



HSIL

PACKAGING EXCELLENCE GEARED FOR GROWTH

SOMANY IMPRESA
GROUP COMPANY

ANNUAL REPORT 2020-21

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To learn more about the Company, visit:
<https://www.hsilgroup.com>

PERFORMANCE SNAPSHOT

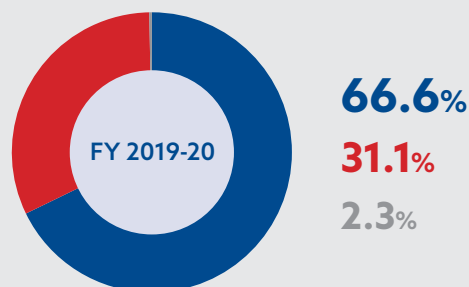
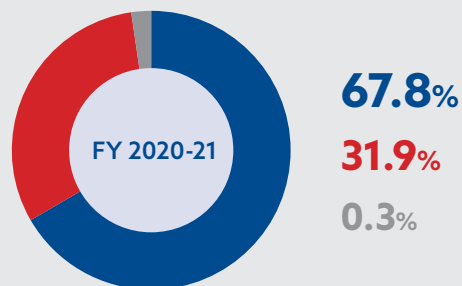
FY 2020-21

 **₹1,880.55 CRORE**
Total Income

 **₹308.07 CRORE**
EBITDA
↑ 5.7%

 **₹88.06 CRORE**
Profit After Tax
↑ 81.9%

REVENUE BREAK-UP



- Packaging Products
- Building Products
- Others

Note: The revenue breakup is calculated without taking inter-segment revenue elimination into account.

PACKAGING EXCELLENCE

GEARED FOR GROWTH

In our six-decades-long journey, if there is anything that we have carried like a badge of honour, it is our core value of excellence. For us, it is both our ultimate goal and an indistinguishable part of our corporate identity, which we have painstakingly crafted over the years through our learnings. Each product that we manufacture is branded by this marker. Each action that we take – to meet customer needs, to create value for our stakeholders or to bring meaningful change in the lives of our communities – is underpinned by this conscious quest for quality and excellence.

This pursuit of excellence has kept us agile, inquisitive, and responsive. It has made us pioneers in technology adoption, product innovation and forerunners in implementing affirmative process change to mitigate environmental impact.

As we move into a new normal occasioned by a life-changing global phenomenon, we enter the fray as a confident market player. Our unceasing ambition to get better at everything we do, inspired by our core value, has moulded us into an organisation that is geared for change, ever ready to lead from the front.



Company Profile

Resonating innovation and excellence

We, at HSIL, stand for long-term thinking and planning, continuity of values and goals, great relationships with customers and suppliers, as well as a workplace that is employee-oriented.

We develop cost-efficient and cutting-edge products aligned to the current and future needs of our customers. We focus on performance with an equal emphasis on fulfillment of our corporate social responsibility.

Leveraging our rich manufacturing legacy along with innovation capabilities, the Company has emerged as the **second-largest glass container manufacturer** in India with the capability of using diverse fuel options and product applications across downstream sectors.

The first company in the country to manufacture and introduce vitreous china sanitaryware, HSIL is known for its quality excellence and product performance in the sanitaryware and faucets space.

Our Company is divided into two product divisions – **Packaging and Building Products**.

Under our Packaging Products Division, we manufacture, market and distribute **glass containers, PET bottles and products and counterfeit-resistant security caps and closures**. Aligned with our goal of being the first-choice partner for Indian alco-bev and pharmaceutical industries, we have been working on

broadening the range of primary packaging products to better serve our clients' needs. Under our Building Products Division, we manufacture **sanitaryware, faucets and plastic pipes and fittings**.

At HSIL, we have proactively invested in eco-friendly technologies and processes that protect the environment and reduce our carbon footprint. Our plastic pipes and fittings and counterfeit-resistant security caps and closures manufacturing plants at Telangana have received platinum rating by the **Indian Green Building Council (IGBC)**. Most of our plants have achieved higher standards in waste and water management through **zero-liquid discharge**. Our commitment to the environment is further strengthened by our conscious efforts to embed elements of sustainability in our factory design. We have invested in waste recycling and energy conservation measures as well. Our investments in solar power generation plants help us harness renewable resources and reduce our carbon footprint.

Committed to a culture of excellence, we are constantly striving to provide customers bespoke products. Our products come with numerous certifications such as IAMPO, BIS, CE, DMF, ISO 9001: 2008, ISO 9001:2015, ISO 15378:2011 and ISO 15378:2017, which speak volumes about our emphasis on quality.





