

THE X FACTOR

HSIL

11-12

ANNUAL REPORT



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’, ‘expect’, ‘project’, ‘intend’, ‘plan’, ‘believe’, 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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Disclaimer

We have used the expression ‘X Factor’ as a part of our thematic approach to position the Company’s vision and dynamism. This is certainly not inspired by or is not an attempt to emulate any other creative endeavour in any other media.



At HSIL,
business is all about
being
transformational,
being constantly on
the move.



Questioning conventions, seeking new frontiers, expanding capacities, sharpening capabilities and deepening ties with customers to touch new heights of aspirations.



There are difficult patches in this journey; treacherous roads and deep crevices; moments when every move becomes a battle against limitations, internal and external.



But the exhilaration is in knowing that we can surmount those challenges, and move on to greater glories. This philosophy of doing business and sustaining leadership permeates the products we create or the services we deliver.



Interestingly, our customers also share our vision of the world, refusing to compromise with mediocrity and unwilling to accept limitations.



An approach to life, we love to call the X-Factor.



In 2011-12, we improved operations, enriched product lines, enhanced capacities, while taking business challenges in our strides.



EXCELLING AMID CHALLENGES

For more than five decades, HSIL brands have grabbed eyeballs and created umpteen choices for customers in the world of sanitaryware and container glass. The result of breakthrough technologies and design innovations.

A combination of adequate production capacities, wide product range, strong distribution network and positive brand recall has helped us counter competition and create indelible imprints in the minds of customers.

Established in 1960 as Hindusthan Twyfords Limited, an alliance with Twyfords Limited of UK, we pioneered the concept of vitreous China sanitaryware in India. In 1981, we forayed into the business of container glass by acquiring The Associated Glass Industries Limited. Over the years, we have stood tall as market leaders by continuously matching our customer aspirations and delivering innovative solutions.



PRODUCT OFFERINGS



Sanitaryware



Faucets

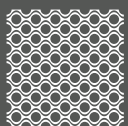


Kitchen Appliances



Wellness Products





Tiles



Container Glass

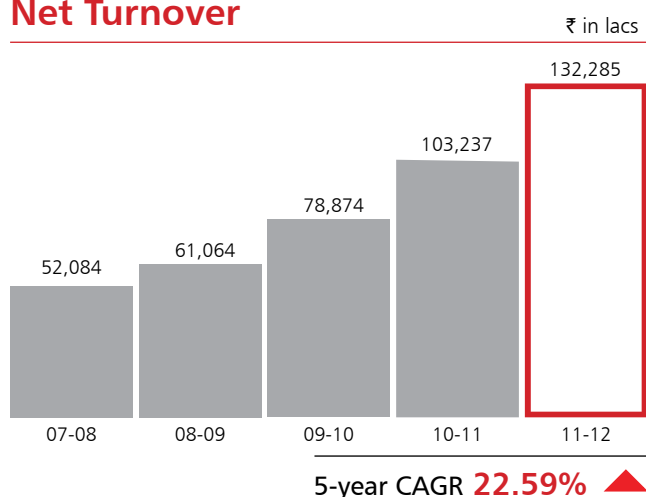


PET Bottles

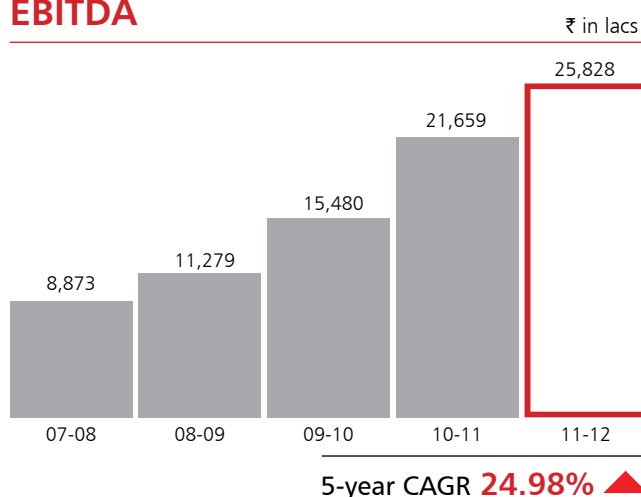


TRACTING THE OPPORTUNITY FOR PROGRESS

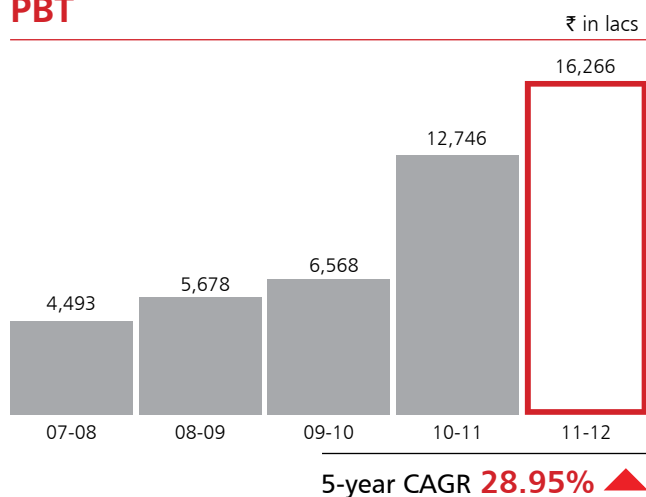
Net Turnover



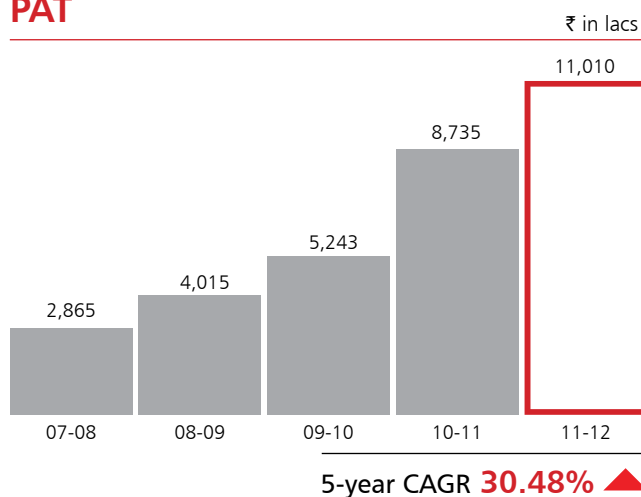
EBITDA



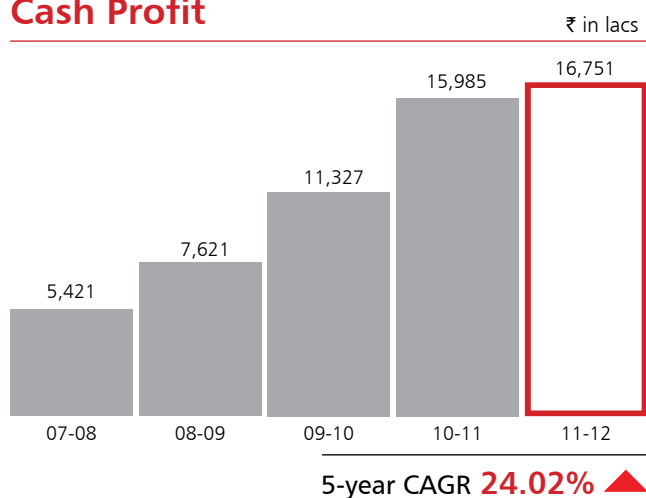
PBT



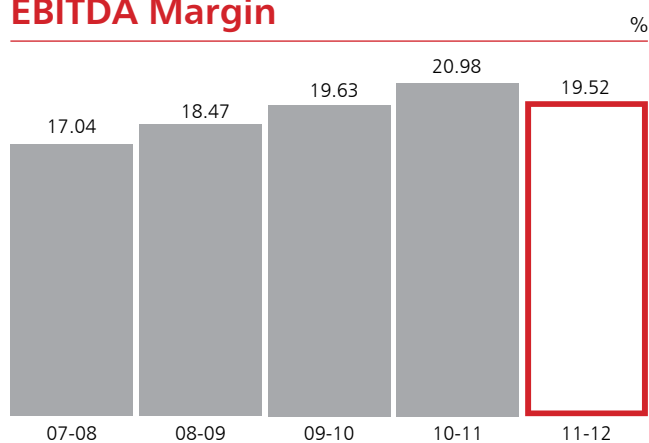
PAT



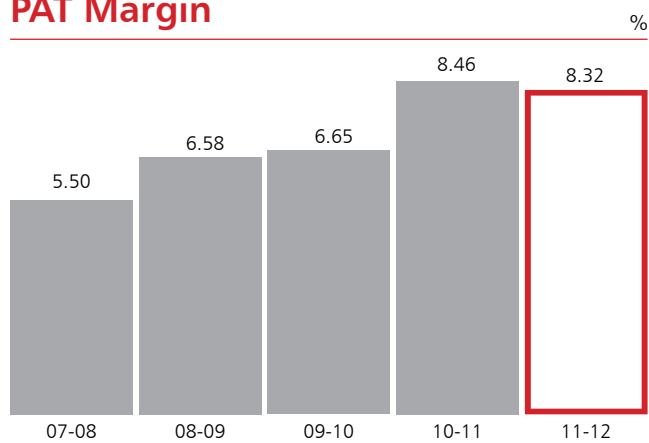
Cash Profit



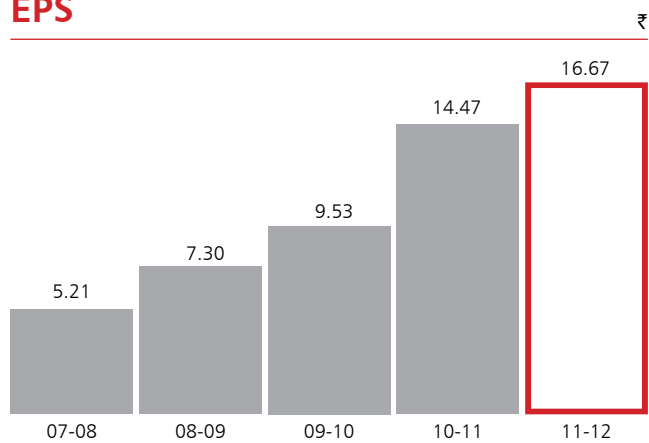
EBITDA Margin



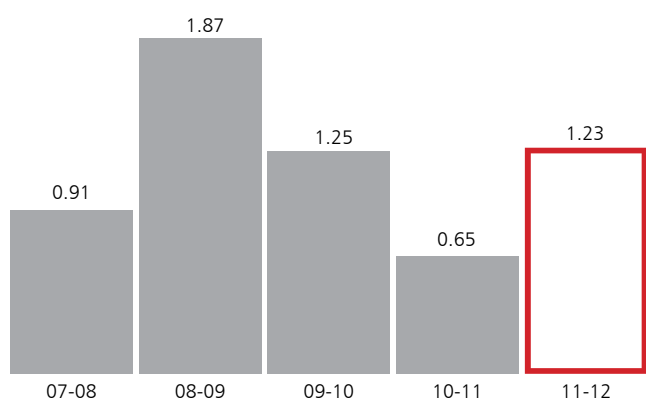
PAT Margin



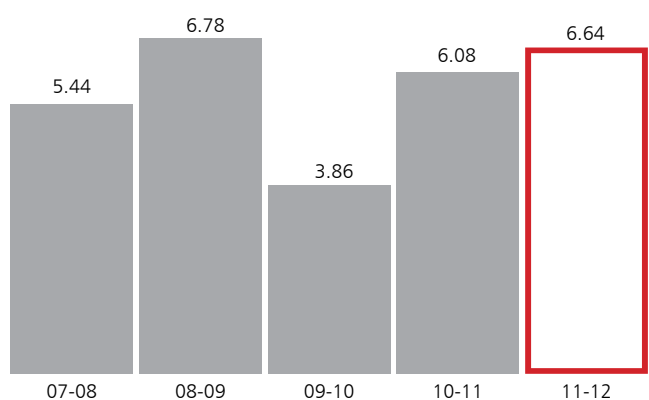
EPS



Debt-Equity Ratio



Interest Cover Ratio



110%

Capacity utilisation levels
achieved in sanitaryware

94%

Capacity utilisation levels
achieved in container glass

3,511

Employee strength

15,000+

Network of Retailers

2,000+

Dealers

48 HOURS

Maximum response time to
any customer call

1,235+

Institutional clients for
building products division

₹949 CRORE

Market Capitalisation
(31 March 2012)

