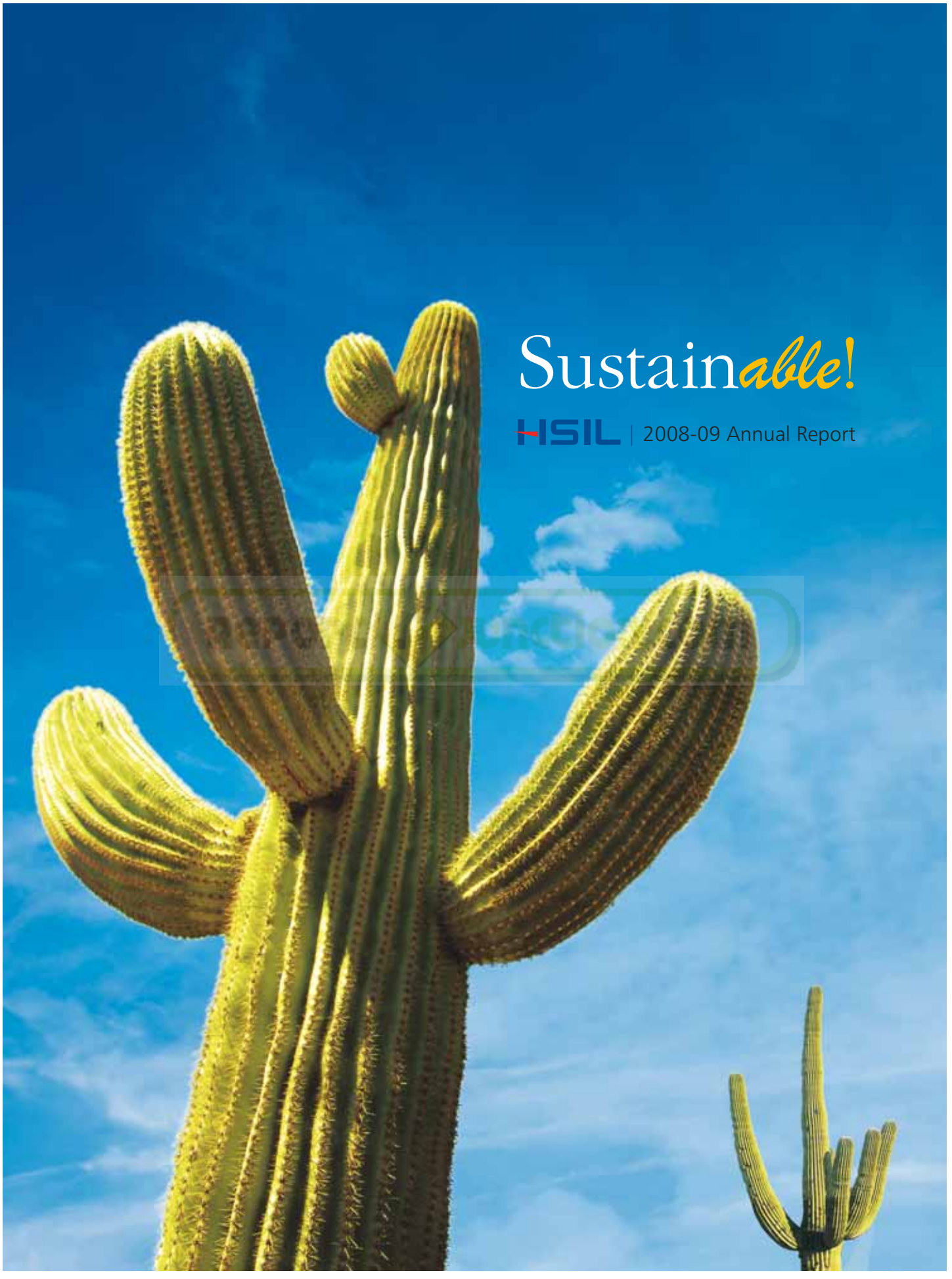



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## Cactus and HSIL

At HSIL, we are inspired by the most unlikely of natural creations. The cactus.

Can survive three centuries. Can shrink its surface area to counter transpiration. Can bend to reduce exposure to the sun and minimise moisture loss. Can use its spine to remain inedible. Can suspend root growth until it rains again.

