

2012-13  
ANNUAL  
REPORT

HSIL



**PROGRESSING**

to embrace emerging opportunities

**INNOVATING**

to explore new product lines

**TRANSFORMING**

to create a more focused and futuristic HSIL

## 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 realised, 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 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, arising as a result of new information, future events or otherwise.

READ  
INSIDE

## CORPORATE OVERVIEW

02-35

Transformation Drives Tangible Value	02
Can we Create a Unique Experience?	04
"I am Different, so are my Requirements"	06
Innovation continues. Leadership too.	08
Product Spectrum	09
Vision Drives. Values Sustain	10
Building Products Division	12
Container Glass Division	14
Marquee Clientele	16
Chairman's Perspective	18
JMD's Insight	20
Where is the Next Big Idea?	22
Mind Share to Market Share	24
Awards and Accolades	26
Board of Directors	28
Financial Highlights	32
Ratio Analysis	34

## STATUTORY REPORTS

36-68

Management Discussion and Analysis	36
Directors' Report	48
Corporate Governance Report	56

## FINANCIAL STATEMENTS

69-152

### Standalone

Independent Auditors' Report	70
Financial Statements	74

### Consolidated

Independent Auditors' Report	112
Financial Statements	114
Statement pursuant to Section 212(3) of the Companies Act, 1956	151

## NOTICE & PROXY

153

# BUSINESS, WE BELIEVE, MIRRORS LIFE ITSELF.

In all of nature, progression, innovation and transformation go together. And the urge to transform begins with a simple question: 'Can we do better?'

For more than five decades, we, at HSIL have been asking the same question to ourselves.

Such self-questioning has enabled us to focus on premiumisation across Building Products Division and Container Glass Division.

Explore new horizons in products and services in line with customer aspirations.

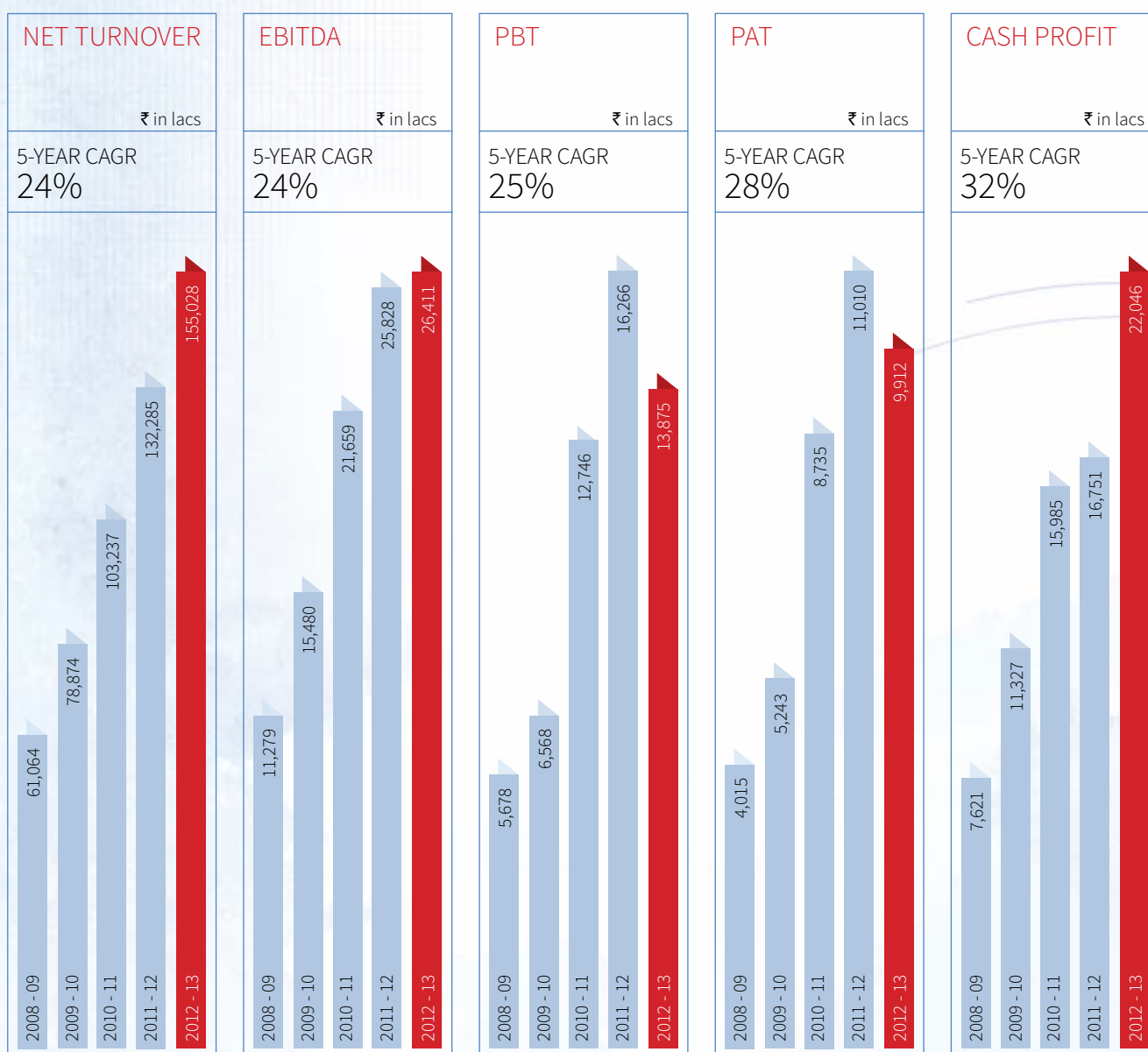
Embrace advanced technologies and launch new brands to reach more customers and drive greater market penetration.