490+

Institutional clients for the
container glass division

25

Hindware Boutiques

18

Service centres across India

458+

Hindware shop-in-shop

VISION AND VALUES

CORE PURPOSE

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

CORE VALUES

People Excellence

Nurturing Team Spirit

We believe in teamwork to enable our people to perform and succeed beyond their individual capacities

- We nurture high-performing teams, where an individual's opinions and perspectives are respected
- We recognise and reward team performance for achievement of collective goals
- We promote cross-functional teams for enhancing business growth and innovative practices

Respect Individual

We encourage a culture of trust and openness, where each one is valued

- We value our people, their opinions and beliefs
- We are committed to an environment of mutual respect
- We believe in providing a fair and transparent workplace with equal opportunities for all

Continuous Learning

We relentlessly pursue learning for sustained competitive advantage

- We stay competitive by sharing knowledge across the organisation
- We take ownership in developing ourselves personally and professionally
- We are open to learn from our mistakes and experiences

Business Excellence

Performance Excellence

We, individually and collectively, are passionately committed to exceed our goals



- We maintain a relentless focus on business objectives in spite of obstacles
- We believe in taking ownership of our decisions and actions
- We strive to constantly raise the bar of performance in our business

Operational Excellence

We set standards in all operational processes through an unwavering focus on continuous and sustained improvement

- We strive for consistent and assured performance
- We take pride in setting benchmarks in operational processes by driving time and cost efficiencies
- We seek continuous improvement in all our processes

Customer Centricity

We constantly strive to delight our customers

- Customer is the focus of everything we do
- We are committed to provide best-in-class experience to our customers
- We believe in doing what is right for our internal and external customers

Leadership Excellence

Innovation

We foster innovation in our processes and products to create and deliver value

- We believe in continual processes and product innovation to deliver value
- We believe in challenging the status quo
- We foster creativity and informed risk-taking

Agility

We are flexible, responsive and adaptable to the changing market dynamics

- We keep ourselves abreast of the changing market dynamics
- We believe in embracing change and adapting ourselves rapidly
- We respond quickly and effectively in order to seize opportunities

The Building Products Division

45.18%

Contribution to total revenues

40%

Market share in India's organised sanitaryware market



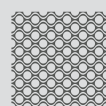
Product profile



Sanitaryware



Faucets



Tiles



Kitchen Appliances



Wellness products

Brands

hindware

hindware
ART

hindware
ITALIAN COLLECTION

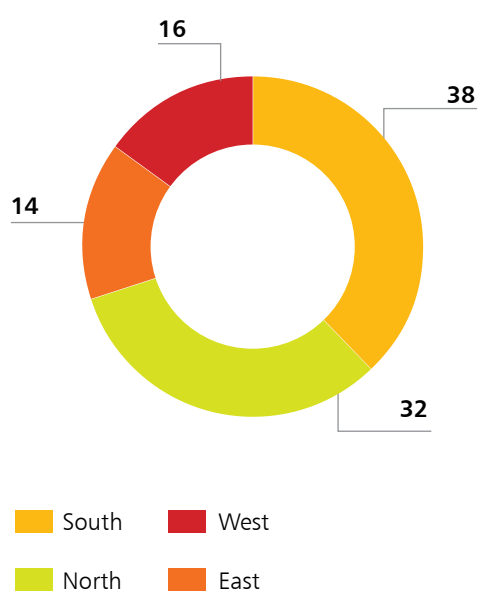
RAASI

BENELAVE™

QUEO



Revenues by region (%)



Manufacturing facilities

UNIT	INSTALLED CAPACITY (million pieces annually)	PRODUCTS
Bahadurgarh, Haryana	1.5	Sanitaryware
Somanypuram, Bibinagar, Andhra Pradesh	2.0	Sanitaryware
Bhiwadi, Rajasthan	0.5	Faucet

The Container Glass Division

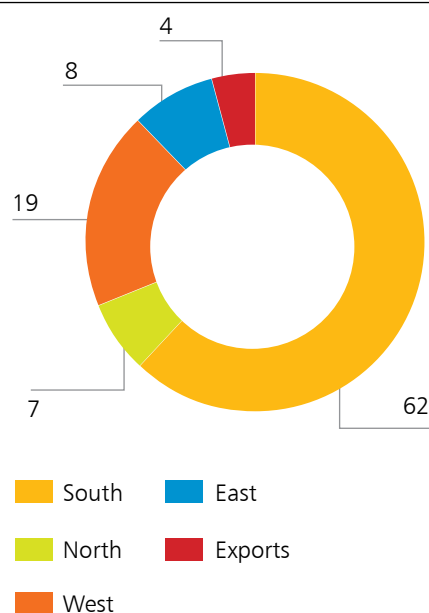
54.59%

Contribution to total revenues

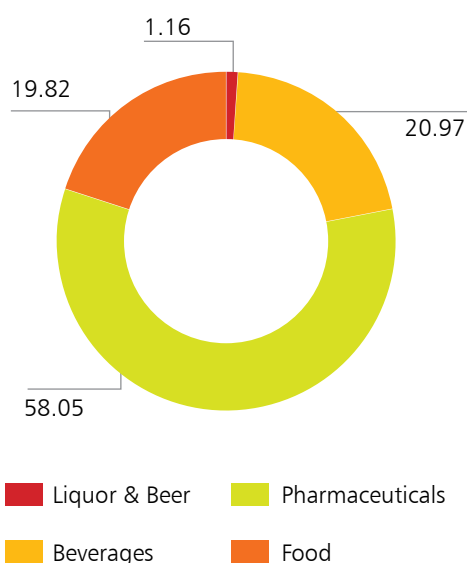
22%

Market share in India's container glass market

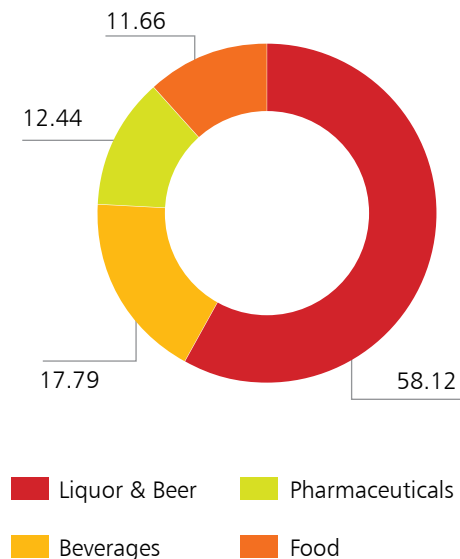
Revenues by region (%)



Export revenues (direct) break-up, industry-wise (%)



Domestic revenues break-up, industry-wise (%)





Manufacturing facilities

UNIT	TPD
Sanathnagar, Hyderabad, Andhra Pradesh (2 furnaces)	650
Bhongir, Andhra Pradesh (2 furnaces)	950
Total	1,600



Serving marque clients across both the divisions

The Building Products Division

The 3C Company	Ansal Group	DLF
Emaar MGF	Godrej Properties	Indiabulls
Jaypee	Larsen & Toubro	M2K
Mahindra Lifespaces	Marriott	NBCC
Oberoi Realty	Omaxe	Parsvnath Developers
Prestige	Puravankara	Shapoorjee Pallonjee
TATA Projects	Unitech TDI	Vipul

The Container Glass Division

Abbott Healthcare	Apex Laboratories	Carlsberg India
Dr. Reddy's Laboratories	Global Green Company	GSK Consumer Healthcare
GSK Pharma	Hindustan Coca-Cola	Hindustan Unilever
Jagatjit Industries	John Distilleries	Nestle India
Pernod Ricard India	Pepsico India	Pfizer
Radico Khaitan	Reckitt Benckiser	SAB Miller India
Tilaknagar Industries	United Breweries	United Spirits



79%

Increment in
sanitaryware capacity

10X

Increment in
faucets capacity

42%

Increment in
container glass capacity



PANDING

WITH VIGOUR

Aggressive capacity expansion plans for building products and container glass. Our response to the growth momentum anticipated across both the divisions.

With a total estimated ₹ 600 crore capex, we are adopting both greenfield and brownfield routes to expand our capacities. We have already completed the brownfield expansion of sanitaryware, faucets and container glass at Bibinagar, Bhiwadi and Bhongir, respectively. We shall be further completing the next phase of brownfield expansion in sanitaryware at Bahadurgarh by October 2012.

Besides, we are also planning a greenfield expansion for sanitaryware and faucets in Gujarat and Rajasthan, respectively. The projects are progressing at satisfactory levels and are expected to be completed in 2013-14.



WHAT DO I MEAN BY AN INNOVATION-DRIVEN AND FUTURE-FOCUSED BUSINESS? THE ANSWER IS SIMPLE: A BUSINESS, WHICH CAN SEE TODAY'S REALITIES IN A DIFFERENT LIGHT AND CREATE COMPELLING IDEAS FOR A WIDE CUSTOMER SPECTRUM. IDEAS WHICH NOT JUST ENRICH, BUT TRANSFORM THE CUSTOMER'S QUALITY OF LIFE.

SHARPENING THE XTRA EDGE

WHEN WE CREATE OUR PRODUCTS, WE TRY TO VISUALISE WHAT THE FUTURE MIGHT LOOK LIKE, OR WHAT COULD BE THE FUTURE NEEDS OF DISCERNING CUSTOMERS.

HSIL'S X-FACTOR IS THE X-FACTOR
OF THE PEOPLE WHO WORK
FOR IT. OUR HUMAN RESOURCE
INITIATIVES FOCUS ON
IDENTIFYING AND DEVELOPING
FUTURE LEADERSHIP PIPELINE.

Dear Friends,

It is often said, that in business and in life we need an extra bit to outshine competition. A thin wisp of steam that can drive mightiest of engines or pummel formidable hurdles without fear of failure. At HSIL, this 'extra edge' we call the X-Factor. Our X-Factor has multiple nuances: a deep-rooted culture of innovation and customer-centricity and an ability to create and sustain a future-focused and progressive business model, despite adversities.

What do I mean by an innovation-driven and future-focused business? The answer is simple: a business, which can see today's realities in a different light and create compelling ideas for a wide customer spectrum. Ideas which not just enrich, but transform the customer's quality of life. Let me give you an example. Bathrooms are mostly seen in India as a 'convenience or utility'. But HSIL is trying to reposition it as a 'lifestyle statement', which reflects and exudes the distinct personality of the customer. It is a place to unwind and be carefree in a careworn world. So now when you enter a bathroom, you are seeking more than convenience or utility. You are in quest of your own personal space in a harried world.

When we create our products, we try to visualise what the future might look like, or what could be the future needs of discerning customers. Based on our market insight, we develop products that bring a refreshing difference to the customer's day-to-day life. Therefore, Hindware is more than just a consumer brand; it is a concept of an evolved lifestyle.

The industry opportunity for both of our Divisions is significant. Our objective is not just to leverage the opportunity as it appears, but strengthen it by the repertoire of our ideas. Over 60% of India's population do not have proper sanitation facilities. The Steering Committee of the Planning Commission has proposed an allocation of over ₹ 44,000 crore towards providing sanitation facilities in the 12th Five Year Plan.

The Plan allocation is expected to drive the demand for sanitaryware. Besides, higher purchasing power, growing

young population and increasing urbanisation will further drive the demand for other categories of building products across all segments. The Tier II and Tier III cities are also accepting branded products, reducing their dependence on the unorganised sector.

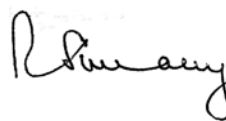
The demand for container glass, on the other hand, is driven by diverse industries (beverages, alcoholic beverages, pharmaceuticals and food industry) demand. We have also observed the need of customers for PET bottles for packaging. We explored the possibilities of getting into this segment and strategically acquired Garden Polymers during the year.

We have planned our capacity expansions, so that we can be ready to respond to future market demand. We are also ensuring that our products can be made available across the length and breadth of India. Our strong supply channels help us reach the right customer with the right product.

HSIL's X-Factor is the X-Factor of the people who work for it. Our human resource initiatives focus on identifying and developing future leadership pipeline. Individuals are also trained to adopt challenging assignments and create new benchmarks of individual and collective excellence. HSIL's X-Factor will ultimately depend on how well we can use our skills, knowledge and foresight to create products and services that enrich and elevate lifestyles in a manner which is sustainable and environment-friendly.

I would like to thank our Directors, associates and the fraternity of shareowners, bankers, financial institutions, the Government of India and State Governments and employees for their wholehearted support and guidance.

Warm Regards,



Rajendra K Somany
Chairman and Managing Director



UNDERSTANDING THE CONSUMER'S PSYCHE IS CRITICAL IN A DYNAMIC MARKET ENVIRONMENT. EASIER SAID THAN DONE. BUT WE NEVER STOP LISTENING TO THE CUSTOMERS' ASPIRATIONS AND ATTUNE OUR CAPABILITIES TO SUIT THEIR REQUIREMENTS.