Snapshot of Business Divisions

Our engines of growth

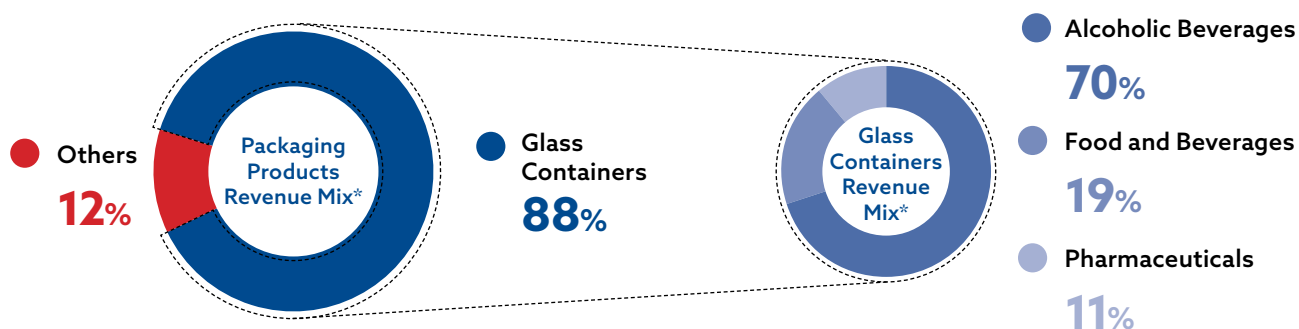
Our consistent investments equip our business segments to cater to evolving consumer demands while remaining relevant across cycles.

PACKAGING PRODUCTS DIVISION



Glass containers

HSIL is the second largest manufacturer of glass containers in India with two state-of-the-art manufacturing plants in Telangana, catering to the needs of a broad range of industries such as alco-bev, pharmaceutical, Food and Beverages (F&B), non-alcoholic beverages amongst others. Driven by growing customer demands, we continuously invest in our people and use cutting-edge technology to create new milestones in quality and design.



*FY 2020-21



PET bottles and products

Our PET bottles and products business help us widen our offerings and cater to the substitute market as well through products manufactured at our plants located in Telangana, Karnataka and Uttarakhand. We partner with our customers to successfully create products to meet their expectations.



Security caps and closures

The counterfeit-resistant security caps and closures business is aligned with our glass containers business, especially in the alco-bev sector. At our state-of-the-art facility in Telangana, we manufacture secure packaging solutions to thwart the risk of tampering. Our sustainable manufacturing practices have set a new benchmark in the industry. We have the first IGBC platinum-rated facility in the Indian caps and closures market.

BUILDING PRODUCTS DIVISION



Sanitaryware and faucets

HSIL is one of the most trusted, largest sanitaryware and one of the leading faucet manufacturers in India. Our sanitaryware products are manufactured at our state-of-the-art plant at Haryana and Telangana. We have two plants in Rajasthan for faucets manufacturing.



Plastic pipes and fittings

The plastic pipes and fittings business has emerged as a key growth driver. Our offerings include UPVC, CPVC, PVC and SWR range of pipes and fittings as well as newly-launched column pipes. We have a strategic alliance with Japan's Sekisui Chemical Co. Ltd., a 70-year-old ~US\$10.43 billion turnover company, for the supply of Chlorinated Polyvinyl Chloride (CPVC) resin to offer best-in-class products in the Indian market.

Our plant in Telangana is platinum rated by IGBC, making ours the only plant in the plastic pipes and fittings industry in India to accomplish this coveted feat.

Chairman's Message

There are no shortcuts to excellence

Dear Shareholders,

We are in the midst of a global pandemic that has impacted millions of people, resulted in the loss of hundreds of thousands of lives, and caused deep disturbance across the globe. No business, whether big or small, has been able to avoid the impact of the sweeping pandemic and the subsequent lockdowns which crippled global trade in FY 2020-21, the residual fallout of which continues to impinge on global supply chains.

The pandemic tested the resilience of business models of corporates across the globe. Many went for a complete overhaul, while others opted for short interventions. But only those with a robust core and agile enough to recalibrate could withstand the far-reaching impact of the pandemic. The other thing that emerged out of the pandemic was the opportunity to rethink and rejig, examine opportunities to reallocate resources in areas that would allow maximum growth, adopt new technologies and look closely at sustainability practices.

THE PANDEMIC EFFECT

For us, at HSIL, we rediscovered the strengths of our employees. It was their hard work and dedication, along with our longstanding relationship with institutional customers, and suppliers, that saw us through one of the most difficult challenges to our business.

