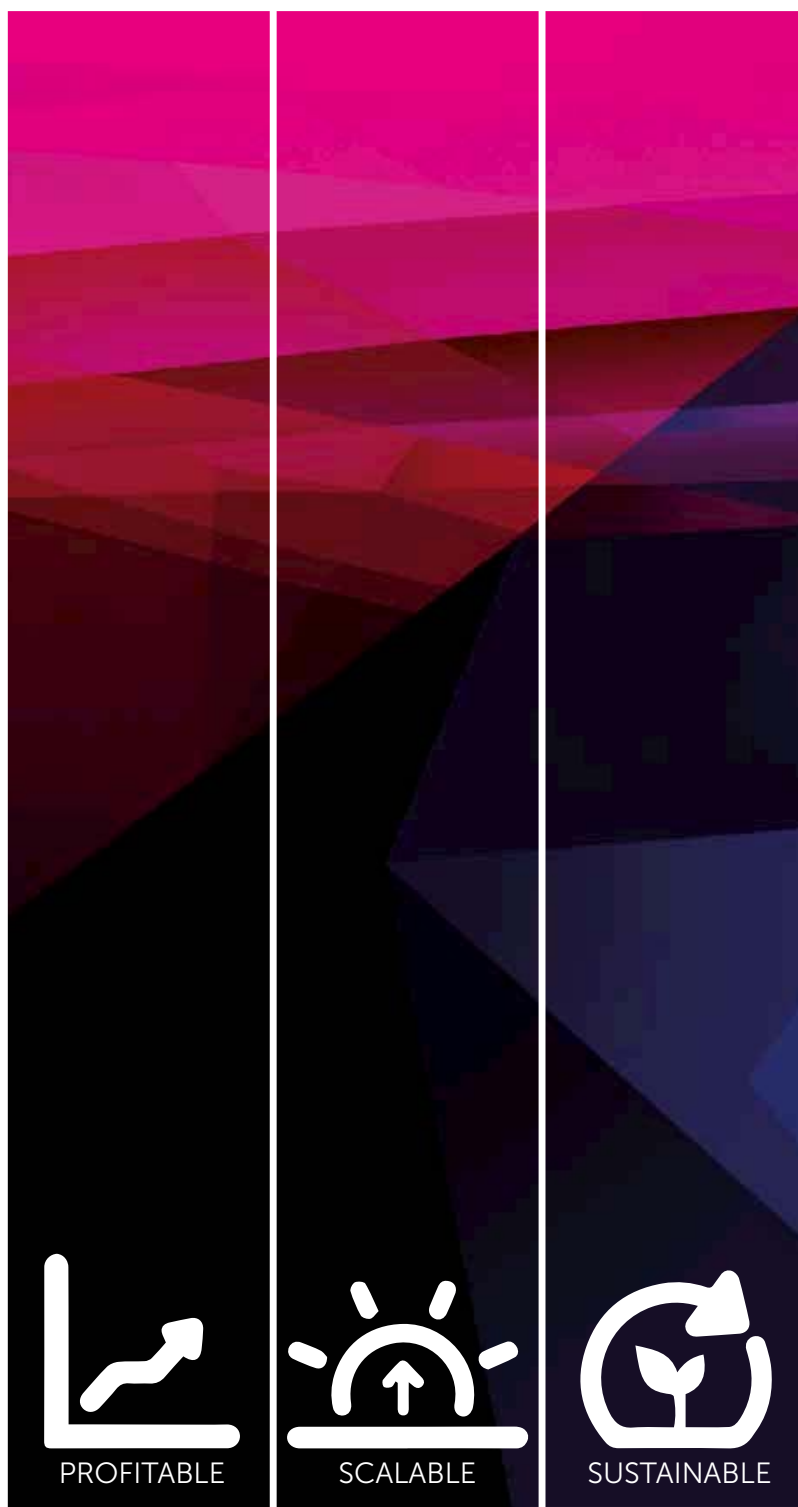


POWER OF PLATFORMS



Contents

Strategic Report

Corporate identity	2
Chairman & Managing Director's message	6
Vice-Chairman & Managing Director's message	10
Value creation at HSIL	16
How we have enhanced value over the years	22
Investing in the future	26
How we do business at HSIL	30
The robust HSIL business model	31
HSIL's brand personalities	34
Our value enriching platforms	36
Combining business focus with social responsibility	48
Board of Directors	50
Management discussion and analysis	52
Risk management	74

Statutory Section

Directors' report	76
Corporate governance report	109
Business responsibility report	125

Financial Section

Standalone	
Independent auditor's report	135
Financial statements	142
Consolidated	
Independent auditor's report	197
Financial statements	202
Form AOC – 1	259