Over the years, we have consistently diversified our product portfolio, from just low to medium-end sanitaryware to high-end versions and other product categories, such as faucets, wellness products, kitchen appliances and tiles. Besides, our products are available across the market at different price points under different brands. Our highest revenue generating products are marketed under the Hindware umbrella brand, and are positioned as basic, standard and premium product segments, where majority of the demand exists. Besides, we have also recently launched an international brand – QUEO – to cater to the premium and super premium segments.

Following the acquisition of Garden Polymers, our product offerings will be extended to PET bottles, caps and closures, offering one more packaging solution besides glass bottle and shall contribute to the overall revenues.

HSIL's strong distribution network touches Tier II and Tier III cities, strengthening our brand visibility.

PLORING

THE DEPTHS OF THE MIND

52.23%

Super Premium/
Premium

- Queo
- Hindware Italian Collection
- Hindware Art

46.20%

Standard and Basic

- Hindware

1.57%

Low-end

- Raasi

Revenue contribution across segments



Dear Shareowners,

Against the backdrop of a challenging global and domestic business environment, HSIL has remained true to its culture of exceeding stakeholder expectations. In my opinion this shows the true X-Factor of the Company, we all are so proud to represent. The X-Factor is not just about what we have managed to do today, but what we plan to do for tomorrow, in order to create a ₹ 5,000-crore enterprise in the next five years.

Performance review

During 2011-12, our consolidated net revenues increased 27.38%, while our profits after tax grew 26.04%. Our EBIDTA strengthened 19.25%. The performance was a result of increasing sales volume, higher realisations and stronger operational efficiencies, which enabled us to overcome the challenging external scenario and deliver a satisfactory output.

Expansion programme

We successfully implemented our planned brownfield expansions across both the Divisions. In the Building Products Division, we completed the expansion of sanitaryware (0.7 million pieces) and faucets (0.2 million pieces). In the Container Glass Division, on the other hand, we have expanded capacity by 475 TPD. The commercial production has already commenced.

WE ARE WORKING HARD TO
MAKE THE FUTURE BRIGHT
AND SMILING.

**XCEEDING
EXPECTATIONS**

Product launches

During the year, we introduced several new products into the market. We launched 25 new sanitaryware products under the Hindware portfolio, two series of faucets under the Benelave brand, 2 new varieties of tiles (double charge tiles and 3 dimensional tiles) and 6 kitchen appliances.

Strategic alliance

We have entered into a strategic alliance with one of the largest European companies, manufacturing extractor fans under the brand name, 'Vent'. We offer 20 designs of consumer fans and 2 designs of industrial fans.

Acquisition

We acquired Garden Polymers Private Limited, the fourth largest manufacturer of PET bottles in India, for a value of ₹ 8686.97 lacs. Following this acquisition, we marked our entry into the PET bottle segment. We will leverage the market synergy, develop our business further and grow our client base.

Super premiumisation

We forayed into the high-end luxury segment and the super premium segment and launched 8 new series of high-end luxury sanitaryware and faucets under the QUEO brand. This brand forms the part of the brand portfolio of our UK based wholly owned subsidiary, Barwood, which we acquired last year. The products under QUEO were showcased in exhibitions between November 2011 and January 2012, and were highly appreciated. With the launch of this brand, we have entered the ultra-premium market segment, which is dominated by international players.

Market reach

We further developed our dealer-and-distributor network to reach out to the unexplored regions of Tier II and Tier III cities. These locations will drive the next wave of industrial growth. We believe, the key to India's sustainable economic development lies in these areas, where people have the capability and the vision to enhance their quality of life.

Operational efficiency

During the year, we saw a steep hike in the cost of our key inputs. We took several proactive measures to ensure minimum impact of the cost hikes and took steps to achieve cost efficiencies. Various measures adopted by us include waste heat utilisation, reduction in process wastage and reduction in per-unit energy consumption. On the raw materials front, we entered into several long-term contracts with suppliers to insulate ourselves from cost hikes and non-availability.

Design focus

From seven-to-eight designers in the days when we started, now we have over 35 design engineers. We have also deployed state-of-the-art software facilities, which aid our designers to match evolving customer expectations with precision and speed.

Service portfolio

At HSIL, we have developed healthy relationships with our customers through our strong after-sales service network. Apart from offering prompt assistance to our customers, we recently launched annual maintenance contracts to further strengthen customer relationships and better understand their side of the story. Customer feedback is also shared with the manufacturing team to upgrade product quality.

Underlying opportunity

The organised segment of the sanitaryware industry is growing at 15-16% annually. The premium segment, on the other hand, is growing at 20-25% annually, outpacing overall industry growth. These trends augur well for HSIL, and we expect more preference for premiumisation among the general populace. The container glass segment also holds out a significant opportunity. It is growing by 10-12%, supported by robust growth in its end user industries.

Greenfield projects

In the Building Products Division, we have two greenfield expansions in progress – 1.2 million pieces sanitaryware in Gujarat and 2.5 million pieces faucets in Rajasthan. We have already been allotted 55 acres and 10 acres of land by the Gujarat Industrial Development Corporation (GIDC) and The Rajasthan State Industrial Development & Investment Corporation (RIICO), respectively. Both the expansions are expected to be completed in the financial year 2013-14.

Envisioning a ₹ 5,000-crore enterprise

Our performance has been the result of market leadership for both building products and container glass. For both the Divisions, the competitive scenario is favourable in India. Besides, the Company is also constantly moving up the value chain to capture demand at each stage. But our best is still to come. We aim to be a ₹ 5,000-crore company in the next five years. The way ahead is clear: reaching more people, with better products and futuristic ideas, which are simple, effective and trustworthy.

Best Regards



Sandip Somany

Joint Managing Director



OPERATIONAL BRILLIANCE CAN OPTIMISE COST. ENHANCE PRODUCTIVITY. DRIVE BETTER RETURNS AND STRENGTHEN THE PLATFORM OF SUSTAINABLE GROWTH ACROSS ECONOMIC CRESTS AND TROUGHS.

In a largely unpredictable global business environment, HSIL closely monitors the pricing mechanism to ensure that margins are not impacted significantly. We have initiated waste-heat utilisation across all our facilities and with enhanced monitoring of process parameters, achieved reduced energy consumption.

Several other process improvements also ensured less wastage and better cost efficiencies. We entered into long-term forward contracts for our key raw materials to protect ourselves from unforeseen cost hikes.



4%

Targeted reduction in energy
consumption per unit by 2014

2%

Targeted reduction in
wastage by 2014



ALTED BY RECOGNITION

World Confederation of Businesses, Houston, Texas

BIZZ Award

- Being an Inspirational Company (2011, 2010)
- Excellence in business model, 'peak of success' (2011)

Dun & Bradstreet – Rolta Corporate Awards

- Top Indian Company in Glass & Ceramic Sector (2012)

Construction World

- Fastest growing building products company in sanitaryware and tiles segment (2011)

Super Brands Council

- Business Superbrand (2011, 2010, 2009)
- Recognised Brand Hindware as Consumer Superbrand (2011, 2009)

The Institute of Marketing and Management, Delhi

- Excellence in Business (2010)

Readers Digest

- Reader's Digest Trusted Brand 'GOLD' Award (2012)
- Reader's Digest brand 'PLATINUM' Award (2009)



IIPM

Recognised brand Hindware as:

- India's most powerful brand chosen by consumers (2011)
- Star Brand Award with a gold in the Sanitaryware category (2010)

Elle Décor Magazine

- International Design Award for Innovation and Sustainability for the NANO EWC (2010)

Confederation of Indian Industry Green Building Council

- 7th National Award for 'The Most Innovative Water Saving Product' (2010)

Other Ways Management & Consulting Association France

- AGI glass division earned the 'Era award for Technology, Innovation & Quality' (2012)

Institute of Directors

- Golden Peacock Award for Innovation (2011)
- Golden Peacock National Quality Award (2010)

Capexil

- Capexil Award (2009)

Institute of Economic Studies

- IES Excellence Award (2009)



EMPLARY LEADERSHIP

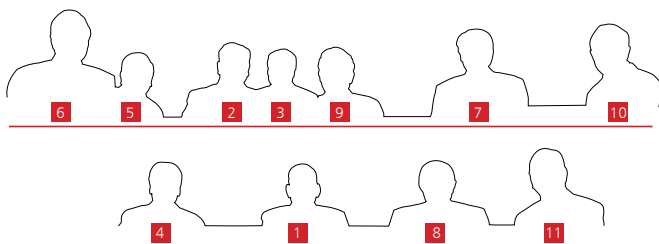


1. Rajendra K Somany

Chairman and Managing Director

Since: 09.01.1988

- Commerce graduate from St. Xavier's College, Calcutta University
- Provides the strategic direction and vision to the Company
- Extensive 57 years of working experience
- Assisted the Bureau of Indian Standards to develop quality standards for the Sanitaryware Industry
- Instrumental in aligning the Indian Standards with the European Standards
- Former Chairman of Council of Indian Employers
- Former President of The Associated Chambers of Commerce and Industry of India (ASSOCHAM), PHD Chamber of Commerce and Industry (PHDCCI) and Employers' Federation of India





- Founder President of Bahadurgarh Chamber of Commerce and Industry
- His expertise has won him the Fellowship of Institute of Ceramics, U.K. and Life Fellowship of All India Management Association
- He is also an Emeritus Member of the American Ceramic Society, Fellow of the Chartered Management Institute of UK (FCMI) and Member of the Institute of Materials, Minerals and Mining, UK (IOM³)

2. Sandip Somany

Joint Managing Director

Since: 11.11.1994 (Associated with the Company since 01.10.1985)

- Commerce graduate and a diploma holder in Ceramic Manufacturing Technology from the US
- 27 years work experience in the ceramics and glass industry
- President of PHD Chamber of Commerce and Industry (PHDCCI), Chairman of Indian Council of Sanitaryware Manufacturers Association (INCOSAMA)
- Member of the Executive Committee of FICCI and Member of Managing Committee of ASSOCHAM
- Member of Governing Council of All India Glass Manufacturer's Association
- Member of Delhi Chapter of the Young Presidents' Organisation (YPO) and Delhi Achievers Round Table
- Member of various committees of the Bureau of Indian Standards

3. Ashok Jaipuria

Independent Director

Since: 15.05.2004

- Qualified in Business Administration and Marketing Sciences
- Chairman and Managing Director of Cosmo Films Ltd., an Indian multinational company, which is into the manufacture and exports of Biaxially Oriented Polypropylene (BOPP) films and having its manufacturing locations in India, Europe, Korea and U.S.A
- Chairman of Cosmo Ferrites Ltd
- Member of the Executive Committee of the Federation of Indian Chamber of Commerce and Industry (FICCI)
- Member of the Confederation of Indian Industry (CII), Board member of IIT Patna, Delhi Public School, Gurgaon and The Golf Foundation which is a charitable society formed with an objective of helping the underprivileged potential golfers in India

4. Binay Kumar

Independent Director

Since: 27.09.1996

- Degree in Business Science
- Chairman of Banaras House Pvt. Ltd. and U.P. Hotel Clarks Ltd
- Former President of Federation of Indian Exporters Organisation, Rotary Club of Delhi Midtown, Indo-American Chamber of Commerce and Industry, Indo-French Chamber of Commerce and Industry, PHD Chamber of Commerce and Industry and Indo-Polish Chamber of Commerce and Industry



- Member of FICCI and PHD Chamber of Commerce and Industry
- Life member of Indian National Trust for Art and Cultural Heritage and the Confederation of Asian Chamber of Commerce and Industry, Taiwan
- Member of Audit Committee of the Company

5. G.L. Sultania

Independent Director

Since: 09.01.2006

- B.Com, F.C.A., F.C.S. and consultant by profession
- Member of Capital Market Standing Committee of MCC Chamber of Commerce and Industry
- Member of Shareholders'/ Investors' Grievance Committee of the Company

6. N.G. Khaitan

Independent Director

Since: 29.06.1996

- Attorney-At-Law and a Notary Public appointed by the Government of India
- He practices in Calcutta High Court and in the Supreme Court of India
- Senior partner at Khaitan and Co., one of the leading law firms in India
- Awarded Bell Chambers Gold medal by the Incorporated Law Society, Calcutta High Court, for standing first in all the Law examinations
- Committee member of the Federation of Indian Chambers of Commerce and Industry (FICCI)
- President of Indian Council of Arbitration, New Delhi
- Committee member of the Bharat Chamber of Commerce, Calcutta

- Member of Audit Committee, Shareholders'/ Investors' Grievance Committee and Remuneration Committee of the Company

7. Dr. Rainer Siegfried Simon

Independent Director

Since: 18.05.2011

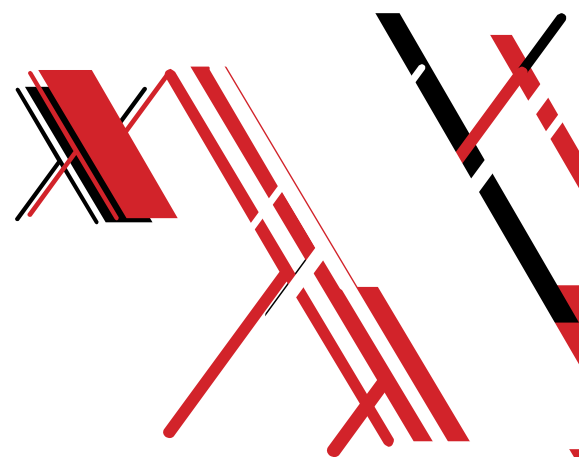
- A German Citizen, professional with over 30 years of experience in international Building Products Businesses
- Doctorate and a degree in Business Administration from St. Gallen University, Switzerland
- Owner of Birchcourt GmbH since 2005
- Former President and CEO of Sanitec International AG (Europe's largest Sanitaryware manufacturer)
- Held Senior Management positions at Friedrich Grohe AG (largest player in global faucet business), Continental AG and Keiper-Recaro etc
- Chairman of the Supervisory Board of Joyou AG Hamburg/ Nan'an China, Member of the Supervisory Board of Friedrich Grohe AG, Uponor OY Helsinki Finland, SARA Holdings, Beirut and Lecico Egypt S.A.E.

