

Hindustan Sanitaryware & Industries Limited

OUR BRAND DNA

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Annual Report 2006-07

Forward-looking statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words

such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should under-

lying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



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THE MOST
ENDURING
BRAND

IS THE SENSE OF
TRUST WITH
WHICH
CONSUMERS
BUY IT.



EVER NOTICED THE
LOGO ON MOST
SANITARYWARE
PRODUCTS IN INDIA?

HINDWARE. THE MOST TRUSTED
BRAND. TOUCHING THE LIVES
OF CONSUMERS. ACROSS EVERY
REGION. ACROSS EVERY MINUTE.
RESULTING IN MARKET
LEADERSHIP FOR THE COMPANY
AND ITS BRANDS.

HINDUSTAN SANITARYWARE & INDUSTRIES LIMITED.

Our genesis

- Promoted by the Somany Family in collaboration with Twyfords Ltd., UK
- Established as Hindustan Twyfords Ltd. in 1960 to introduce vitreous china ceramic sanitaryware in India

Our businesses

- Transitioned from a pure ceramic sanitaryware manufacturer to a provider of complete bathroom solutions with the ultimate goal of providing complete home solutions
- Diversified into the manufacture of glass containers through the acquisition of The Associated Glass Industries Limited in 1981
- Business presence now comprises building products and container glass
- Wide product portfolio with a significant market share in each business

Our locations

- Headquartered in New Delhi, supported by four regional offices and four area offices
- Supported by India's largest distribution network (995 dealers and approximately 12,000 retail outlets) in the building products industry
- Nearly 86 per cent of revenues from within India; exports to 40 countries

Business segment	Location	Capacity
Building products division	Bahadurgarh (Haryana)	14,000 tpa
Building products division	Bibinagar (Andhra Pradesh)	18,000 tpa
Container glass division	Sanathnagar (Hyderabad)	953 (pcs in mn per year)



Our customers

- Building products: Residential, commercial, retail and hospitality sectors
- Container glass: Institutional buyers in the processed food (FMCG), liquor, beverage and pharmaceutical industries

Our investor orientation

- Listed shares on the Mumbai and National Stock Exchanges
- A market capitalisation of Rs. 4.92 bn as on 31st March 2007
- Continuously profitable and dividend paying Company since inception (except one year)

Building products

- Bathroom solutions
- Kitchen solutions

Location :

Manufacturing :
Bibinagar and Bahadurgarh
Outsourced products
division: Delhi, Bibinagar
and Bahadurgarh

Strategy: Enhance living standards through a complement of designer sanitaryware, other bathroom products and kitchen appliances

Contributes 51 per cent of the Company's turnover

Brands: Hindware Italian Collection, Hindware Art, Hindware, Keramag and Raasi.
- Enjoys about 39% share of the branded sanitaryware market

Container glass

- Container glass in three colours

Manufacturing location:

Hyderabad

Strategy: Enhance living standards through the manufacture of quality glass containers

Contributes 49 per cent of the Company's turnover

Brands: AGI brand
Enjoys 15% of national market share
Southern market share: 45%

Corporate highlights

IN 2006-07, WE STRENGTHENED OUR BUSINESS.

In financial terms

- 20% increase in topline from Rs. 4383.2 mn in 2005-06 to a record Rs. 5267.5 mn
- 13% increase in post-tax profit from Rs. 256.7 mn in 2005-06 to Rs. 291.1 mn
- 13% increase in cash profit from Rs. 503.5 mn in 2005-06 to Rs. 570.8 mn

In our plants

- Highest production and sales of container glass in our existence
- Highest employee productivity in the Bibinagar plant in our existence
- Decline in energy consumption by 19% due to highly energy efficient furnace in the container glass plant

In the marketplace

- 14% increase in turnover of the building products

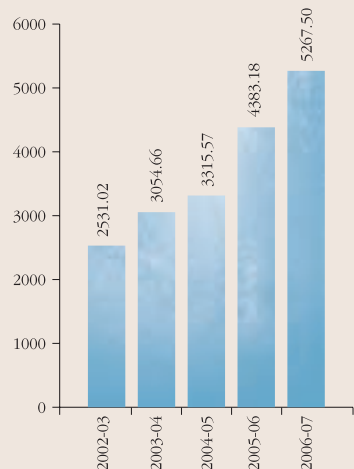
division from Rs. 2336.1 mn in 2005-06 to Rs. 2671.6 mn

- 27% increase in turnover of the container glass division from Rs. 2046.1mn in 2005-06 to a record Rs. 2594.2 mn in 2006-07
- 25% growth in outsourced products revenues
- Introduced 53 new designs in our bathroom and kitchen products line in 2006-07
- Launched a new line of kitchenware products

