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We
anticipate.
We deliver.

FORWARD LOOKING STATEMENT

In this Annual Report, the forward-looking information if any, is for enabling 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 realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccuracies in our assumptions. Should known or unknown risks or our uncertainties materialize, 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, arising as a result of new information, future events or otherwise.

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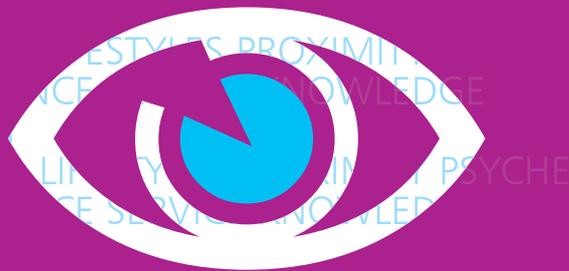
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At HSIL, we try to anticipate what the future will unfold: in terms of quality of life, customer aspirations and market trends globally.

Considerable year-on-year growth

CRAVING SWIFTNESS CONDUCT NEARNESS
CONSCIOUSNESS INSTANTANEOUS WISH STYLE
RESPONSIVENESS TRUST ACQUAINTANCE PAN-
INDIA VISIBILITY EXCEPTIONAL WORLD-CLASS
PRODUCTS URGE CUSTOMER DELIGHT EMINENCE
VARIETY



WE KNOW TOMORROW'S EMPOWERED CUSTOMER WILL NOT ACCEPT 'GOOD ENOUGH' PRODUCTS. CUSTOMER ENCHANTMENT IS THE NEW NORMAL. SO THE CHALLENGE IS TO CONTINUE TO CAPTIVATE THE CUSTOMER THROUGH INTELLIGENT ANTICIPATION AND PROACTIVE DELIVERY.

Revisiting 2010-11

STRATEGIC

- Acquired UK based Barwood Products, a boutique Bathroom Products manufacturer
- Acquired a China Clay mine in Andhra Pradesh to secure raw material supply
- Completed QIP of Rs. 150 Crore to fund expansion and acquisitions in India and abroad
- Acquired the CP Bathroom fittings business of Havells India Ltd.

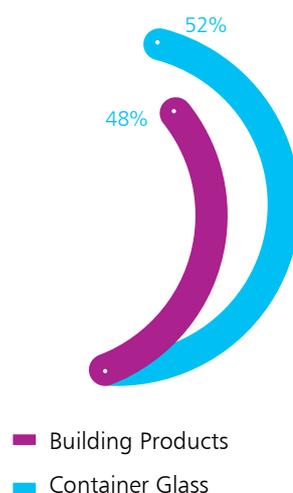
MARKETING AND DISTRIBUTION

- Launched the Cornice Collection, an elegant collection of sanitaryware, tiles and faucets, as a part of the 50th year celebration
- Rebranded the Crabtree brand of chrome plated bathroom fittings as Benelave
- Launched 1.5 litres flushing closet – Nano, probably the most efficient closet in the world in the non-vacuum assisted category
- Launched ceramic tiles as part of the Hindware Italian Collection brand
- Strengthened dealership network with addition of 150 dealers and over 2000 retailers
- Launched 66 new products in the container glass division and added 30 new customers

OPERATIONS

- Underwent a debottlenecking exercise at the Sanathnagar glass facility, resulting in capacity expansion (50 TPD)
- Achieved enhanced capacity utilisation and improved efficiencies at all manufacturing plants
- Improved production efficiencies at the container glass unit from 80% to 88%
- Achieved 6-20% weight reduction in 13 bottles through the introduction of Narrow Neck Press and Blow technology

Segmental revenue break-up in 2010-11

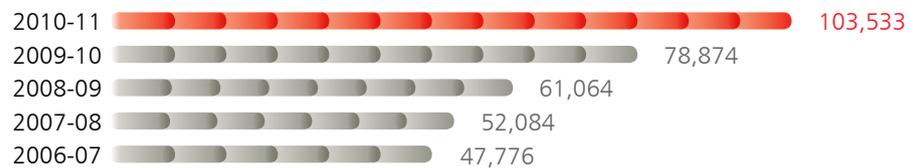


Five-year financial highlights

Net Turnover

(Rs. in lacs)

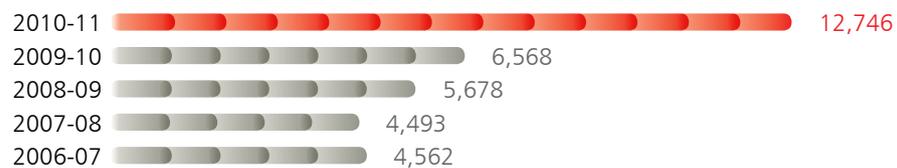
CAGR 21.16%



Profit Before Tax (PBT)