By the beginning of FY 2020-21, we were aware that the COVID-19

pandemic would have an unsettling impact. Despite the Government of India implementing a number of measures to limit the spread of the disease, most non-essential businesses were shut down. Our operations too were affected, both directly and indirectly, as many of our suppliers suspended their operations. However, our glass manufacturing plants were categorised under 'essential category' and were operational, albeit at a lower capacity utilisation.

Throughout the rapidly evolving situation, our primary concern was, and it still is, the health and safety of our workforce. We have taken multiple steps across our plants and offices to protect our employees, their families, and the communities in which we operate. We have also initiated a programme to inoculate our employees and their families, reinforcing our commitment of prioritising the health and well-being of our people. And I am proud to say today that we have managed to pull through the crisis together. We have not only posted strong results but have also emerged with a new sense of purpose.

PERFORMANCE OVERVIEW

We have demonstrated a strong financial performance during the year — including solid fundamentals, growth, and increased shareholder value — which you will see reflected throughout this report. The growth was volume-driven, with the Packaging Products business contributing more than 65% of the

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For us, excellence is a journey without full stop. During a difficult year, it was our sustained commitment to excellence, be it in operations, in cost optimisation or technology adoption, that helped us withstand the challenges.

revenues on the back of the strong demand for our glass containers across multiple segments.

Our flexible business model, higher operational efficiencies and better product mix made it possible for us to continue to operate profitably through these difficult and uncertain times. We delivered strong annual growth despite the losses incurred from the lockdown in Q1 FY 2021 as we continued focusing on our operational excellence.

SUSTAINABILITY FOCUS

Dedicated to improving our environment, social and governance (ESG) performance, and setting benchmarks for the industry, we are reducing our carbon footprint across operations and ensuring sustainability across the life cycle of our products.

Sustainability is an integral part of everything we do. We have deployed various sustainability programmes to reduce emissions, save energy and 'revalue' waste. Our motto is to deliver exceptional business results to all our stakeholders while advancing a positive environmental and social impact. Our unwavering commitment to governance excellence, compliance, and ESG performance is overseen by our Board of Directors.

EMPOWERING OUR PEOPLE

We provide a work environment that is inclusive, enabling and collaborative. The reason we were able to work efficiently during the pandemic is because we invested time in charting clear goals and strategies for our Company and empowered our people to make decisions. At the same time, we spent time and resources on coaching, recognising merit and hard work and adopting digital tools that would enhance collaboration.

In the days ahead, we will continue to provide our people with the moral boost necessary to take the lead in fulfilling goals.

GIVING BACK TO OUR COMMUNITIES

Since the beginning of our journey, we've been an ally for our communities in their times of need, including during health crises and natural disasters. During the year, we undertook several initiatives to promote various campaigns under healthcare, hygiene and sanitation, education, skill development, amongst others. Acutely aware of how the pandemic was impacting the education of school children, particularly those who belong to underprivileged communities and had no way to catch up on the classes that had shifted online, we ran the 'Phone Uthao, Class Chalao' campaign. Under this campaign, we provided students with smartphones to help them bridge the digital divide.

We also partnered with a leading non-profit organisation committed to the welfare of underprivileged children to drive the campaign, which ensured continuity in learning at home.

SUSTAINING OUR EXCELLENCE

For us, excellence is a journey without full stop. During this difficult year, it was our sustained commitment to excellence, be it in operations, in cost optimisation or technology adoption, that helped us withstand the challenges. Our single-minded focus on quality and getting better at everything we do has helped us deliver robust returns to our stakeholders. This quest for excellence will continue, and I am sure, it will propel the Company onto a trajectory of higher growth, and thus sustain its ability to deliver excellent returns.

I take this opportunity to thank our employees, the Board of Directors, bankers and lenders, government authorities and most importantly, our shareholders, who have been part of this exciting journey. I am hopeful that they will continue to repose their trust in us.

Warm regards,

Dr Rajendra Kumar Somany
Chairman and Managing Director



Vice-Chairman and Managing Director's Message

Demonstrating resilience



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We are among the handful of companies in the world which have the flexibility to use any type of fuel such as natural gas, coal gas, LPG, furnace oil as well as pet coke and others.



₹ **298 CRORE**

Net cash flow from operations
FY2020-21

Dear Shareholders,

FY 2020-21 was an unusual and an uncertain year, given the COVID-19 pandemic and the ensuing lockdown. It tested the agility of our business model and its ability to transform with the rapidly evolving external realities. But we have once again proved that we are indefatigable when pitted against challenges. It was a year that tested us on many fronts, but one that showed the true strength of the Company, and our business model to better position ourselves for the future. We continued working on strengthening our business foundation despite the plethora of challenges that the pandemic brought to the fore.