8. S.B. Budhiraja

Independent Director

Since: 30.10.2003

- Mechanical Engineer from the University of Roorkee (now IIT Roorkee); received the distinguished Alumni Award in 2008 from IIT Roorkee
- Management Consultant and Former President of the Institute of Management Consultants of India
- Youngest ever Managing Director of Indian Oil Corporation Ltd.



- Former Managing Director of IBP, Balmer Lawrie and Co. Ltd., Indian Oxygen Ltd. and Director of Al Futtaim Group, UAE
- Former President of the Indian Chamber of Commerce, Kolkata
- Former Chairman of CII, Eastern Region
- Former Executive Director of Management Development Institute (MDI), Gurgaon
- Fellow of the All India Management Association and the Institute of Management Consultants of India
- Former Senior Advisor for India to the United Nations Secretary General's office for Global Compact
- Former Member of the World Bank team that studied the restructuring of the Haryana Power Sector
- Chairman of Remuneration Committee and Shareholders'/ Investors' Grievance Committee of the Company
- Member of Audit Committee of the Company

9. Salil Kumar Bhandari

Independent Director

Since: 29.05.2012

- FCA, B. Com. (Hons.) from Shri Ram College of Commerce, Delhi University and Diploma in Business Administration from the All India Council for Management Studies, Chennai
- Founder of B G Jeffreys Consulting, a well-respected management consulting firm based in New Delhi
- Counselling top management in several areas of organisational administration and management
- President of PHD Chamber of Commerce and Industry in the year 2011; served as the head for Society for Integrated Development of Himalayas (SIDH) from 1989 to 2006; member of Task Force – Commission on

Centre State Relations, Govt. of India in 2008; Managing Committee member at ASSOCHAM from 2005 to 2011; member of Advisory Committee, Dept. of Company Affairs, Govt. of India from 2003 to 2005

10. Vishal Marwaha

Independent Director

Since: 14.07.2005

- A Chartered Accountant associated with renowned international banks and leading Private Equity Investors
- Former Chief Representative of HSBC Private Equity Management (Mauritius) Ltd. for its India dedicated fund prior to joining the Private Equity operations of Henderson Global Investors
- Member of Audit Committee of the Company

11. V.K. Bhandari

Independent Director

Since: 17.01.2004

- An FCA with over 32 years of experience in the Banking Industry
- Former General Manager of Central Bank of India and had been the Head of Credit, Credit Monitoring, Treasury, Investment, Funds Management, Merchant Banking and International Banking Divisions
- Chairman of Audit Committee of the Company
- Member of the Remuneration Committee and Shareholders'/ Investors' Grievance Committee of the Company

FIVE-YEAR FINANCIAL SUMMARY

BALANCE SHEET

(₹ in lacs)

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
Equity Share Capital	1,100.55	1,100.55	1,100.55	1,320.97	1,320.97
Reserve and Surplus	14,126.80	17,111.97	31,067.14	37,883.32	46,590.40
Share Premium	6,840.63	6,840.63	6,840.63	21,144.82	21,144.82
Business Reconstruction Reserve	0.00	0.00	9,767.37	9,767.37	32,267.37
Secured Loans	11,222.32	43,150.54	31,026.64	33,719.37	59,153.30
Unsecured Loans	8,963.84	3,754.82	17,889.11	5,646.79	25,648.31
Deferred Tax Liability	3,409.75	4,230.94	5,411.85	7,311.84	7,382.86
Total Liabilities	45,663.89	76,189.45	1,03,103.29	1,16,794.48	1,93,508.03
Gross Block	44,305.23	62,677.29	1,01,191.13	1,06,205.69	1,39,809.21
Less: Depreciation	20,915.33	22,353.71	26,611.70	28,220.58	33,611.36
Net Block	23,389.90	40,323.58	74,579.43	77,985.11	1,06,197.85
Capital Work-in-Progress	2,812.99	12,515.10	779.26	5,621.24	36,859.02
Investments	3,500.98	4,275.26	5,540.70	10,038.23	18,646.72
Current Assets					
Inventories	14,376.31	14,699.64	15,658.67	20,698.96	27,327.53
Sundry Debtors	9,095.77	10,277.30	13,973.72	16,148.08	22,471.22
Cash & Bank	1,212.54	7,927.19	1,621.12	2,538.44	7,656.66
Loans & Advances	2,414.31	4,030.82	7,224.12	5,234.41	6,761.48
Other Current Assets	10.01	83.23	44.99	41.05	133.59
Current Liabilities					
Sundry Creditors	6,305.62	12,511.46	10,272.93	12,454.44	20,720.82
Provisions	1,383.15	1,533.16	1,729.60	2,452.51	3,058.36
Other Liabilities	3,460.15	3,898.05	4,316.19	6,604.11	8,766.86
Net Current Assets (Working Capital)	15,960.02	19,075.51	22,203.90	23,149.90	31,804.44
Total Assets	45,663.89	76,189.45	1,03,103.29	1,16,794.48	1,93,508.03

PROFIT & LOSS ACCOUNT

(₹ in lacs)					
Particulars	2007-08	2008-09	2009-2010	2010-11	2011-12
Gross Turnover	57,627.38	66,145.74	83,572.71	1,10,632.50	1,42,214.52
Less: Excise Duty	5,543.59	5,081.39	4,699.20	7,395.55	9,929.88
Net Turnover	52,083.79	61,064.35	78,873.51	1,03,236.95	1,32,284.64
Other Income	776.43	914.53	1,391.71	2,344.88	2,201.35
Stock Variation	1,975.92	424.44	1,871.81	2,843.50	3,295.54
Total Income	54,836.14	62,403.32	82,137.03	1,08,425.33	1,37,781.53
Goods Purchased for Resale	8,064.78	9,541.84	10,798.68	15,855.94	21,274.04
Power & Fuel	11,136.87	12,336.84	16,687.09	19,904.74	27,269.87
Manufacturing, Administrative & Other Expenses	21,164.45	22,830.74	30,931.87	39,496.45	49,391.97
Employee Cost	5,596.69	6,415.06	8,239.30	11,508.78	14,017.79
Total Expenses	45,962.79	51,124.48	66,656.94	86,765.91	1,11,953.67
EBITDA	8,873.35	11,278.84	15,480.09	21,659.42	25,827.86
Interest	1,630.30	1,663.64	4,008.67	3,563.27	3,891.21
Gross Profit	7,243.05	9,615.20	11,471.42	18,096.15	21,936.65
Depreciation & Amortisation	2,631.52	2,784.27	4,903.81	5,349.81	5,670.28
PBT before Exceptional Items	4,611.53	6,830.93	6,567.61	12,746.34	16,266.37
Exceptional Items	(118.48)	(1,153.26)	0.00	0.00	0.00
Profit after Exceptional Items	4,493.05	5,677.67	6,567.61	12,746.34	16,266.37
Income Tax	1,703.66	841.28	144.00	2,111.15	5,185.45
Deferred Tax	(75.57)	821.19	1,180.90	1,899.99	71.02
Profit After Tax	2,864.96	4,015.20	5,242.71	8,735.20	11,009.90
Cash Profit	5,420.91	7,620.66	11,327.42	15,985.00	16,751.20

RATIO ANALYSIS

KEY PERFORMANCE INDICATORS

Particulars					
	2007-08	2008-09	2009-2010	2010-11	(₹ in lacs) 2011-12
Networth *	22,067.98	25,053.15	39,008.32	60,349.11	69,056.19
Capital Employed **	45,663.89	76,189.45	1,03,103.29	1,16,794.48	1,93,508.03
Average Capital Employed	44,305.48	60,926.67	89,646.37	1,09,948.89	1,55,151.25
Average Loan Funds	19,739.61	33,545.76	47,910.56	44,140.96	62,083.89
Cash Profit	5,420.91	7,620.66	11,327.42	15,985.00	16,751.20
Net Domestic Turnover	46,807.54	54,997.96	73,298.27	96,732.96	1,24,806.72
Export Turnover	5,276.25	6,066.39	5,575.24	6,503.99	7,477.92
Dividend (%)	75.00	80.00	100.00	125.00	150.00
Market Price - (₹) (End of year at NSE)	43.05	28.50	78.85	132.65	143.65
Total Dividend Payout(including Dividend Tax)	965.65	1,030.04	1,287.54	1,919.02	2,302.82
Retained Earnings	1,899.31	2,985.16	3,955.17	6,816.18	8,707.08

* Networth=Equity Share Capital+Reserve - Miscellaneous Expenses - Business Reconstruction Reserve

** Capital Employed = Networth + Loans + Deferred Tax Liability + Business Reconstruction Reserve

BALANCE SHEET RATIOS

Particulars					
	2007-08	2008-09	2009-2010	2010-11	2011-12
Return on Networth (%)	12.98	16.03	13.44	14.47	15.94
Return on Average Capital Employed (%)	13.82	12.05	11.80	14.83	12.99
Debt Equity Ratio	0.91	1.87	1.25	0.65	1.23
Debtors Cycle (Days)	58	57	61	53	58
Creditors Cycle (Days)	44	75	48	44	57
Inventory Cycle (Gross Sales)	91	81	68	68	70
Net Current Assets Turnover (Days)	112	114	103	82	88
Turnover / Net Current Assets	3.26	3.20	3.55	4.46	4.16
Turnover / Inventory	4.01	4.50	5.34	5.34	5.20
Turnover / Capital Employed	1.26	0.87	0.81	0.95	0.73
Turnover / Net Block	2.46	1.64	1.12	1.42	1.34
Net Block / Capital Employed	0.51	0.53	0.72	0.67	0.55
Working Capital / Capital Employed	0.35	0.25	0.22	0.20	0.16

PROFIT & LOSS ACCOUNT RATIOS

Particulars	2007-08	2008-09	2009-2010	2010-11	2011-12
Domestic Sales / Turnover	89.87	90.07	92.93	93.70	94.35
Export Sales / Turnover	10.13	9.93	7.07	6.30	5.65
Excise / Turnover	10.64	8.32	5.96	7.16	7.51
MARGINS (%)					
EBITDA Margin	17.04	18.47	19.63	20.98	19.52
Gross Profit Margin	13.91	15.75	14.54	17.53	16.58
Pre Tax Profit Margin	8.63	9.30	8.33	12.35	12.30
PAT Margin	5.50	6.58	6.65	8.46	8.32
EXPENSES					
Goods Purchased for Resale / Total Expenses	17.55	18.66	16.20	18.27	19.00
Power & Fuel / Total Expenses	24.23	24.13	25.03	22.94	24.36
Manufacturing, Administrative & Other Expenses / Total Expenses	46.05	44.66	46.40	45.52	44.12
Employee Cost / Total Expenses	12.18	12.55	12.36	13.26	12.52
Interest Cover (times)	5.44	6.78	3.86	6.08	6.64
Cost of Debt (%)	8.26	4.96	8.37	8.07	6.27
PER SHARE DATA (₹)					
EPS (Face Value ₹ 2 /-)	5.21	7.30	9.53	14.47	16.67
CEPS (Face Value ₹ 2 /-)	9.85	13.85	20.59	26.48	25.36
Book Value	40.11	45.53	70.89	91.37	104.56

Note: As per new schedule VI of Companies Act some of the heads like current assets, current liabilities, loan funds etc. have been classified differently. In the balance sheet for the year 2010-11 and 2011-12 we have adjusted these numbers in line with old schedule VI, for ease of comparison with earlier years.