At HSIL, we are inspired by the resilience of the cactus. Enabling us to grow in an environment of adversity. Strengthening our resolve to perform against hardship. Spreading our roots deep and wide. Creating opportunities to survive and thrive. Just one word can encapsulate our spirit to endure and flourish.

## Sustain*able.*

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## Across the pages

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## Disclaimer

In this annual report, we have disclosed forward-looking information to help investors comprehend our prospects and take informed investment decisions. This report is based on certain forward-looking statements that we periodically make to anticipate results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', '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 assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. 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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# HSIL reported stronger numbers in 2008-09 when most economic indicators weakened.

India's GDP growth declined from 9.2% in 2007-08 to 6.7% in 2008-09.

HSIL's net turnover grew 17.24%.

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# HSIL is the most respected name in two of the most diverse industries – Building Products and Container Glass

## Sustainable industry outlook

Increasing population, expanding disposable income, enlarging basket of wants, coupled with wider awareness and need for individual happiness, enhances confidence in our growth and sustainability.

## Resilient business combination

The combination of building products and container glass is relatively derisked as it rides the basic human need for hygiene and a higher standard of living.

## Safe customer mix

Our largest customer segment of container glass comprises alcohol and beverages, a growing segment largely unaffected by challenging economic conditions. The Building Products Division addresses the needs of residential, commercial and institutional customers.

## Leadership position in each

We are India's most prominent sanitaryware Company and the market leader in India; we are among India's top two container glass manufacturers and are the market leaders in southern India.

## Brand strength

Our enduring Hindware brand (for Building Products Division) stands for product excellence and sensitive service; it has been recognised as a Superbrand for four consecutive years, testifying its industry leadership.

## Solid plus liquid

We possessed a net worth of Rs. 2,505.31 mn and a book value of Rs. 45.53 as on March 31, 2009; we enjoyed a net debt-equity ratio of 1.59.

## One-time plus annuity incomes

Earnings from the sale of products were supplemented with an annuity income from maintenance and service contracts, generating a continuous revenue stream and a long-term relationship with customers.

## Retail plus institutional focus

We derisked ourselves through an extensive retail clientele in the Building Products Division, leading to attractive margins; we enjoyed a sound institutional clientele in the Container Glass Division leading to the absorption of large production volumes.

## Low gearing

Despite the largest one-time investment of Rs. 2,765 mn in a new container glass plant at Bhongir, our net debt-equity ratio stood at 1.59, indicating room to borrow afresh and ability to comfortably service our existing book.

## High replacement cost

The Company's gross block of Rs. 6,267.74 mn (as on March 31, 2009) compares favourably with an estimated high replacement cost of Rs. 12,250 mn, serving as a hedge against fresh competition.

## High cash and carry

Our sanitaryware business was marked by a high 62% cash-and-carry sales, leading to reduced bad debts.

## Clientele

The Company's Building Products Division caters to retail customers even as institutional sales contributed 28% to its revenues from reputed brands like DLF, Unitech, Taj Hotels, ITC Hotels, Mahindra Gesco, Larsen & Toubro and Infosys, among others. Our Container Glass products are supplied to institutional customers like Coca Cola, Pepsi, Glaxo SmithKline, Dr Reddy's Laboratories, Hindustan Unilever, Reckitt Benckiser, Pernod Ricard, Pfizer, SABMiller, Dabur, Nestlé, InBev and United Breweries, to name a few.

## Strategic locational advantage

The Company's manufacturing facilities



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are located in Haryana and Andhra Pradesh, proximate to raw material availability and consuming centres.

## Premium range

The Building Products Division's revenues from the premium range surged by 35%.

## Product mix

The Company's Building Product Division possesses the largest product basket of bathroom solutions in India: sanitaryware, faucets, bathtubs, whirlpools, multi-functions and massage tubs, bath concepts and kitchen appliances. The Container Glass Division addresses a bottle range from 30 ml to 3,000 ml catering to beverage, beer, food, pharmaceuticals, liquor and chemical industries.

## Distribution network

The Building Product Division possesses a pan-India presence leveraging a network of 1,136 authorised dealers, 12,000 sub-dealers and retail outlets.

## Range

The Company's Building Products straddle an extensive price spectrum (Rs. 200 - Rs. 200,000-plus), reaching out to a wide customer cross-section.