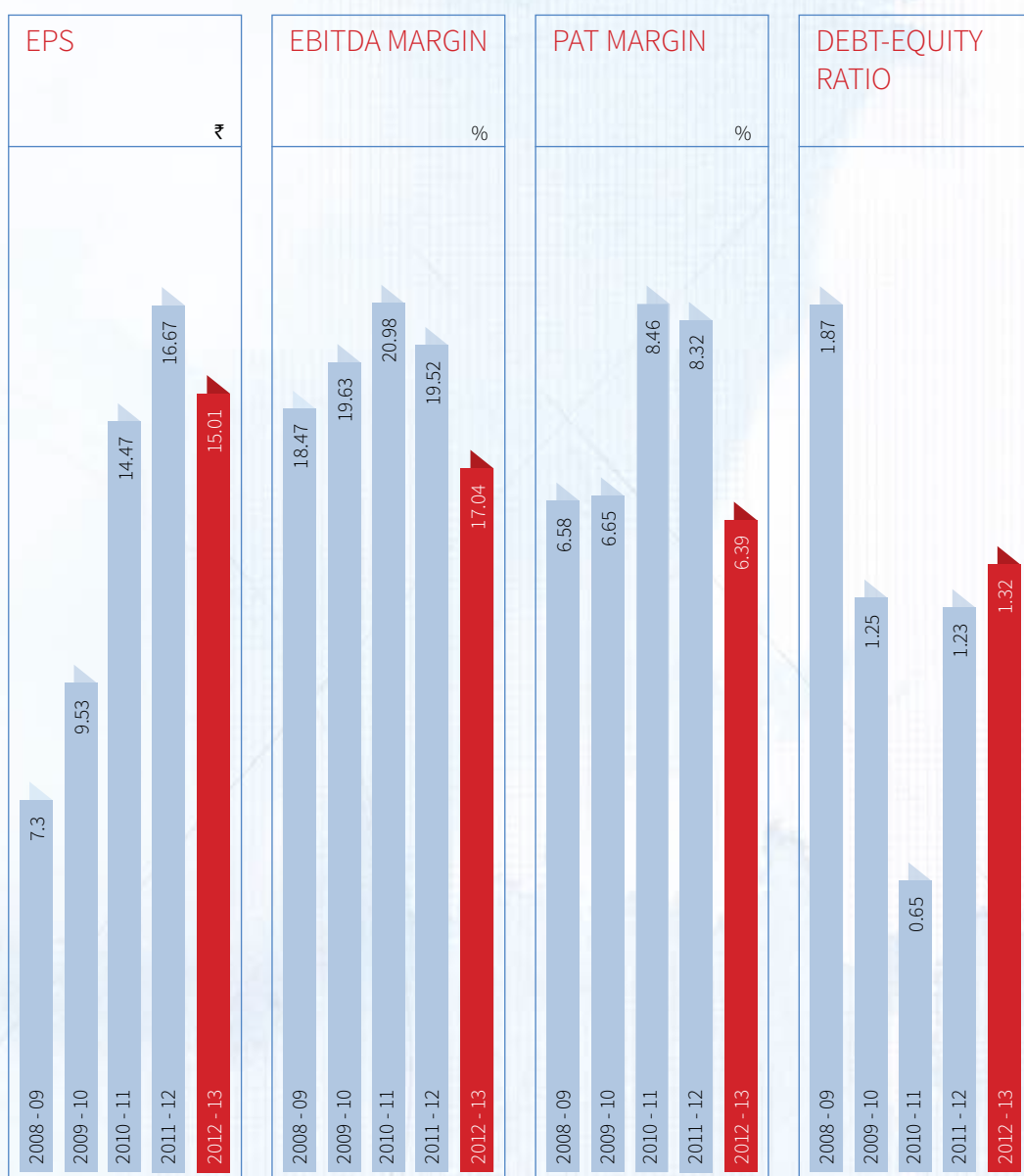
The result is profitable operations despite challenges and consistent leadership in two large business verticals, touching people's lives and aspirations in diverse ways.

For progression and innovation to happen, transformation must continue unabated.

