per last Financial Statements	76,596	84,853
Net Gain / (Loss) on FVTOCI Investments	(23,812)	847
Less: Transfer to Retained Earnings	–	(9,104)
	52,784	76,596
Total	31,201	54,748

Nature and Purpose of Reserve

i) Capital Reserve

Capital Reserve have arisen on the account of demerger.

ii) Capital Redemption Reserve

The Company has created Capital Redemption Reserve for the redemption of preference shares.

iii) Securities Premium

Securities Premium is the premium on issue of equity shares. The reserve will be utilised in accordance with the provision of the Act.

iv) Retained Earnings

Retained Earnings is the present accumulated profits/(losses) earned by the Company and remaining undistributed as on date.

v) FVTOCI Reserve

The Company has elected to recognise changes in the fair value of investments in equity instruments through other comprehensive income. These changes are accumulated within the FVTOCI Reserve.

The company transfers amount from this reserve to Retained Earnings when the relevant equity instruments are derecognised.

13. Other Non-Current Financial Liabilities

	As at 31 st March, 2019	As at 31 st March, 2018
Deposits	400	–
	400	–

Notes to the financial statements as at and for the year ended 31st March, 2019

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₹ in Thousands

14. Deferred Tax and Income Tax

	As at 31 st March, 2019	As at 31 st March, 2018
Deferred Tax		
Deferred Tax relates to the following:		
Deferred Tax Liabilities		
Unrealised gain on Fair valuation of FVTOCI investments	13,832	19,844
Gross Deferred Tax Liabilities	13,832	19,844
Deferred Tax Assets		
Unrealised loss on Fair valuation of FVTOCI investments	3	3
Gross Deferred Tax Assets	3	3
Net Deferred Tax Liability	13,829	19,841

Income Tax

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March, 2019 and 31st March, 2018:

	2018-19	2017-18
Accounting Profit before Income Tax	265	(192)
At India's statutory income tax rate of 26.00% (31 st March, 2018: 25.75%)	–	–
Utilisation of brought forward depreciation	265	–
Total Tax Expense / (Income) recognised in the Statement of Profit & Loss	–	–

Current Liabilities

15. Current Trade Payables

	As at 31 st March, 2019	As at 31 st March, 2018
- Total outstanding dues of micro enterprises and small enterprises (Refer Note 22)	–	–
- Total outstanding dues of creditors other than micro enterprises and small enterprises	544	590
	544	590

16. Other Current Liabilities

Statutory dues Payable	1,105	1,113
	1,105	1,113

17. Other Income

	2018-19	2017-18
Rent	893	924
Interest income on :		
Fixed Deposits	1,089	536
Tax Refunds	35	–
	2,017	1,460

Notes to the financial statements as at and for the year ended 31st March, 2019

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₹ in Thousands

18. Employee Benefits Expenses

	2018-19	2017-18
Salaries, Wages & Bonus	582	817
Contribution to Provident & other Funds (Including Administrative Charges)	24	36
Employees' Welfare Expenses	33	15
	639	868

19. Other Expenses

Rates & Taxes	79	85
Repairs & Maintenance	129	124
Insurance	5	5
Subscription	78	85
Travelling & Conveyance	28	56
Telephone, Postage & Stamp	96	28
Printing & Stationery	73	46
Software Expenses	10	10
Payment to Auditors (Refer details below)	130	127
Legal & Professional Charges	200	62
Directors' Sitting Fees	104	91
Bank Charges	3	1
General Charges	131	27
Miscellaneous Expenses	31	21
	1,097	768
Payment to Auditors:		
As Auditor:		
- Audit Fees	127	127
In Other Capacity:		
- For Certificates and other Services	—	—
- For Expenses (rate difference of tax)	3	—
	130	127

20. Earnings Per Share (EPS)

The following reflects profit & share data used in the Basic and Diluted EPS computation.