## Quality

The Company's quality and process standards conform to BIS norms based on EN standards. Furthermore, it achieved ISO 9001, ISO 14001 and OHSAS 18001 certifications.

## Recognition

The Company received several accreditations in 2008-09 comprising Superbrand Consumer Validated, Business Superbrand Award, Reader's Digest Trusted Brands Platinum Award, 4P's India's 100 most Valuable Brands, 4P's Most Admired Companies Award, Mera Brand Award and Elle Deco International Design award.

## End-to-end solution

The Company's subsidiary, Hindware Home Retail Private Ltd., provides end-to-end solutions for an extensive range of home interior products and services through its home fashion mega stores under EVOK brand.





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# HSIL stewards some of the most respected brands in India, representing a strong advantage in a competitive market.

## Our calling card

- HSIL Limited (erstwhile Hindustan Sanitaryware and Industries Limited) was incorporated in 1960 as Hindustan Twyfords Ltd. by the Somany family (promoter group) in collaboration with Twyfords Limited of UK. The Company pioneered vitreous china ceramic sanitaryware in India
- The Company is an attractive proxy for the significant growth emerging from India's real estate sector, through a broad range of sanitaryware products, bath fittings, bathtubs and whirlpools, bath concepts and kitchen appliances
- The Company's Container Glass Division caters to India's growing container glass packaging requirements
- The Company's Hindware brand was recognised as a Superbrand for four consecutive years



## Our destination

- We aspire to build a global Company that creates value for every customer we serve
- We aim to become the undisputed leader in the businesses we operate in
- We strive to be known widely for our governance practices and financial success
- We endeavour to become a premier place to work, where our employees can construct distinctive careers

## Our locational spread

The Company enjoys a nationwide presence. Headquartered in Gurgaon (Haryana) with manufacturing facilities located in Haryana and Andhra Pradesh and registered office in Kolkata, the Company also possesses six regional offices and 18 depots. It exported products to 51 countries.



### Capacity allocation

| Plant location | Business division | Installed capacity (mn pieces per annum) |
|---|---|---|
| Bahadurgarh, Haryana | Building Products Division | 1.30 |
| Somanypuram, Andhra Pradesh | Building Products Division | 1.50 |
| Hyderabad, Andhra Pradesh | Container Glass Division | 953.10 |
| Bhongir, Andhra Pradesh (commissioned in March 2009) | Container Glass Division | 690.00 |



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## Our listing

- The Company's shares are listed on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange Limited (NSE)
- The promoter's shareholding comprised 60.20% of the equity share capital totalling 33.12 mn equity shares

## Our customers

- The Company's Building Products Division addresses urban and suburban customers in the residential, commercial, retail and hospitality sectors
- The dealers are the primary customers with institutional customers as a growing contributor to the Building Products Division
- The Company's container glass products are procured by institutional buyers in the processed food (FMCG), liquor, beverage and pharmaceutical industries including large international brands



## Our products

- The Company is the largest Indian sanitaryware manufacturer; it diversified into container glass manufacture through the acquisition of Associated Glass Industries Limited in 1981
- The Company widened its product basket across bathroom and kitchen solutions under the Hindware, *Hindware Art* and *Hindware Italian Collection* brands
- In a significant forward integration, the Company's wholly-owned subsidiary Hindware Home Retail Private Limited (HHRPL) retails speciality home interior range under the EVOK brand

## Our financial performance

- 17.24% increase in turnover from Rs. 5,208.38 mn in 2007-08 to Rs. 6,106.43 mn in 2008-09
- 27.11% EBIDTA boost from Rs. 887.33 mn in 2007-08 to Rs. 1,127.89 mn in 2008-09
- 40.15% post-tax profit growth from Rs. 286.50 mn in 2007-08 to Rs. 401.52 mn in 2008-09
- 40.58% cash profit surge from Rs. 542.09 mn in 2007-08 to Rs. 762.06 mn in 2008-09
- 40.15% EPS (basic) increase from Rs. 5.21 in 2007-08 to Rs. 7.30 in 2008-09
- 13.53% book value per share enhancement from Rs. 40.10 in 2007-08 to Rs. 45.53 in 2008-09





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# Awards and certificates






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CERTIFICATE

DQS GmbH

Hindustan Sanitaryware and Industries Limited

Occupational Health and Safety Management System.