## THEREFORE, TRANSFORMATION MATTERS AT HSIL.

## TRANSFORMATION DRIVES TANGIBLE VALUE





## CAN WE CREATE A UNIQUE EXPERIENCE?

AT HSIL, WE BELIEVE, DISCERNING CUSTOMERS DO NOT SEEK MERE PRODUCTS AND SERVICES TO ENHANCE THEIR LIFESTYLES. THEY LOOK FOR EXPERIENCES, WHICH ARE OUT OF THE ORDINARY. A SIMPLE, ACCESSIBLE MOMENT OF HAPPINESS. THAT'S WHY WE TRY TO CREATE UNIQUE EXPERIENCES FOR CUSTOMERS, WHO WILL NEVER SETTLE FOR ANYTHING LESS.

We live in an integrated world, where one good idea takes seconds to travel across borders, grabbing eyeballs globally. It inspires people and shapes lifestyles. To retain mindshare in such a world, we focus on premiumisation. Indian customers are no less well-informed than those in the West. They embrace lifestyle brands that match their personality and perspective on life.

Our Building Products Division has launched various premium and super-premium products to suit the aspirations of customers. HSIL's flagship brands include hindware, hindware Art, hindware Italian Collection and Benelave for various products. Going a step further, we have launched the luxury brand 'QUEO'.





## BRANDS

**QUEO:** A newly launched high-end luxury sanitaryware international brand from the portfolio of our subsidiary in Europe. The QUEO brand is symbolic for design, style, aesthetics and distinctiveness with a bouquet of products in sanitaryware and bath fitting segment.

**AMORE:** Amore is a sub-brand with a fresh bath collection in the wellness range. The product targets wellness customers by virtue of its technology excellence and fine craftsmanship.

### HINDWARE ART AND HINDWARE ITALIAN COLLECTION:

A premium and high value-added products under the brand – hindware Italian Collection and hindware Art with a wide range of building products.

**BENELAVE:** HSIL has forayed into premium bath fittings under the brand Benelave.

52%

REVENUE IS DERIVED FROM PREMIUM AND SUPER PREMIUM SEGMENTS

“I AM DIFFERENT, SO ARE MY REQUIREMENTS”

CUSTOMERS EXPRESS THIS EMOTION IN MULTIPLE WAYS, WHEN THEY CHOOSE PRODUCTS OR SERVICES. AT HSIL, WE AGREE. THAT IS WHY WE FOCUS ON CREATING PRODUCTS AND SERVICES THAT GIVE OUR CUSTOMERS THE SPECIAL FEELING OF EXCLUSIVITY.

Our product development is based on extensive market survey and rigorous research. Customer aspiration serves as our inspiration to create better products and services that exceed their requirements. It is the very first step in the process of innovation across all our Divisions.

We have concentrated on diversity (low to medium to high-end) across all product categories (sanitaryware, faucets, kitchen appliances, tiles and extractor fans) in the Building Products Division. Similarly, in the Container Glass Division, we have started manufacturing special coloured bottles and chemical and light-weight bottles to expand our market share.





## SERVING CUSTOMERS' WISH LIST

### PRODUCTS UNDER QUEO



Launched two ranges of luxury bathware from QUEO- F- Novela and F- Lavabo. Moreover, introduced eight product series that include the F-Morwen, F-50 and F-Concept.

### PRODUCTS UNDER AMORE



Launched two ranges of luxury bath collection from Amore, Romance and Ambiente.

### INNOVATIVE PRODUCTS



Launched Automate EWC with electronic function and LED showers.



### ENVIRONMENT-FRIENDLY PRODUCTS



Introduced range of waterless urinals – Aquafree, Senso and Sensomatic. Also has a large range of water saving products, STAR-RATED by IAPMO.

### 3D TILES



Hindware caters to the high-end tiles market with its recent launch of 3D Travertino HD – using Italian technology. These tiles are acquired from different sources that are using advanced technology and processes to produce premium products.

### KITCHEN APPLIANCES



Launched high-end ventilation fans in the kitchen segment.

### CONTAINER GLASSES



Only manufacturers of coloured bottles in India. This will act as an import substitution and improve realisations. Equipped with facilities to manufacture chemical and light weight bottles. HSIL also forayed into PET bottles, caps and closures with acquisition of Garden Polymers Private Limited (100% subsidiary).

## INNOVATION CONTINUES LEADERSHIP TOO

FOR MORE THAN FIVE DECADES, WE HAVE PROGRESSED THROUGH RELENTLESS INNOVATION, RESULTING IN SUSTAINED LEADERSHIP IN INDIA'S SANITARYWARE INDUSTRY. WE ARE ALSO A FRONTRUNNER IN THE DOMESTIC CONTAINER GLASS INDUSTRY.



### THE JOURNEY IS WELL KNOWN. YET WORTH RETELLING

- ▣ The Company came into being in 1960 as Hindusthan Twyford's Limited, joint venture with Twyford's Limited of UK
- ▣ Pioneered the concept of Vitreous China sanitaryware in India
- ▣ Ventured into the container glass business through the acquisition of The Associated Glass Industries Ltd. in 1981
- ▣ Our commitment to create unmatched value for customers and meet the dynamic consumer demand has transformed HSIL into the leading player in the industry