



What's Inside

- 2 Welcome to Our World
- 6 Chairman's Statement
- 8 Vice-Chairman and Managing Director's Insight
- 10 Our Scorecard
- 12 Excellence is Our Value Proposition
- 14 Glimpse into Our Operations
- 26 Anatomy of Operational Excellence
- 28 Committed to Good Corporate Citizenship
- 30 Board of Directors
- 34 Management Discussion and Analysis
- 58 Statutory Reports
- 118 Financial Statements
- 176 Notice

FY 2019-20 HIGHLIGHTS

₹ 1,859.07 CRORE

Revenue from operations

↑ 16%

₹ 291.35 CRORE

EBITDA

↑ 37%

₹ 48.42 CRORE

PAT

↑ 217%





PURPOSE

When an organisation aligns around a common purpose, great things happen. At HSIL, we find purpose in our strive to enrich the lives of customers and grow profitably and sustainably; and this purpose guides every decision we make and is reflective of who we are.

PERFORMANCE

We are steadily enhancing our performance across key focus areas by building scale, adopting green technologies, introducing cutting-edge innovative products and implementing best practices across our manufacturing facilities.

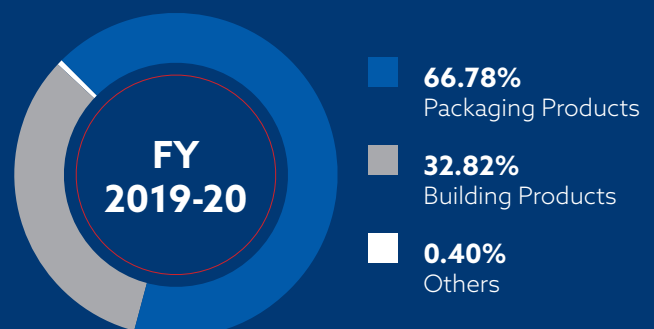
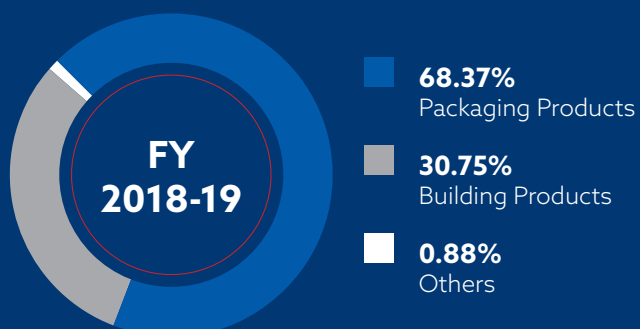
QUALITY

On the path to enduring growth, we are actively working to further improve quality and efficiency in our operations. We are exploring areas where digitalisation can help us achieve greater safety and increase productivity of our teams, while reducing operational costs. In doing so, we are also increasingly emphasising the reduction, reuse and recycling of resources and contributing to a more sustainable world.

Grounded in the three tenets of purpose, performance and quality, the pursuit of excellence is a way of life for us. It provides the firepower to our ambition to excel every day, delight our customers for decades and add new chapters to our legacy.

With the global pandemic impacting lives, livelihoods and businesses, a new normal is now upon us and as a leaner, more agile and flexible organisation, we are confident that HSIL will not just survive, but also thrive. We are committed to strengthen our business continuity plan, engage more with customers and business partners to craft strategies for the future; and above all, support the communities we work with in the best way we can.

REVENUE BREAK-UP



Welcome to Our World

We are active in two distinct divisions: manufacturing, marketing and distribution of Packaging Products; and manufacturing of Building Products. We are the pioneers of quality vitreous china sanitaryware production in India.

HSIL was founded in 1960 as Hindusthan Twyford Limited, in technical collaboration with Twyford, United Kingdom to establish the first vitreous china sanitaryware manufacturing company in India. Our Company structure¹ today, provides a stable foundation and strong platform for continued long-term and sustainable growth in a market in transition. Through our business divisions, we provide products that help make people's lives more comfortable and convenient.

Excellence isn't just a fixed goal at HSIL. It's a continuous quest to improve ourselves and our performance. And we strongly believe that our Company can be a force for good. By using our scale and leadership, we work to create value and make a difference for our customers and other stakeholders.

¹Note: Demerged the marketing and distribution of our Consumer Products and Retail divisions, to Somany Home Innovation Limited (SHIL), as a scheme of arrangement. Further, the marketing and distribution of Building Products have been demerged and vested to Brilloca Limited, a wholly-owned subsidiary of SHIL.





Welcome to Our World

Introducing our business divisions



PACKAGING PRODUCTS

We manufacture and market various packaging products, including glass containers and Polyethylene Terephthalate (PET) bottles and products and security caps and closures. These products cater to various industries like alcoholic and non-alcoholic beverages, fast-moving consumer goods, retail, pharmaceuticals and edible oil amongst other.