Notice & Proxy



hindwarehomes.com
hsilgroup.com
Annual Report 2016-17

Visit our online annual report site. Each section of the annual report can be downloaded in pdf form

Power of Platforms

- ✓ At HSIL Limited, we have transformed our business around distinctive growth platforms.
- ✓ These platforms comprise Building Products, Consumer Products, Packaging Products and Retail Division.
- ✓ We believe that national economic growth will translate fastest into broad-based consumer offtake, which will inevitably extend to lifestyle changes in hygiene and related products.
- ✓ HSIL expects to address the robust national consumption story through these platforms.
- ✓ The creation of focused verticals around these distinctive business buckets is expected to catalyse our company, strengthen corresponding brands, enhance realisations and reinforce sustainability.

HSIL LIMITED IS MORE THAN A COMPANY. IT IS A TRUSTMARK.

A TRUSTMARK FOR WORLD-CLASS PRODUCT QUALITY, AVAILABILITY, ACCESSIBILITY AND SERVICE.

WHICH MEANS THAT WHEN CONSUMERS
BUY INTO HSIL, THEY ENJOY A PEACE OF
MIND.



Background: HSIL Limited is widely recognised by its brand 'Hindware', a household name in India. Set up in 1960 as Hindustan Twyford Ltd, with a technological collaboration with Twyford UK, the company was renamed Hindustan Sanitaryware & Industries Limited in 1969; in March 2009, the company's name was changed to HSIL Limited. HSIL became the first sanitaryware company to be featured in the 'Fortune India 500' 2014 list – a ranking of the top 500 corporations in India.

Products: HSIL is synonymous with path-breaking products, differentiated designs, stylish flair and unbeatable quality. The result is that the company has not just competed for market share; it has transformed the Indian

sanitaryware and faucets market and carved out a large share. Over the decades, the Company diversified into packaging – glass containers and PET bottles – through inorganic initiatives. Our foray into the Consumer Products business strengthened our product basket to match customer needs and aspirations. For focused growth, the Company segregated its business into four key verticals – Building Products, Consumer Products, Packaging Products and Retail.

Alliances: HSIL enjoys collaborations with leading global brands, namely Groupe Atlantic, VENTS and Sekisui Chemical Co. Ltd., etc which enables it to add unique products and novel designs to our expansive product portfolio.

Recognition: 'Hindware' is the proud recipient of the Star Export House certification from Ministry of Commerce. The brand has over 100 satisfied (B2B) customers across 40 countries in Europe, UK, Russia, Middle East, Africa and the Australian region.

Location: The Company has its registered office in Kolkata and Corporate office in Gurugram (Haryana). The Company has ten (including one under construction at Medak, Telangana) manufacturing facilities. Our marketing and distribution is supported by area offices and eight regional offices. The Company's shares are listed on the Bombay Stock Exchange and National Stock Exchange.

VALUES		
People excellence	Business excellence	Leadership excellence
Performance Excellence <ul style="list-style-type: none"> Teamwork to enable people to succeed beyond their capabilities Recognising and rewarding team performance Promoting cross-functional teams Respect for Individual <ul style="list-style-type: none"> A culture of trust and openness Nurturing high performance in teams Core Purpose & Values <ul style="list-style-type: none"> Learning for sustained competitive advantage Developing personally and professionally 	Performance Excellence <ul style="list-style-type: none"> Passionately committed to achieve our goals Maintain a relentless focus on business objectives Strive to raise the performance in the business Operational Excellence <ul style="list-style-type: none"> Strive for consistent and assured performance Setting benchmarks in operational processes Customer Centricity <ul style="list-style-type: none"> Provide best in class experience to our customers Doing right for our internal and external customers 	Innovation <ul style="list-style-type: none"> Foster innovation in our processes and products to create and deliver value Creativity and informed risk-taking Agility <ul style="list-style-type: none"> Embracing change and adapting ourselves rapidly Respond quickly and effectively in order to seize opportunities

OUR AWARDS







DOING THINGS RIGHT. DOING THE RIGHT THINGS.



At HSIL, our guiding principles help us achieve sustainable growth and earn stakeholder respect.



We believe that governance and compliance are not restricted merely to the adherence of rules and regulations, but is about the larger objective of creating value.

DURING THE LAST FIVE-AND-A-HALF DECADES OF STEWARDING HSIL LIMITED, WE HAVE COME TO REALISE THAT LONG-TERM SUCCESS DEPENDS ON TWO OVERRIDING PRINCIPLES.

DOING THINGS RIGHT AND DOING THE RIGHT THINGS.