Profit After Tax	₹ in Thousands	265	(192)
Weighted Average number of Equity Shares	Nos.	37,87,655	37,87,655
Nominal value of Equity Shares	₹	10	10
Basic & Diluted Earning Per Share	₹	0.07	(0.05)

21. Contingent Liabilities not provided for in respect of :

	As at 31 st March, 2019	As at 31 st March, 2018
a) Demands/claims by various Government authorities and others not acknowledged as debts and contested by the Company :-		
i) Sales Tax	637	637
ii) Claims from ex- employees	3,608	3,608
iii) ESI Matters (Net of provision)	5,927	5,733
	10,172	9,978
Against the above, payment has been made under protest.	366	366
b) Unredeemed Bank Guarantees	838	838

Notes to the financial statements as at and for the year ended 31st March, 2019

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₹ in Thousands

22. There are no Micro, Small and Medium Enterprises to which the company owes dues.

Details of dues for Micro, Small and Medium Enterprises Development Act, 2006 :

		As at 31 st March, 2019	As at 31 st March, 2018
i)	The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year.	-	-
ii)	The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
iii)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
iv)	The amount of interest accrued and remaining unpaid at the end of accounting year; and	-	-
v)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowance as a deductible expenditure under Section 23 of Micro, Small and Medium Enterprises Development Act, 2006.	-	-

23. In terms of Ind AS - 12 "Accounting for Taxes on Income", Deferred Tax Asset has not been recognised in respect of carry forward losses and depreciation in the accounts, in the absence of convincing evidence that sufficient taxable profits will be available in future against which the aforesaid deferred tax asset may be realised.

24. Since the company has currently no reportable business segment and the company operates in a single geographical segment, there are no additional disclosures to be provided under Ind AS 108 'Segment Reporting'.

25. Fair values

The following table provide fair value measurement hierarchy of the Company's financial assets and liabilities :

	Fair Value Measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Quantitative disclosures fair value measurement hierarchy for assets as at 31st March, 2019:			
Assets measured at Fair value			
Unquoted Equity Shares	-	-	66,688
Quantitative disclosures fair value measurement hierarchy for assets as at 31st March, 2018:			
Assets measured at Fair value			
Unquoted Equity Shares	-	-	96,512

The management assessed that cash and cash equivalents, security deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The method and assumption used to estimate the fair values of the of the unquoted equity shares is Net Asset Value (NAV).

Notes to the financial statements as at and for the year ended 31st March, 2019

CIN : L40200WB1944PLC011754

₹ in Thousands

26. Disclosure as per Ind AS 17 Leases

The office premise at Mumbai has been given on operating lease during the year for a period of fifty four months expiring on 14th December, 2022.

	₹ in Thousands
Gross Block as on 31 st March, 2019	509
Net Block as on 31 st March, 2019	461
Lease income during the year 2018-19	700
Future minimum lease rentals receivable:	
(i) not later than one year	1,200
(ii) later than one year & not later than 5 years	3,245

27. Related Party Disclosures - Nil (As at and for the year ended 31st March, 2018 - Nil).

28. No provision is required in respect of gratuity since the period of service of the employee is less than five years.

29. Financial risk management objectives and policies

The Company's principal financial liabilities comprises of trade and other payables. The main purpose of these financial liabilities is to finance the Company's activities. The Company's principal financial assets include investment, receivables, and cash and cash equivalents that derive directly from its activities.

The Company is exposed to market risk and credit risk. The Company's management oversees the management of these risks. The Company's management provides assurance that the Company's financial risk activities are governed by appropriate policies and principles.

A. Market risk

Market risk comprises of three types of risk: interest rate risk, currency risk and other price risk, such as commodity price fluctuation. Financial instruments affected by market risk include loans and borrowings, deposits and derivative financial instruments.

B. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Credit risk comprises of two types of risk: Customer Credit Risk and Credit risk from balances with banks and financial institutions.

30. Previous periods' figures have been regrouped / rearranged wherever necessary to conform to the current periods' classification.

As per our report of even date

For Salarpuria Jajodia & Co.
Firm Registration Number: 302111E
Chartered Accountants

Anand Prakash
Partner
Membership No.056485

Date : 28th May, 2019

Jyoti Prakash Kanoria
Director
DIN:00225761

Hukam Chand Daga
Chief Executive Officer

Rakesh Sharma
Company Secretary

Yashwant Kumar Daga
Director
DIN:00040632

Kamal Kishor Agarwal
Chief Financial Officer

HGI INDUSTRIES LIMITED

“INDUSTRY HOUSE”

18TH FLOOR, 10, CAMAC STREET

KOLKATA – 700017