MANAGEMENT DISCUSSION AND ANALYSIS



At HSIL, we try to transcend the ephemeral challenges of business to bring a youthful exuberance in the way we work and the products or services we deliver. Our products or services bear the imprint of our confidence to feel the pulse of the consumer and attune our capabilities to cater to his/her evolving aspirations. The result is that HSIL products possess functional quality (which is innovative and world-class), aesthetic appeal (which is industry-beating) and a personality (which is unique). This key differentiator is our X-Factor, which creates a compelling positive recall in the minds of a wide customer spectrum. Different people with varied preferences, earnings and cultural underpinnings come together, when they give an overwhelming response to our products, belonging to the Building Products Division and the Container Glass Division. We believe, customers who use our products imbibe and exude our confidence, when they go forth into the world. Then our X-Factor becomes their X-Factor.

Amid rising global volatilities and India's economic performance falling short of expectations, one reality stands out and creates business optimism: emerging cities will account for 47% of global growth by 2025 (*Source: McKinsey Global Institute Report, 2012*). India will play a major role in this unprecedented wave of urbanisation, as the population of the country's cities and towns expand and enjoy rising income. India's economic growth rate is still comfortably above most other economies, producing a new wave of consumers with considerable spending power. This emerging cult of consumerism and investments in building and architecture will benefit innovation-driven companies like HSIL. However, we need to be more scientific in our approach to target these markets in order to harness their potential.

Consumer demand in Tier I cities will take some time to revive, as economic slowdown (and more of the hype related to that) has made the consumer more circumspect and risk averse. However, there are bright spots elsewhere: India's Tier II and Tier III population will now drive the national economy. Spectacular economic growth since 2003-04 has entwined people from these areas with the national economy. Today, they have the courage, credit facilities and the competence to elevate their quality of life. At HSIL, we are tapping these markets with our exclusive range of products and services to sustain market leadership across the Building Products Division and Container Glass Division.

THE BUILDING PRODUCTS DIVISION

The Division's products bandwidth ranges from sanitaryware, wellness products, faucets, kitchen appliances, tiles to extractor fans. Backed by superior technology and world-class aesthetics, these products bring to the customer's doorsteps the X-Factor that helps HSIL brands counter competition.

Growing urbanisation, aspirations for an elevated quality of life and burgeoning population with high disposable income are the primary demand drivers. Besides, shortage of housing (49 million at the end of 2011) provides an additional impetus to the growth of this sector.

HSIL's innovative, designer, eco-friendly and efficient range of products, along with a strong distribution network provide the Company an edge over its peers.

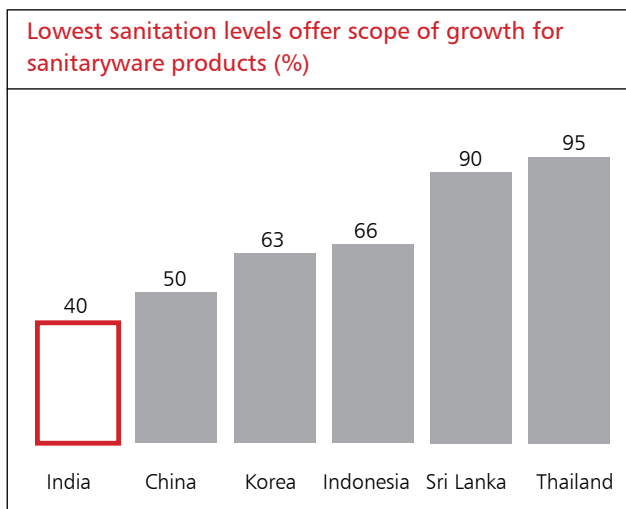
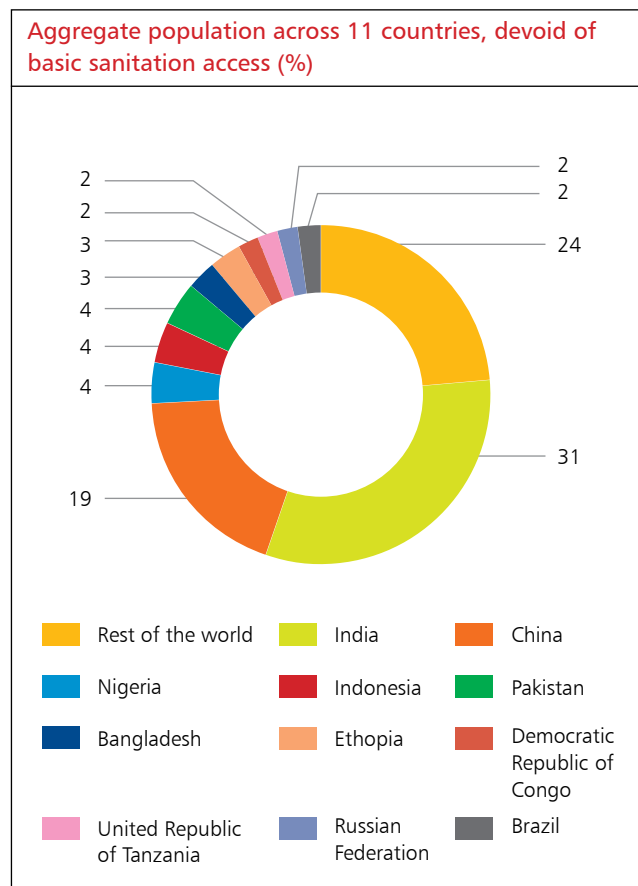
Sanitaryware

Industry structure and developments

India's sanitaryware industry has touched a ₹ 2,000-crore market size, growing by 15-16% over the past few years, thanks to improving living standards and increasing awareness levels. It continues to rank second in terms of volumes in the Asia-Pacific region.

According to the census data 2011, around 47% of the total Indian households have proper sanitation facilities. Around 69% of the total rural households and 18.6% of the total urban households still do not enjoy even basic sanitation access. However, increasing cross-country sanitation drive and improving literacy levels will correct the anomaly and accelerate sanitaryware industry growth.

India's sanitation vis-à-vis Asian counterparts



Government's initiative towards improving India's sanitation facilities

₹ 1,500 crore in 2011-12 to ₹ 3,500 crore in 2012-13

Increase in budget allocation towards sanitation

₹ 44,116 crore

Proposed allocation for sanitation by the Steering Committee of the Planning Commission for the 12th Five-Year Plan

Market segment

The sanitaryware industry (organised sector) comprises 60% of the market, while the unorganised segment accounts for the rest. The organised segment provides high-end and better quality products across the value chain. This market is likely to register a CAGR of 15-16% in the next few years. HSIL is a leading player in the organised segment with a 40% market share. The unorganised players still provide high market volumes, using inferior raw materials and local technology resulting in inferior products.

It is interesting to note here that the premium market segment is outpacing overall industry growth. There is a gradual shift from the mid-segment to the premium segment. The overall industry is growing by 15-16%, whereas the premium segment is growing by 20-25%. This shift in consumer perceptions will augur well for HSIL. We have forayed into the high-end luxury brand in 2012, marking an entry into the niche segment.

Customer category

The customers are segregated under two categories i) B2B (business to business) and ii) B2C (business to consumer).

Under the B2B segment, institutional clients are catered to and under the B2C segment the requirements of the retail consumers are addressed. HSIL's products range caters to both the segments with greater focus on B2C segment, resulting in a significant market share.

Demand

Sanitaryware caters to new demand or replacement demand. In India, 90% of the sanitaryware market comprises new demand, compared to a mere 20% in the developed economies. However, this trend is gradually shifting and the replacement demand is slowly picking up pace, thanks to the growing consumer awareness.

Sanitaryware Industry	New Demand (%)	Replacement Demand (%)
Developed Economies	20	80
India	90	10

(Source: Company research)

Key trends

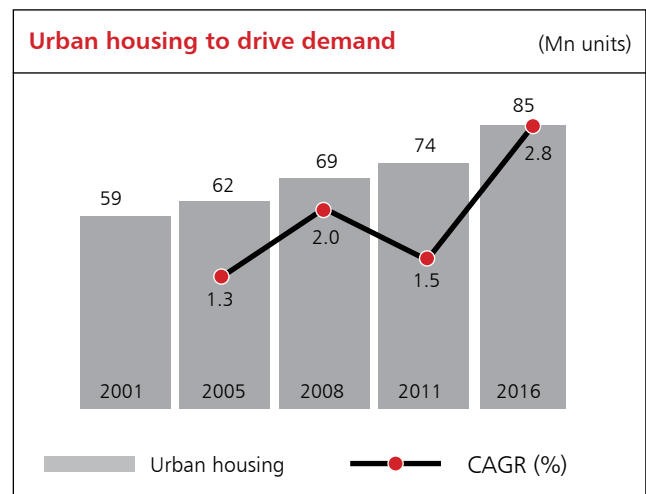
- **Moving up the rung:** With changing lifestyle and increasing disposable income, customers are gradually migrating from the mid-segment to premium quality products with an aesthetic appeal. This has created a new demand surge for premium sanitaryware products.
- **Scaling up:** There has been a constant scaling up of capacities in the industry to benefit from the economies of scale, as well as to meet the increasing market demand.
- **Low domestic production cost:** The production cost of sanitaryware products in India is low, compared to other countries, owing to the abundance of labour and raw materials. The majority of the small scale manufacturers are located in Gujarat.
- **Bespoke solutions:** In order to cater to the changing needs of customers, the industry is enhancing production capabilities and incorporating advanced technologies. This has resulted in customised solutions for different customer segments.
- **International players:** International players are investing in the premium segment of the market to leverage the evolving customer preference for product premiumisation.
- **Green initiatives:** The industry leaders are manufacturing various flush mechanisms with an emphasis on water conservation. This has reduced the water consumption from 6 litres and 3 litres (6/3) earlier to 4 and 2 litres (4/2) per flush. We are the leader in this green initiative.



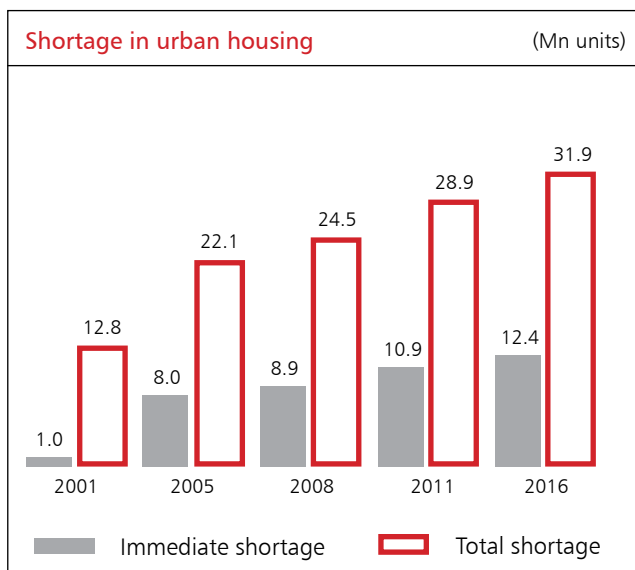
- **Rural awareness:** Various campaigns are now being held to spread the importance of sanitation in rural areas. With growing awareness, rural people are gradually responding to this awareness drive and hence aiding the market growth.

Growth prospects

Housing demand: The sanitaryware industry enjoys correlation with the housing demand as 93% of the total demand for the sanitaryware industry is derived from this segment. The segment witnessed a 2.5% CAGR in the construction of houses between 2001 and 2011, owing to IT / ITeS boom and urbanisation drive. As per CRISIL estimates, India would further add around 2.2 million houses annually, resulting in 2.8% CAGR between 2011 and 2016. However, the housing demand is expected to surpass the addition, sustaining market growth for sanitaryware products.