DOING THINGS RIGHT IS AN ETHICAL PHILOSOPHY. THE STRONG FOUNDATION OF ETHICAL VALUES ON WHICH OUR COMPANY WAS ESTABLISHED DECADES AGO PROVIDES US WITH THE STANDARDS WHICH GUIDE US TO CONDUCT OUR BUSINESS AND OURSELVES. THE COMPANY ENDEAVOURS TO MAINTAIN THE HIGHEST STANDARDS OF ETHICS WITH ALL OUR STAKEHOLDERS.

Dear shareholders,

Doing the right things is management i.e. implementing the vision. We have successfully built reputation in the business by focusing on a customer-centric approach with no compromise on quality, building strong brands, vast distribution channels, fostering an inclusive environment, supporting and nurturing our community and society at large and playing the role of a good corporate citizen.

At HSIL, these guiding principles have helped us achieve sustainable growth and stakeholder respect.

Doing things right

Businesses today operate in an environment which is evolving with an increased level of governance and compliance in line with the new regulations, which have come in force over last few years. The changes in laws and regulations also provide new opportunities for the organisation to grow in terms of efficiency, improved controls, increased customer satisfaction and market penetration. At HSIL, we have focused on building a robust governance and compliance system that focuses on ensuring that the Company satisfies the ever-changing needs of the operational and regulatory environment in which it operates. The Board of Directors and the senior management work in tandem to ensure that the company stays abreast of evolving laws and remains compliant. We believe that good governance helps us perform efficiently, which in turn helps us in winning the stakeholder's confidence. We believe that governance and compliance are not restricted merely to the adherence of rules and regulations, but is about the larger objective of creating value. Governance is not merely structure and process



but a complete system with purpose, inputs and output that involves people with value-creation at its heart.

Doing the right things

"Strategy without tactics is the slowest route to victory. Tactics without strategy is the noise before the defeat"
– Sun Tzu

The key to success for any organisation is to merge strategy (creating the vision) with tactics (implementing the vision).

The consumer of today does not need yesterday's products designed a little differently and passed off as 'innovation'. Consumers are demanding new product features, need better designs and a superior price-value proposition. We are continuously investing in new product introductions that promise an entirely new experience to users. We are expanding product permutations as well, addressing a wide range of preferences. Our consumers do not only need to buy sanitaryware, but also seek to buy a number of lifestyle-enhancing domestic products. Based on market feedback, we launched a number of products and businesses to carve out a larger share of wallet spending.

Our consumer is also being influenced by convenience as regard to where to buy the largest quantity of complementary building products from a single location. Given this reality, we invested in retail galleries, showrooms and shop-in-shops that stock all our products under one roof in addition to an online presence.

In order to meet the consumer's requirement of buying the best quality of products, we have invested in number of pan-India experiential retail centres that are in sync with the quality products that we market and our overall positioning of being a lifestyle-enriching company.

The consumer of our products seeks to buy at a point in time but be assured of first-rate support and service at any time thereafter. Given this reality, our company is extending and continuously investing from what was once a manufacturing-centric

focus to what is now a fusion of manufacturing, distribution, service and support competencies.

Investing in the future

For the last five-and-a-half decades, we have worked towards creating value for our stakeholders. We have realised that the source of value has shifted from the tangible to the intangible. Apart from the financial capital and tangible assets that optically represent the main value drivers, intangible assets such as human capital, relationships with business partners, brand loyalty and company's innovation continue to create much stronger value in the eyes of the consumer.

We have created intangible assets in the form of relationships with the people or organisations a company sells its products to, relationship with organisations or individuals through which a company sells or is doing business with in general, an innovation pipeline of new leading-edge products that will increase the company's market share and will generate new profitable revenues in the future, a highly skilled and talented work force committed to the company, ever-progressing business processes and a corporate culture that helps to convert individual knowledge and skills into relationship value and innovation capital.

Business today is characterised by relentless change. To stay competitive, companies must continually grow and evolve. The aim of any organisation should be to renounce old habits, which act as hindrances to growth and find new paths of progress. This approach has led us to maintain our leadership position in our core businesses and at the same time break fresh ground in our pursuit for finding new avenues of growth. With an aim to invest in the future we forayed into the consumer products business in 2015. Our move has paid



The key to success for any organisation is to merge strategy (creating the vision) with tactics (implementing the vision).



The consumer of our products seek to buy at a point in time but be assured of first-rate support and service at any time thereafter.

WE RECOGNISE THAT IN ORDER TO ACHIEVE SUSTAINABLE GROWTH AN ORGANISATION NEEDS TO CONTRIBUTE TO THE DEVELOPMENT OF THE NATION, IMPROVE QUALITY OF LIFE OF ITS WORKFORCE AND IMMEDIATE FAMILIES, ADDRESS THE NEEDS OF THE COMMUNITY AND ENRICH THE SECTOR OF ITS PRESENCE.