(Rs. in lacs)

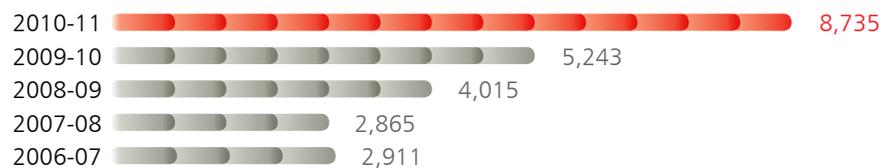
CAGR 25.83%



Profit After Tax (PAT)

(Rs. in lacs)

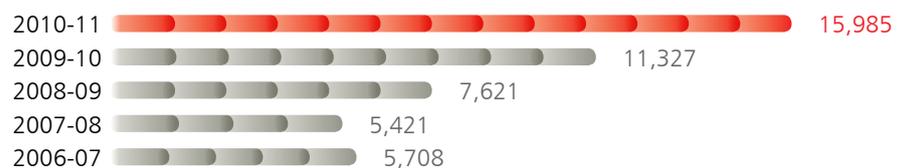
CAGR 27.61%



Cash Profit

(Rs. in lacs)

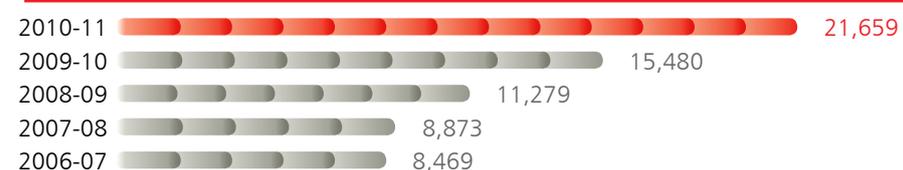
CAGR 25.92%



EBITDA

(Rs. in lacs)

CAGR 22.52%



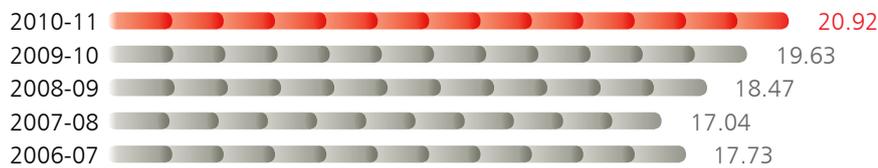
EAGERNESS
PACE HABITS
PERCEPTION
PROPINQUITY
LONGING
NO-WAITING
SENSITIVITY
ELEGANCE
FAMILIARITY
RELIABILITY
EXTRAORDINARY
WIDE-NETWORK
LONGING
AESTHETICS
EMPOWERED
INNOVATION

OUR SPECTRUM OF ANTICIPATION AND DELIVERY ENCOMPASSES ALL STAKEHOLDERS FOR WHOM WE WILL CONTINUE TO CREATE SUSTAINABLE VALUE ON THE STRENGTH OF DEEP MARKET INSIGHT, ACQUISITIONS, ADVANCED TECHNOLOGY LEVERAGE, CEASELESS INNOVATION, STRENGTHENED DISTRIBUTION NETWORK, ECO-SENSITIVITY, COMMUNITY OUTREACH AND A DEEP AND ABIDING EMPHASIS ON TRANSPARENCY, ACCOUNTABILITY AND INTEGRITY.

WE ARE COMMITTED TO SEE THE WORLD WITH THE VISION OF THE STAKEHOLDERS. TO FORGE CLOSER BONDS OF TRUST AND DEPENDENCE AND SHAPE THE FINER NUANCES OF AN ELEVATED WAY OF LIFE.

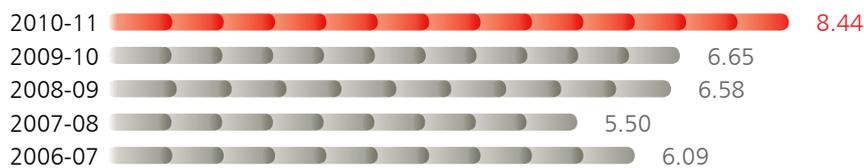
EBITDA Margin

(%)