We have two glass container facilities at Hyderabad and Bhongir in Telangana, one crushing plant (mines) facility at Motighanapur, three PET bottles and products facilities at Selaqui in Uttarakhand, Dharwad in Karnataka and Sangareddy in Telangana, and one security caps and closures facility at Sangareddy in Telangana. Each plant is equipped with cutting-edge technologies and implements advanced quality management processes like Six Sigma, Total Productive Maintenance, Kaizen, Total Quality Management – helping deliver world-class products, optimise costs and achieve consistent quality.



BUILDING PRODUCTS

Our Building Products division primarily comprises the manufacturing of sanitaryware, faucets and plastic pipes and fittings.

We are one of India's leading manufacturer of state-of-the-art sanitaryware and faucets, whereas in the plastic pipes and fittings segment, we are creating a niche for ourselves with our quality products. Each business segment is driven by innovation and aesthetically distinctive and functionally advanced products. Our product lines are in sync with emerging technologies, customer aspirations and demands.

We have two sanitaryware plants at Bahadurgarh in Haryana and Bibinagar in Telangana, two faucet plants at Kaharani and Bhiwadi (under temporary shutdown) in Rajasthan and one plastic pipes and fittings plant at Sangareddy in Telangana. Complementing our manufacturing plants, our in-house R&D team helps inject a higher degree of innovation in our products.



MISSION

Helping our customers adopt a comfortable, luxurious and sustainable lifestyle while fostering innovation has been our aim at HSIL.



CORE PURPOSE

Passionately strive to enrich customers' quality of life, thereby enhancing stakeholder's value.



CORE VALUES

People Excellence

Performance Excellence

- › Teamwork to enable people to succeed beyond their capabilities
- › Recognising and rewarding team performance
- › Promoting cross-functional teams

Respect for Individual

- › A culture of trust and openness
- › Nurturing high performance in teams

Core Purpose and Values

- › Learning for sustained competitive advantage
- › Developing personally and professionally

Business Excellence

Performance Excellence

- › Passionately committed to exceed our goals
- › Maintain relentless focus on business objectives
- › Strive to raise the performance in the businesses

Operational Excellence

- › Strive for consistent and assured performance
- › Setting benchmarks in operational processes

Customer Centricity

- › Provide best-in-class experience to our customers
- › Doing right for our internal and external customers

Leadership Excellence

Innovation

- › Foster innovation in our processes and products to create and deliver value
- › Creativity and informed risk-taking

Agility

- › Embracing change and adapting rapidly
- › Respond quickly and effectively to seize opportunities



Chairman's Statement

DEAR SHAREHOLDERS,

In my last letter to you, I had dwelt extensively on how the relentless pursuit of excellence has been a value multiplier for us for over six decades. This year too, I intend to reiterate on the same guiding philosophy and inspiration. You may ask, why is that so? My simple answer is that as a company, we follow an abiding commitment to excellence.

Our strategies over the years may differ, as the macro environment suggests, but the commitment to excellence remains enduring. At HSIL, we are crafting an inspiring legacy of excellence, which when looked at a granular level translates into an urgent call to ceaseless action, innovation and forward movement.

We know our journey will seldom be smooth sailing; there will always be unpredictable storms trying to deflect our course. We are operating in a sluggish macroeconomic environment, where global growth prospects will continue to remain fragile to downside risks. Headwinds, however, can be best addressed by concerted efforts and measured optimism. Measured because we must constantly assess where our Company is heading towards, or if there is a need for course correction; and optimism, along with dynamism is the only Holy Grail to move forward.

We are all aware that the COVID-19 outbreak has impacted global economies and businesses in a manner that we have not seen before. There are going to be further hurdles in the coming few months, before the economy reboots and revives itself. We wholeheartedly welcome the Government of India's economic stimulus package of ~₹ 20 lakh crore to help support businesses and the lives and livelihoods of millions of people, especially the disadvantaged sections of society. I must also praise the Reserve Bank of India's (RBI's) role in enhancing the liquidity in the economy through aggressive interest rate cuts and temporary moratorium on loans to help cushion the hardship faced by citizens and small businesses.

Although the nation-wide lockdown has impacted our businesses, we are keeping a close watch on the evolving scenario, and I can assure you that based on current market conditions, the Company currently has enough liquidity within its undrawn banking limits to service its debt and other financing arrangements.

Other than the sudden COVID-19 challenge, the financial year 2019-20 was a rather satisfying year for us. Our customer centricity continued to be the cornerstone of our success during the reporting period. We delivered value with speed and cost-efficiency, along with sustainable resource management.

At HSIL, sustainability and operational priorities are closely interwoven. Our manufacturing capabilities remain best-in-class and can match efficiency benchmarks of any advanced country of the world. We are consistently working on surpassing our quality benchmarks, incorporating global best practices in manufacturing and upskilling our team members.