(Source: CRISIL)

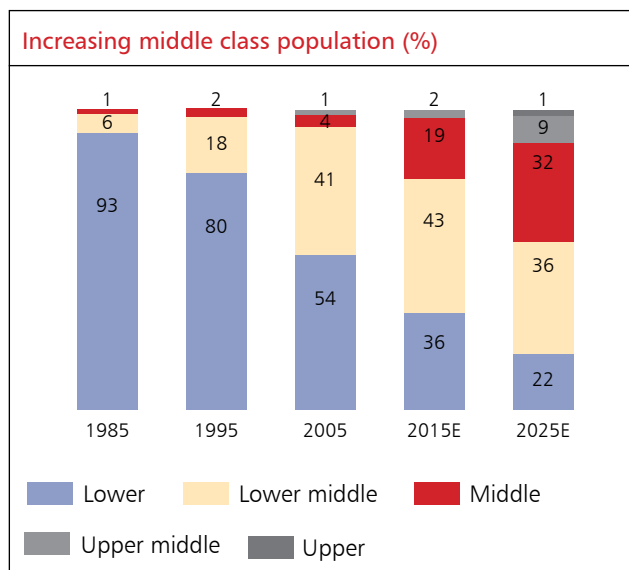


(Source: CRISIL)

Government impetus: The government has allotted USD 1 trillion for the development and infrastructure in the 12th Five-Year Plan period. Besides, the government has also proposed to extend the interest subvention of 1% on housing loan. This will boost the demand for housing and in turn the sanitaryware sector.

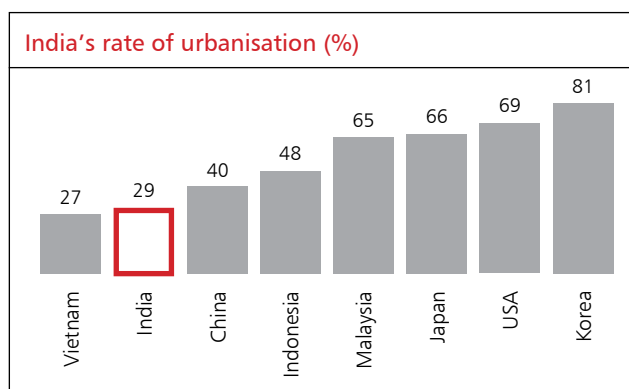
100% FDI in housing sector: The government has allowed 100% Foreign Direct Investment through the automatic route. Such a strategy would further augment the demand in the housing sector.

Increasing demand from the middle income strata: The population in the middle income strata is expected to touch 585 million by 2025. This will result in an increasing preference for high-quality branded sanitaryware.



(Source: Santo Investment Bank Research)

Urbanisation: India's urban population is 29%, compared to China's 40% and Korea's 81%. However, over the past few years, the country has been witnessing rapid urbanisation. According to the estimates of the United Nations, enhanced urban population is expected to touch 37% in India by 2025. This will drive the demand for discretionary products, resulting out of strong income growth.



(Source: United Nations State of the World population, 2011)

Snapshot of faucets, kitchen appliances and tiles

Faucets	Kitchen appliances	Tiles
Market size : ₹ 4,000 crore	Market size : ₹ 2,000 crore	Market size: ₹ 14,000 crore
Market structure (organised:unorganised): 45:55	Market structure (organised:unorganised): 60:40	Market structure (organised:unorganised): 50:50
Growth : 14-15%	Growth : 30%	Growth: 13%

Strengths and opportunities of the Building Products Division**Strengths****Market share**

HSIL commands 40% share of organised market and is the front runner in the Indian sanitaryware market.

Backward integration

Possesses backward integrated facilities at Haryana and Andhra Pradesh, resulting in cost savings.

Capacities

Possesses capacities to meet the increasing demand and enjoy economies of scale.

Wide distribution network

Has the largest distribution network in the industry, enabling enhanced market penetration.

Rich product portfolio

Provides growing choice to the consumer through its wide range of product portfolio, consisting of sanitaryware, faucets, kitchen appliances, ceramic tiles and wellness products, across the basic to the super-premium segment.

Intellectual knowhow

Recruited team of talented designers using latest designing software and working vigorously towards providing advanced, sophisticated and exclusive product range to suit evolving customer requirements.

Cost efficiency

Ensures optimum utilisation of resources to sustain margins.

Service delivery

Develops strong relationship with customers through excellent service delivery – both pre-sales as well as post-sales.

Promotion

Promotes its products through above-the-line and below-the-line strategies that allow strengthening the Company's brand image.

Cutting-edge technology

Produces vacuum assisted ceramic toilet through sophisticated technology; among the top three organisations globally to produce this product.

Opportunities**Green building products**

Builds eco-friendly water saving / conserving products for customers.

Capacity expansions

Expands capacities through organic and inorganic routes to cater to the anticipated demand for its products.

Offerings

Offers products across the entire value chain.

Reach

Explores opportunities to develop new markets in the tier II and III cities.

Challenges and threats**Challenges****Expanding presence**

Business expansion in Tier III cities and towns may entail the formulation of an entirely new set of strategies to approach the customer.

Labour availability

Availability of cheap and skilled manpower is a challenge for all industry players.

Rise in raw material cost

Enhanced cost of raw materials and transportation is impacting margins.

Threats**Real estate slowdown**

Any further slowdown in the real estate sector may hurt the industry.

THE CONTAINER GLASS DIVISION

HSIL's Container Glass Division is targeting emerging markets, while catering to the requirements of traditional markets. Our ability to predict market trends and expand capacities to cater to the demand for container glass entail a flexibility of approach and agility in strategy implementation. This characteristic is the X-Factor of our business philosophy.

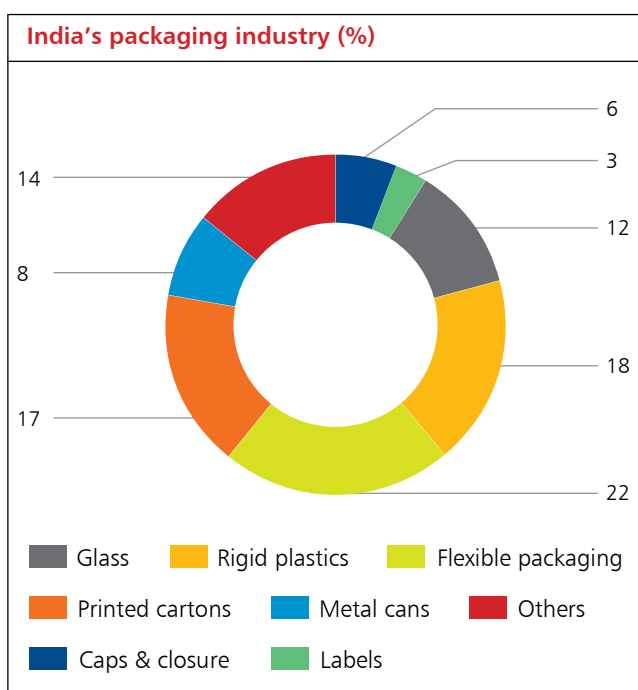
HSIL's container glass division, AGI Glaspac, is the second largest producer of container glass in India, commanding a market share of 22% and is the biggest player in South India with 74% market share. Operating at near-100% levels, the Division caters to diverse (beverage, pharmaceuticals, beer, liquor and food) industry needs. It also exports its products to African and South East Asian markets, and is continuously exploring emerging opportunities. The glass industry successfully counters competition from plastics, thanks to its ability to preserve the taste for a longer period of time and its 100% recyclable properties.



Container glass

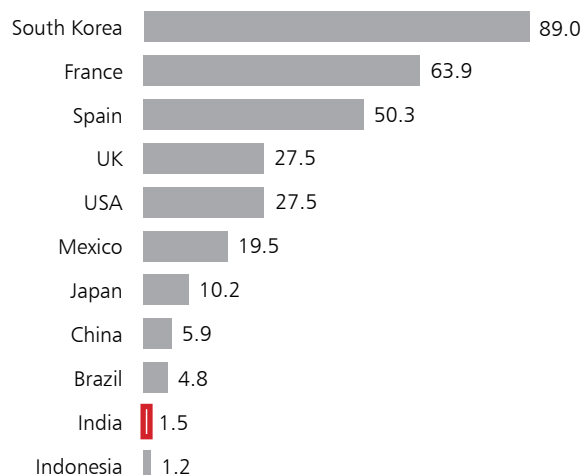
Industry structure and developments

India occupies 11th position in the world packaging industry, worth USD 550 billion. Glass contributes 12% to India's total packaging pie.



During 2011-12, the glass industry is expected to have touched a market of ₹ 4,000 crore. Despite robust growth of the related industries, the per capita consumption of glass is as low as 1.5 Kg, compared to 89.0 Kg in South Korea, 63.9 Kg in France, 50.3 Kg in Spain, 27.5 Kg in the US and UK, 10.2 Kg in Japan and 5.9 Kg in China. The glass industry is growing 11% annually and is anticipated to touch a market value of USD 21.59 billion by 2015. The demand will be driven by liquor, beer, food, beverage and pharmaceutical industries, which are witnessing higher growth than the country's GDP.

India's low glass consumption creates high scope of penetration (kg)



(Source: CRISIL)

Key trends

- **High entry barriers:** Being a high capital-intensive industry, the threat of new entrants is very low for high quality containers.
- **Growing capacities:** The industry has been continuously adding capacities, aligned to the growth of user industries.
- **Modernisation:** There has been a paradigm shift in the manufacturing process and process control, with increasing focus on automation and operational efficiencies.
- **Overseas markets:** The industry has seen higher exports, owing to robust demand from the related industries.
- **Environment management:** The manufacturers are concentrating on efficient waste management and recycling as a measure towards cleaner environment.



Growth prospects

Growth in population: The world population is expected to grow by 2.4 billion between 2010 and 2040. Around a quarter of this incremental growth would be contributed by India and is likely to be aged between 15 - 64 years (*Source: Economic Times, dated 28 February 2011*).

Growth in liquor and beer industry: The liquor and beer industry represents the largest container glass consumer, and are expected to witness a 14-15% CAGR over the next few years. India's per capita beer consumption is 1.5 litres, compared to China's 34.5 litres, Brazil's 64.5 litres and Russia's 76.1 litres. Increasing social acceptance for beer consumption, along with a shift from country liquor to Indian-made foreign liquor (IMFL) has strengthened the demand for container glass (*Source: CRISIL*).

Growth in pharmaceutical industry: Driven by a growth in bulk drug demand, the pharmaceutical industry is likely to grow by 15-17% CAGR by 2015 (*Source: CRISIL*).

Growth in food industry: The government has envisaged Vision 2025, according to which the food processing industry is anticipated to more than double from USD 70 billion in 2010 to USD 150 billion in 2025. At present, 10-12% of food and beverages in India as against 40-50% in the developed markets are packaged in glass containers (*Source: CRISIL*).

Growth in beverages: The Indian soft drink market is likely to grow at a CAGR of 9.1% over 2010-2015, to reach a market value of USD 5.9 billion by 2015 (*Source: Research and Markets*). This will further drive the growth of the container glass industry.

Strengths and opportunities of the Container Glass Division

Strengths

Market share

HSIL commands 22% market share and is ranked second in the container glass segment.

High throughput furnace

Possesses one of world's largest end-fired container glass furnace at Bhongir.

Backward integration

Possesses backward integrated manufacturing facilities, such as in-house mould making and raw material processing, resulting in cost efficiencies.

Efficiency

On most of the furnaces, pack efficiency of 90% is ensured for optimal energy consumption per unit of production.

Research and development

Undertakes constant research and development activities to provide light weight low-cost bottles with excellent quality.

Rich product portfolio

Offers a wide range of portfolio with around 600 variants.

Strong clientele

Possesses reputed clients, who help enhance the Division's brand value.



Opportunities

Targeting new segments

Explore packaging opportunities in the cosmetics, perfumery and other high value segments.

PET market

Capture demand in the PET market segment and build an additional source of revenues.

New overseas markets

Identify and explore new export markets.

Challenges and threats

Challenges

Labour

Sourcing low-cost labour (skilled and unskilled) has become a challenge, especially after the launch of NREGA.

Meeting the dynamic needs

Keeping pace with regular innovative designs and customer requirements is an industry challenge.

Raw material availability

Sourcing the required raw material for uninterrupted manufacturing process.

Maintenance of quality

High level of quality control and automation in production process is required owing to stringent needs of the related industries.

Threats

Raw material costs

The volatile raw material cost, especially that of soda-ash and fuel curtails the profit margins.

Logistics

High diesel oil prices can result in higher delivery cost.

2011-12, A SUCCINCT REVIEW

2011-12 has witnessed significant activity across both the Divisions to cater to customer aspirations and preferences. We have expanded capacities and launched new products across both the Divisions. Today, our brands in the Building Products Division are no longer regarded as a means of convenience or utility. They are looked upon as a holistic lifestyle statement for discerning clients. These products add an extra edge to their quality of life. Simply put, the X-Factor.

The Container Glass Division has also expanded capacities and launched new products to create more choices for customers. The prudent strategy and agile implementation reinforce the spirit of X-Factor.