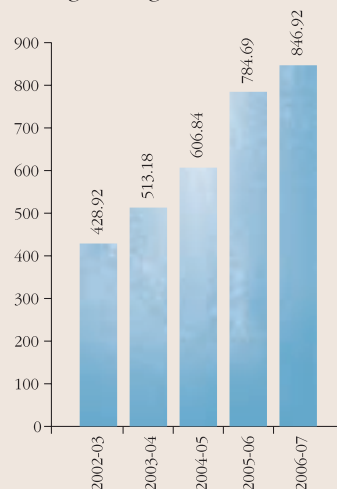
In our recognition

- Received the Gold Trusted 'Brand' award from Reader's Digest
- 'Superbrand' status for the Hindware brand revalidated in 2006-07
- Rated among the 100 most valuable brands in 2006-07 by 4P's magazine
- Rating of Hindware as the most recognised brand by AC Nielsen

Growing income from operations
(Rs million)

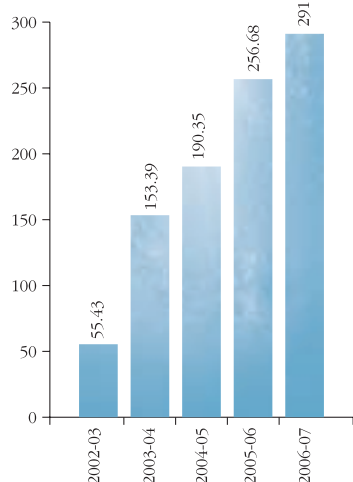


Strengthening EBITDA (Rs million)

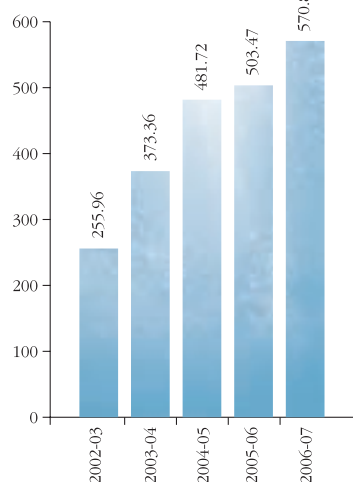


Hindustan Sanitaryware & Industries Limited

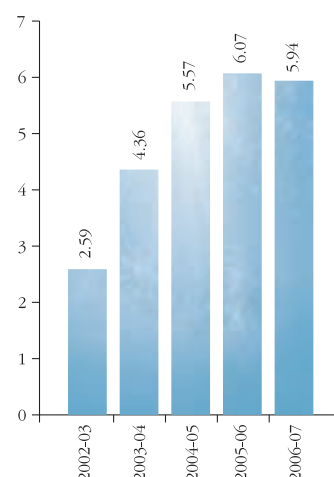
Surging post-tax profit (Rs million)



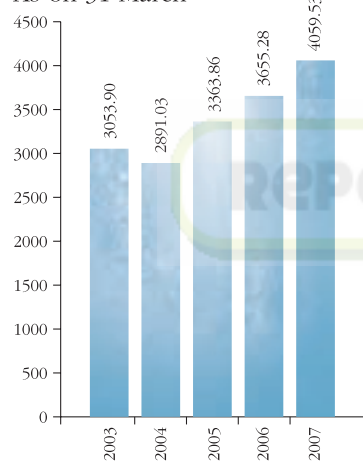
Rising cash profit (Rs million)



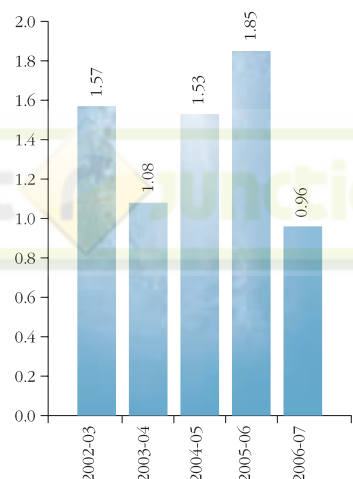
Steady interest cover



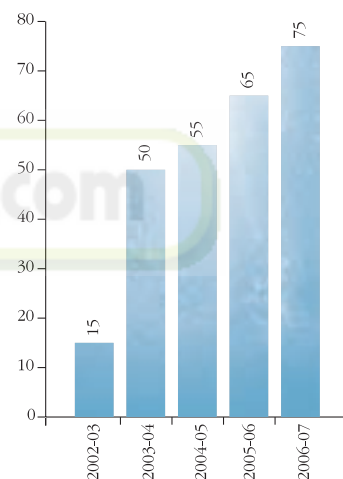
Increasing gross block
As on 31 March (Rs million)



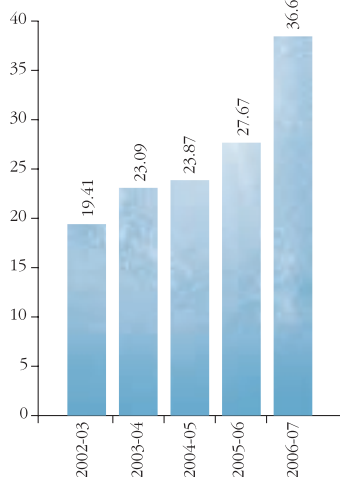
Strong debt-equity ratio



Growing dividend per share
(per cent of face value)



Rising book value per share (Rs)



Growing earnings per share (Rs)