Most of you are already aware that our plastic pipes and fittings and counterfeit-resistant security caps and closures manufacturing plants at Telangana comply with green building norms and have received the platinum rating by the Indian Green Building Council (IGBC). Our plants have achieved a very high watermark benchmark in terms of manufacturing capabilities, waste management and water management (zero-water discharge). You will be glad to know that we have embedded sustainability even in our factory design. Our other measures comprise ensuring energy and water conservation with process waste being collected and reused.

As you know, our demerger was a strategic move to enhance capabilities, create future-focused institutions of excellence and unleash stakeholder value. The aim is to accomplish the next orbit of growth. Following the demerger which got approved by the Hon'ble Kolkata Bench of National Company Law Tribunal vide its order dated 26 June 2019, HSIL is now manufacturing and selling Packaging Products, which offer a comprehensive basket (glass containers, PET bottles and products and security caps and closures); and also houses the manufacturing of Building Products businesses (sanitaryware, faucets and plastic pipes and fittings).

Our Packaging Products division saw encouraging growth on the back of growing sales volume and pricing, while effectively managing costs. Through pricing, product innovation and ongoing efficiency efforts, we could offset higher-than-expected raw material and logistics cost. At the heart of our success is our value proposition – the best results at the lowest total cost and environmental impact for our customers. During FY 2019-20, we witnessed growth across both our packaging and plastic pipes and fittings manufacturing businesses, along with better realisations.

Going forward, we see significant opportunities for our Packing Products businesses to create value for our discerning customers by offering efficient packaging solutions aligned to their needs. In the Building Products manufacturing businesses, our focus remains relentless on achieving optimum utilisation of capacities and better efficiencies. We will continue to invest to deliver more value to our customers and communities and sharpen our focus on our core businesses.

Our core purpose is to passionately strive to enrich the customers' quality of life; and over the years we have evolved a talented team of highly motivated go-getters, who continue to deliver on our purpose, keeping the customer at the heart of all initiatives. We are investing proactively in nurturing our talent pool and enabling them to shoulder more responsibilities and embrace a greater measure of challenges. Our people provide us with the best competitive advantage; and we will continue to sharpen the skills of our human assets, as we equip ourselves for the third decade of the twenty-first century.

Holistic excellence cannot flourish without the participation of the community. Our approach is participatory growth that takes into account the interests and addresses the concerns of community stakeholders. We are committed to community welfare and undertake various programmes around hygiene and sanitation, healthcare, skill development, women empowerment, education and disaster management.

Before I conclude, it is pertinent to mention that our initiatives for decades have made us an even more efficient, effective company for the long term, and improved our profitability curve and growth potential. Over the years, we have accomplished many milestones, but the journey continues. HSIL's message is simple: Excellence can't wait. HSIL celebrates excellence every day, and I am happy to know that we remain a company that our shareholders, customers, our team, can count on, today and in the years to come.

Thank you for your trust.

Warm regards,

DR. RAJENDRA KUMAR SOMANY
Chairman and Managing Director



Vice-Chairman and Managing Director's Insight



"We continue to be an agile, profitable, and sustainable business, and with your trust and support we will scale new heights in the years ahead."

DEAR SHAREHOLDERS,

We are prepared to confront challenges and seek opportunities with more resilience and tenacity, as the operating scenario continues to be uncertain. I will reiterate what I had said in my last year's address to you that we see adversity as a 'positive harbinger of change' that motivates us to try harder, think smarter and drive 360-degree innovation across products and services, processes, customer engagements and relationships with all stakeholders, encapsulating our 'excellence every step of the way' philosophy.

We are confident that our 60 years-rich legacy, technology-enabled expertise and focus on sustainable business practices will hold us in good stead, despite headwinds. We are now consolidating our capabilities and gradually taking the Company to its next growth phase. FY 2019-20 too saw us putting significant emphasis on rationalising our cost structure and enhancing liquidity to generate strong cash flow in the business.

COMBATING HEADWINDS RELENTLESSLY

Our revenue from operations for FY 2019-20 stood at ₹ 1,859 crore vis-à-vis ₹ 1,605 crore in FY 2018-19, despite the COVID-19 outbreak during in the last quarter of FY 2019-20, vindicating yet again the fact that our unwavering focus on excellence is helping us enhance our financial performance. Our continued emphasis on operational excellence and resilience against headwinds is reflected in the strong financial results we achieved for our shareholders. Despite challenges, our EBITDA for the year stood at ₹ 291 crore compared to ₹ 213 crore in FY 2018-19, reflecting a growth of ~37%. Our growth in EBITDA, demonstrates our capability to create margin-accretive products that are industry leading. I should also emphasise that our net profit during the reporting year stood at ₹ 48.42 crore, compared to ₹ 15.27 crore last year, which reflects our emphasis on streamlining operations, controlling costs, seeking new revenue streams and launching margin-accretive products.