Building Products Division

Operational review

Capacity expansions	<ul style="list-style-type: none"> Completed expansion of 0.7 million pieces at the Bibinagar plant in Andhra Pradesh, taking its capacity to 2 million pieces and increasing the total production capacity to 3.5 million pieces; the expansion was completed within budgeted costs of ₹ 60 crore Completed brownfield expansion of faucet plant at Bhiwadi in Rajasthan, increasing the total production capacity to 0.5 million pieces Allotted land by GIDC in Gujarat for the greenfield expansion of sanitaryware division of 1.2 million pieces Allotted land by The Rajasthan State Industrial Development & Investment Corporation (RIICO) for the greenfield expansion of faucets of 2.5 million pieces at Kaharani, Bhiwadi extn., Rajasthan
Realisations	Achieved 8.26% higher average realisations per tonne in the sanitaryware segment
Product launches	<ul style="list-style-type: none"> 25 new sanitaryware products 2 new designs of tiles (double charge tiles and three dimensional tiles) 6 kitchen appliances 2 series of faucets
New product line	Introduced extractor fans through a strategic alliance with one of the largest European companies, under the brand name 'Vent'; it offers 20 designs of household fans and 2 designs of industrial fans
New brands	Launched 8 new series of high-end luxury sanitaryware and faucets under the brand QUEO, from the product portfolio of Barwood products (UK); it caters to the super premium and luxury segment

Financial review

- Gross revenue increased 23.85% from ₹ 52,681.06 lacs to ₹ 65,246.65 lacs
- EBIT improved 15.11% from ₹ 10,614.55 lacs to ₹ 12,218.34 lacs
- PBT increased 12.39% from ₹ 10,109.33 lacs to ₹ 11,361.81 lacs

Future strategies

- Completion of expansion of sanitaryware at Bahadurgarh by October 2012 and greenfield project in Gujarat to achieve consolidated capacities of 5 million pieces
- Completion of phase I and II expansions of faucets at Kaharani, Bhiwadi extn., by Q2 FY 2013-14 and Q4 FY 2013-14 to achieve consolidated capacities of 3 million pieces
- Constant up-gradation of product mix to match customer expectations
- Inclusion of new products targeting the premium and super premium segment
- Strengthening post-sale service delivery mechanism by addressing customer queries within 48 hours and annual maintenance contracts



Container Glass Division

Operational review

Capacity expansions	●	Completed the phase II expansion at the Bhongir plant, increasing the total container glass production capacity to 1,600 tpd
Capacity utilisation	●	Achieved average capacity utilisation of over 90%
Realisations	●	Attained 12.93% increase in average realisations across all products
Acquisition	●	Acquired Garden Polymers, 4th largest manufacturer of PET bottles for a value of ₹ 8,687 lacs and a registered market presence into the PET segment
Efficiency	●	Undertook a drive to improve operational efficiency to reduce energy consumption per unit
Product launches	●	Launched 70 new products during the year

Financial review

- Gross revenue increased 31.21% from ₹ 60,089.21 lacs to ₹ 78,842.27 lacs
- EBIT improved 31.89% from ₹ 8,237.01 lacs to ₹ 10,863.66 lacs
- PBT increased 52.61% from ₹ 4,733.57 lacs to ₹ 7,224.00 lacs

Future strategies

- Aligning future capacity expansions, based on the requirements and needs of the customer
- Exploring further export opportunities in the untapped markets of Africa, Middle-East and Australia
- Forging long-term contracts to secure raw material availability
- Encouraging automation to optimise manpower deployment

RISK MANAGEMENT

At HSIL, our X-Factor is not restricted to driving business growth. It encompasses identification, analysis and mitigation of familiar and unforeseen risks, which can disrupt operations and impact growth forecasts.

- I) **Risks involved:** Economic slowdown, spiralling inflation and firm interest rates.

Response: At HSIL, increasing consumerism drives the demand for our products. Higher awareness levels, increasing disposable income and the need for sanitation, will drive the demand for our products in the Building Products Division, across all segments. Besides, higher penetration into the Tier II and Tier III markets will further catalyse industry growth.

The demand for container glass on the other hand will be driven by robust growth plans of the user industries. We are maintaining an efficient working capital cycle (debtor

cycle – 58 days and creditor cycle - 57 days) and have generated adequate cash flow to tide over the adversity in the business environment.

- II) **Risks involved:** Competition and higher input costs

Response: At HSIL, we have put in place the right technology and are constantly offering improved and superior quality products at competitive prices. Besides, we have base service centres in 18 states having the capability to serve 95% of India within 48 hours of the customer call. It also offers annual maintenance contracts and host of other services. Stringent cost-control measures, operational efficiencies and long-term supply contracts for raw material supplies further provide us a cushion against unforeseen hikes in key inputs cost. Our R&D team continuously works on developing alternative sources of raw materials.

- III) **Risks involved:** Environment degradation

Response: At HSIL, we ensure proper environment management – from waste management to providing a green cover at all our facilities and achieve zero waste water discharge in container glass manufacturing facility. Our environment care is further reflected in our pioneering initiatives towards launching lower water consumption products.

- IV) **Risks involved:** Labour availability and attrition of talented personnel

Response: At HSIL, we provide conducive and safe working environments to our workers. We have put in place agreements by which, apart from normal wages, workers receive output-linked incentives. Besides, we have ensured proper working conditions with arrangements of basic facilities like canteen and medical facilities. We train and nurture our young managers to see beyond pressing challenges of today to emerge as seasoned visionaries, who can elevate the organisation to the next level.



INVESTING IN PEOPLE

At HSIL, the X-Factor that distinguishes our brands from the crowd also inspires the organisation to look more closely at the human capabilities that strengthen the business. The human resource policy empowers our people and helps build a culture of transparency and ownership.

In order to improve transparency in the performance appraisal of employees, we had initiated the employee portal 'Konnnect'. HSIL regularly organises open forums to discuss issues with employees.

CORPORATE SOCIAL RESPONSIBILITY

Water is a precious resource, which needs to be used judiciously. This awareness is gaining traction across large sections of the population, owing to depleting water tables and erratic monsoons. At HSIL, we are encouraging minimal water usage as a part of our environment and sustainability initiatives. We have designed various closets, which are better than BIS standards, consuming less water. Our constant innovation over the years has brought down the water consumption from 15 litres per flush to 1.5 litres per flush. Besides, our strict adherence to environment conservation benchmarks is reflected in the ISO 14001 and OHSAS 18001 quality certifications. We will continue to encourage water conservation initiatives through our products and by disseminating relevant information about it to the general public.

INTERNAL CONTROL AND SYSTEMS

HSIL has adequate internal controls for safeguarding its assets, ensuring transactions are in accordance with our policies, and are duly authorised, recorded and reported to prevent possibilities of frauds or other irregularities. The Internal Audit is outsourced to BDO Consulting Pvt. Ltd. The Company is working to further strengthen the systems for internal audit and risk assessment and mitigation. The annual audit plan is reviewed by the Audit Committee and major findings and actions (taken / proposed) are also reported to the Audit Committee.

CAUTIONARY STATEMENT

Statements made in the Management Discussion and Analysis report relating to projections, estimates, expectations or predictions are based on certain assumptions. The Company cannot guarantee that these assumptions are accurate or will be realised. The actual results, performance or achievements of the Company could thus differ materially from those projected or estimated.

DIRECTORS' REPORT



Dear Shareholders,

Your Directors are pleased to present their 52nd Annual Report and Audited Financial Statements of your Company for the year ended 31 March 2012.

FINANCIAL RESULTS AT A GLANCE

Parameters	2011-12	2010-11
	(₹ in lacs)	
Gross revenue	1,44,416	1,12,977
Less excise duty	9,930	7,396
Net revenue	1,34,486	1,05,581
EBITDA	25,828	21,659
Profit before taxation and extraordinary items	16,266	12,746
Less extraordinary item	-	-
Profit before taxation	16,266	12,746
Less provision for taxation	5,256	4,011
Profit after taxation	11,010	8,735
Add balance brought forward	20,819	15,003
Amount available for appropriation	31,829	23,738
Appropriations		
Transferred to General Reserve	2,000	1,000
Proposed dividend on equity shares	1,981	1,651
Corporate dividend tax	322	268
Balance carried forward	27,526	20,819

PERFORMANCE ANALYSIS

During the year 2011-12, revenues strengthened 27.83% from ₹ 1,12,977.38 lacs to ₹ 1,44,415.87 lacs, EBITDA increased 19.25% from ₹ 21,659.42 lacs to ₹ 25,827.86 lacs, cash profits improved 4.79% from ₹ 15,985.00 lacs to ₹ 16,751.20 lacs and PAT surged 26.04% from ₹ 8,735.20 lacs to ₹ 11,009.90 lacs. The gross revenues from the Container Glass Division increased 31.21% from ₹ 60,089.21 lacs to ₹ 78,842.27 lacs while the Building Products Division witnessed a gross revenue growth of 23.85% from ₹ 52,681.06 lacs to ₹ 65,246.65 lacs.

PAT and EBITDA margins, however, declined marginally owing to higher raw material, logistics, fuel cost and initial cost of new product / brand launches. Thanks to the Company's excellent operational efficiencies, the overall impact on the margins was much lower.

Interest cover went up from 6.08 to 6.64 times, reflecting balance sheet strength. EPS went up 15.21% from ₹ 14.47 to ₹ 16.67, strengthening shareholder's value.

There are number of factors attributable to Company's satisfactory performance despite a challenging scenario. These include:

- Ongoing business expansions, resulting in higher volumes
- Consistent product quality aligned to customer expectations resulting in higher realisations
- Introduction of new product range in the existing line of business
- Introduction of products targeting premium and super premium segment of the market
- Strengthening distribution reach to tier II and tier III cities by adding new dealers and retailers
- Focussing towards improving operational excellence

BUSINESS DIVISION REVIEW

Performance of the Building Products Division

The divisional net revenues increased 23.70%, owing to additional sale generated from the increased capacities at the Bibinagar facility as well as introduction of new products.

Major initiatives

- Added 510 dealers and penetrated into 125 new towns
- Added new products in the sanitaryware, faucets, kitchen appliances and tiles
- Introduced extractor fans through a strategic alliance with one of the largest European manufacturer
- Added new brand QUEO targeting the luxury and super premium segment of the market
- Chalked out greenfield expansion plans for sanitaryware and faucets
- Completed brownfield expansion at Bibinagar adding 0.7 million pieces

Performance of the Container Glass Division

The divisional net revenues increased 30.62%, owing to higher production volumes and addition of new customers during the year.

Major initiatives

- Completed brownfield capacity expansion, increasing its total capacity from 1,125 tpd (1,643 million units) to 1,600 tpd (2,300 million units)
- Acquired Garden Polymers Private Limited and marked an entry into the PET bottle segment
- Implemented measures towards improving plant efficiencies and cost reduction

ACQUISITION OF GARDEN POLYMERS PRIVATE LIMITED

HSIL has acquired 100% equity share capital of M/s Garden Polymers Private Limited with effect from 12 August 2011 under Share Purchase Agreement dated 2 June 2011 and Amendment Agreement dated 8 June 2011.

M/s Garden Polymers Pvt. Ltd. is engaged in the business of manufacturing PET bottles, caps and closures, having plants at Dharwad (Karnataka) and Selaqui (Uttarakhand). It is a leading supplier to premier customers in Liquor, Pharma and FMCG Industry.

This acquisition has synergies with company's container glass division which supplies to the similar set of customers. This will further strengthen company's position as packaging solution provider and will be value accretive for its shareholders.

DIVIDEND

Your Directors recommend a dividend of ₹ 3.00 per share (previous year ₹ 2.50 per share) on equity shares of ₹ 2.00 each for the year ended 31 March 2012, for consideration of the Members at the ensuing Annual General Meeting. Total outgo on this account including tax thereon will be ₹ 2,302.82 lacs.

SCHEME OF ARRANGEMENT / BUSINESS RECONSTRUCTION RESERVE

In accordance with the Scheme of Arrangement sanctioned by Hon'ble High Court Calcutta under Section 391-394 of the Companies Act, 1956, on 26 March 2010, the Board of Directors have approved creation of additional Business Reconstruction Reserve of ₹ 22,500.00 lacs by revaluation of land owned by the Company at Sanathnagar and Isnapur, Andhra Pradesh.

MANAGEMENT FOCUS

HSIL has maintained its leadership position in the Sanitaryware market and continues to be the second largest player in the Container Glass Industry. Your Company further seeks to sustain its leadership by aligning its capacities with the market demand and delivering upon the customer's expectations. Strong logistics and distribution network, innovative ATL and BTL promotions, brand portfolio, design engineering, production efficiencies and efficient service delivery model will further augment our long-term growth prospects.