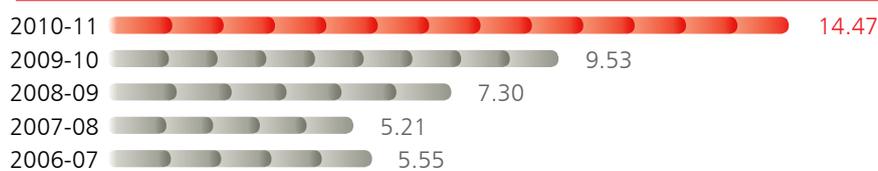
PAT Margin

(%)

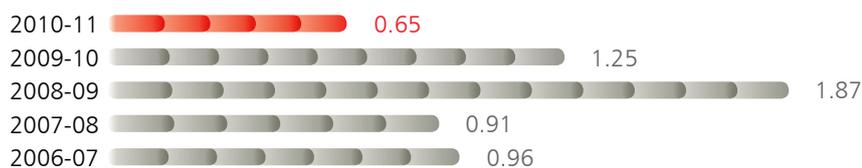


EPS

(Rs.)



Debt Equity Ratio



Interest Cover

(Rs. in lacs)



Strategies for tomorrow



TIONS SPEED
 LES PROXIMITY
 RELENTLESS REACH
 DESIGN AWARENESS
 CE SERVICE
 EDGE FUTURISTIC-
 CTS PREMIUMISATION
 RY-BEATING

IMMEDIATE-TERM PLANS

- Make Bibinagar the single largest sanitaryware production facility in India by increasing the annual production by 7 lac pieces, totalling 20 lac pieces annually
- Capacity addition of 3 lac pieces at the Bahadurgarh plant, to be completed by 2013
- Chrome plated fittings unit at Bhiwadi to nearly double capacity by FY 2012 from 3 lac pieces to 5 lac pieces
- To become number two player nationally in faucets with Hindware and Benelave brand of chrome plated bathroom fittings
- Glass capacity addition of 475 metric tonnes/per day at the Bhongir plant, to be commissioned by the fourth quarter FY 2012
- Set up green-field manufacturing facilities in Gujarat and Rajasthan
- Expand depot infrastructure in Mumbai, Indore and Guwahati

LONG-TERM GOALS

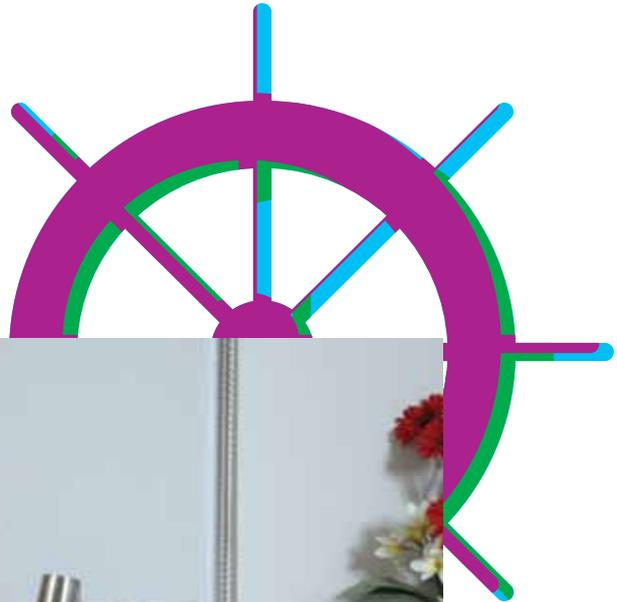
- Target revenue of Rs. 4500 Crore by 2016 to be achieved through brown-field capacity expansions, putting up green field production facilities, new product launches and acquisitions
- Rs. 650 Crore CAPEX launched for significant business expansion over the next three years



CAPEX outlay for the Rs. 650 Crore expansion plan

Proposed amount	Business segment	Capacity expansion target
Rs. 350 Crore	Container Glass	From 1,075 TPD to 1,550 TPD
Rs. 200 Crore	Sanitaryware	From 28 lac pieces to 50 lac pieces annually
Rs. 100 Crore	Chrome Plated Fittings	From 3 lac pieces to 30 lac pieces annually

I AM OFTEN TEMPTED TO THINK HOW THE CONCEPT OF 'CUSTOMER' HAS EVOLVED GLOBALLY, WITH ADVANCED RESEARCH ON CUSTOMER PSYCHOLOGY AND BEHAVIOURAL PATTERNS INFLUENCING BUSINESS STRATEGIES OF ORGANISATIONS ACROSS THE WORLD



EARNING
ECO-SEN
SUPREM
DEPORT
ACQUA
ELEGAN

PROCLIVITY
ABLE-EXPERIENCE
PROMPTNESS
TIVITY
SUPREME

Chairman and Managing Director's Statement