OHSAS 18001 : 1999



WaterMark

Certificate of Conformity

Level 1

Hindustan Sanitaryware & Industries Ltd



CERTIFICATE

DQS GmbH

Hindustan Sanitaryware and Industries Limited

Quality Management System.

DIN EN ISO 9001 : 2000



CERTIFICATE

DQS GmbH

Hindustan Sanitaryware and Industries Limited

Environmental Management System.

EN ISO 14001 : 2004

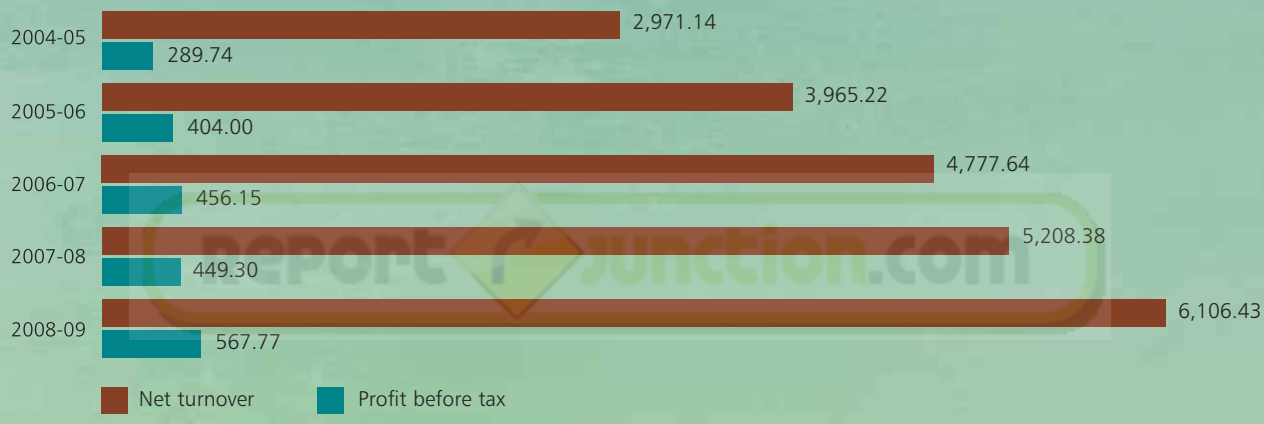


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# Ability + Stability = Sustainability

## Net turnover and profit before tax

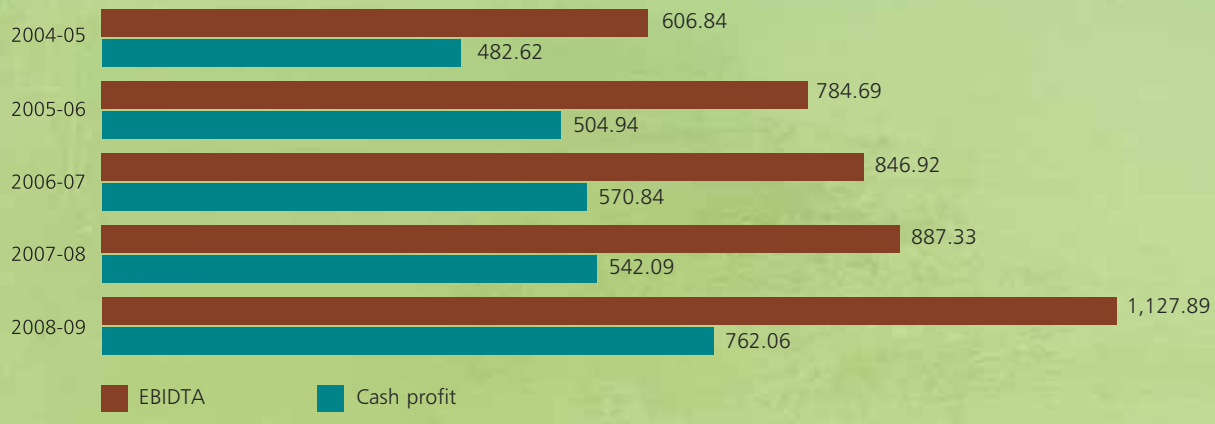
*(Rs. mn)*




*Strong business focus – growing customer orders – stronger profitability*

## EBIDTA and cash profit

*(Rs. mn)*




*Growing sales – increasing realisation – stronger cash accruals*



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