The management also seeks to invest in good governance and fiscal discipline in accordance with the best practices relevant globally.

DIRECTORS

In accordance with the applicable provisions of the Companies Act, 1956 read with the Articles of Association of the Company, Mr. V.K. Bhandari, Mr. S.B. Budhiraja and Mr. Binay Kumar, Directors of the Company retire by rotation at the ensuing Annual General Meeting.

Mr. V.K. Bhandari, being eligible, offers himself for re-appointment.

Mr. S.B. Budhiraja and Mr. Binay Kumar have expressed their inability to be re-appointed. The Board records its deep appreciation for the valuable contribution made by both Mr. Budhiraja and Mr. Binay Kumar during their tenure as Directors of the Company.

Mr. Salil Kumar Bhandari appointed as an Additional Director on the Board with effect from 29 May 2012, holds office till the ensuing Annual General Meeting of the Company. Notice under Section 257 of the Companies Act, 1956 has been received from a Member of the Company signifying his candidature, for his appointment as a Director of the Company.

CORPORATE GOVERNANCE

A detailed report on the Corporate Governance Code and practices of the Company along with a certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement are given in a separate section in this Annual Report.

Further, the Management Discussion and Analysis Report is appended to and forms a part of the Annual Report.

WHOLLY OWNED SUBSIDIARIES

As per the requirements under Section 212 (3) of the Companies Act, 1956, a statement of particulars of the Company's subsidiaries for the year ended 31 March 2012, is annexed hereto and forms part of this Report.

PARTICULARS UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956

In terms of general exemption granted by the Ministry of Corporate Affairs, copies of Balance Sheet, Statement of Profit and Loss, Reports of the Board of Directors and Auditors of the subsidiary Companies (including step down subsidiary Companies) have not been attached to the Balance Sheet of the Company as required under Section 212 (8) of the Companies Act, 1956. These documents will be made available upon receipt of request from shareholders of the Company

and shall be kept open for inspection by any shareholder at the Registered Office of the Company and that of the respective subsidiary Companies.

However, as directed by the said Ministry, the financial data of the Company's subsidiaries have been furnished under Financial Information of Subsidiary Companies forming part of the Annual Report. Further, pursuant to Accounting Standard-21 specified in the Companies (Accounting Standards) Rules, 2006, the Consolidated Financial Statements presented by the Company include financial information of its Subsidiaries.

EMPLOYEES

The leadership position attained by the Company over the years is largely due to the dedication and commitment of our people – the most valuable assets of the Company. Our scalable recruitment and human resources management process enable us to attract and retain high-caliber employees. We encourage innovation, meritocracy and the pursuit of excellence. Besides, we continuously impart adequate training and ensure right environment to maximise team effort while enhancing individual growth potential. The Directors record their appreciation of the support and contribution of all employees towards the growth of the Company.

STATUTORY DISCLOSURES

Pursuant to the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars of Employees) Rules, 1975, the statement giving names and other particulars of the employees annexed hereto forms part of this report.

FIXED DEPOSIT

Your Company did not invite or accept any fixed deposit pursuant to provisions of Section 58A of the Companies Act, 1956, during the year under review.

DIRECTORS' RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217 (2AA) OF THE COMPANIES ACT, 1956

Your Directors hereby confirm that in the preparation of annual accounts, the applicable accounting standards were followed along with proper explanation relating to material departures, if any.

Your Directors selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of

the financial year and of the profit of your Company for that period.

Your Directors took proper and sufficient care for maintaining adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities.

Your Directors prepared the annual accounts on a going concern basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS / OUTGO

Information required under Section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is annexed to this Report.

STATUTORY AUDITORS

The Statutory Auditors of the Company, M/s Walker, Chandiok & Co., Chartered Accountants retire at the ensuing Annual General Meeting and have confirmed their eligibility for reappointment in terms of Section 224 (1B) of the Companies Act, 1956.

The Audit Committee and the Board of Directors recommend appointment of M/s Walker, Chandiok & Co. as Statutory Auditors of the Company from the conclusion of ensuing Annual General Meeting upto the conclusion of the next Annual General Meeting of the Company.

The notes to the accounts referred to in the Auditors' Report, are self-explanatory and therefore, do not require any further comments under Section 217 (3) of the Companies Act, 1956.

COST AUDITORS

In accordance with Order F. No. 52/26/CAB-2010 dated 30 June 2011, issued by Ministry of Corporate Affairs, Government of India, the Board of Directors of the Company appointed M/s. Narasimha Murthy & Co., Cost Accountants, Hyderabad, as the Cost Auditor for the Glass Division of the Company for conducting audit of cost accounts of the said division for the year ended 31 March 2012.

INTERNAL AUDIT

The Company has in place adequate internal control systems commensurate with its size and nature of business. These

are routinely tested by Internal Auditors and cover all offices, factories and key areas of business to provide a reasonable assurance in respect of providing financial and operational information, compliance with applicable statutes, safeguarding assets of the Company and compliance with policies and procedures.

Independence of the audit is ensured by their direct reporting to the Audit Committee of the Board. The Audit Committee reviews adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations including those relating to strengthening of the Company's risk management policies and systems.

APPRECIATION

Your Directors would like to express their sincere appreciation for the valuable support and cooperation received from bankers, business associates, financial institutions, shareholders, various departments of Governments and other stakeholders during the year under review.

Your Directors also wish to place on record their deep sense of appreciation for the commitment displayed by the entire team of the Company, resulting in the successful performance of the Company during the year.

For and on behalf of the Board of Directors

Place: Gurgaon

Date: 29 May 2012

Rajendra K Somany

Chairman and Managing Director

ANNEXURE TO DIRECTORS' REPORT

A. CONSERVATION OF ENERGY

a.) Energy conservation measures taken:

- i. Replacement of two stage air compressor by energy efficient two stage compressor.
- ii. Commissioning of separate low pressure conveyor cooling blower resulting into stoppage of high pressure old cooling blower.
- iii. Replacing RC fans motor with energy efficient motor in Lehr.
- iv. Replacing existing pumps with energy efficient pumps.
- v. Providing transparent sheets in warehouses for saving in lighting energy.
- vi. Automatic pressure control system installed in mould cooling blowers, to optimise the energy consumption.
- vii. Conducted audit of cooling water system and taken measures to conserve water by reducing consumption.
- viii. Use of waste heat in drying process to reduce gas consumption.
- ix. Kiln firing curve fine-tuned to reduce fuel consumption in kilns.

b.) Additional investment and proposals for reduction of consumption of energy:

- i. Replacement of existing compressor by energy efficient compressor.
- ii. Replacement of old blower motors with energy efficient motors.
- iii. Replacing of old and non energy efficient lehrs by energy efficient lehrs.
- iv. Installation of additional APFC panels for improving power factor near to unity.
- v. Segregation of HP and LP Air lines for forming machines.
- vi. Further use of waste heat in outer areas.

c.) Impact of the above measures for reduction of energy consumption and consequent impact on cost of production:

Bahadurgarh plant: Energy Consumption reduction of 6.8% approximately.

Bibinagar plant: Energy Consumption reduction of 6.6% approximately.

Glass plant: Savings of ₹ 127.73 lacs per year.

d.) Total energy consumption and consumption per unit of production as per Form A (applicable to Container Glass Division) was as under :

S. No.	Particulars	2011-12	2010-11
A.	Energy Consumption:		
1	a) Electricity (Purchased):		
	Units (KWH)	12,09,72,769	10,76,52,939
	Total Amount (₹)	44,41,60,176	37,24,79,116
	Rate / Unit	3.67	3.46
	b) Own Generation:		
	Units (KWH)	60,07,095	19,48,646
	Units per LT of Fuel Oils	4.43	4.41
	Total Amount (₹)	5,70,33,060	1,35,82,063
	Rate / Unit	9.49	6.97
	c) Total (a+b):		
	Units (KWH)	12,69,79,864	10,96,01,585
	Total Amount (₹)	50,11,93,236	38,60,61,179
	Rate / Unit	3.95	3.52
2	Fuels (HSD, LDO, LPG & LSHS):		
	Quantity in MT	44,603	40,081
	Value (₹)	1,83,72,80,053	1,25,61,40,217
	Rate / MT	41,191	31,340
B.	Consumption Per million Units of Production		
	Glass Bottles (Production in million pieces)	1,533.84	1,267.73
	Electricity (KWH)	82,786	86,455
	Fuels (HSD , LDO , LPG & LSHS) (MT)	29.08	31.62

Form B

B. TECHNOLOGY ABSORPTION

Research & Development (R&D)

1. Specific areas in which R&D Carried out by the Company

- Recycling and usage of pitcher in the production process
- Development of green crack repair mix for improving product yields
- New glaze composition with reduced addition of opacifier
- Development of spangle free and stable blush red colour in kid series (Poncho)
- Conducted trials on many combinations of various qualities of POP for optimising the mould life
- Implemented monorail systems for transportation of greenwares

2. Benefits derived as a result of above R&D

- The above measures have helped to develop world class products and make the production process more environment friendly

3. Future Plan of Action

- Implementation of usage of pitcher in raw material mix in the production process
- Introduction of stable spangle free "blush red colour" in kid series in market
- Plant capacity utilisation to be enhanced to 100%
- Continuous efficiency improvement to be worked upon
- Resources utilisation optimisation
- Improving product realisation
- New automated Plaster Water Mixer plant installation and commissioning
- Commence production of coloured bottles
- Developing 4.0 litres chemical jars for the first time in India
- Construction of Clean Room for developing clean environment for packing pharma bottles
- Initiate automation in material handling to reduce manual work load

4. Expenditure on R&D

	2011-12	2010-11
Capital Expenditure	-	-
Recurring Expenditure	42.86	34.62
Total	42.86	34.62
Total R&D Expenditure as a % of total building products revenue	0.07%	0.07%

Technology Absorption, Adaptation and Innovation

1) Efforts, in brief, made towards technology absorption, adaptation and innovation

- Installation of sensor water taps in PGI for water conservation and cost savings
- Introduction of automatic temperature control for mould dryers
- Installation of Programmable timers for blungers
- Replacement of old obsolete logic card burner control system by new PLC based direct spark controller, Modular system
- Providing RO water for shop floor processes for improving the efficiencies
- Automation of Plaster water mixing for mould making
- Replacement of reciprocating compressors with energy efficient screw compressors
- Reduction of power costs by converting from tube lights to CFL lamps
- Trained engineers for automatic packing, automatic inspection etc
- Cullet washing system improved by adopting new washing technology, which resulted in increased output

2) Benefits derived as a result of the above efforts

- The above measures have contributed in improvement of production efficiencies

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Activities and initiatives

A number of new products were developed and exported. The export team was strengthened for better direct market penetration overseas, especially for south-east Asia and other developed countries. Better strategies were formulated for more aggressive development of international opportunities.

	2011-12	2010-11
Earning in foreign exchange	3,241.61	2,408.64
Expenditure in foreign exchange:		
Raw material, spare parts & others	17,290.06	13,599.44
Capital Equipment	11,161.35	799.46

For and on behalf of the Board of Directors

Place: Gurgaon

Date: 29 May 2012

Rajendra K Somany

Chairman and Managing Director

INFORMATION AS PER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

A. Employed throughout the year and in receipt of remuneration not less than ₹ 60,00,000 for the year

Name of the Employees	Designation and Nature of Employment	Qualification	Experience (Years)	Date of Employment	Age (Yrs.)	Remuneration Received (₹)	Last Employment held and designation	
Mr. Rajendra K Somany	Chairman and Managing Director (Contractual)	B.Com., FI(Ceramics) (U.K.), LFAIMA, FCMI (UK), Member - IOM ³ (U.K.), Emeritus Member-American Ceramic Society	57	1 October 1965	75	7,01,67,085	-	-
Mr. Sandip Somany	Joint Managing Director (Contractual)	B.Com., Diploma in Ceramics (USA)	27	1 October 1985	49	6,51,82,188	-	-
Mr. Ram Babu Kabra	President - BPD	B.Com., FCA, ACS	31	7 September 1981	54	1,29,88,800	Hyderabad Asbestos Limited	Chief Accountant
Mr. Santosh Nema	President - BPD	PGDBM (IIM-A)	29	21 September 2009	53	1,17,37,500	Cera Sanitaryware Limited	CEO & Director
Mr. Arun Kumar D	President - Glass Division	B.E. (Mechanical)	40	2 December 1996	65	1,50,27,185	Nagarjuna Acqua Ltd	President
Mr. J K Somani	Sr. Vice President - BPD	B. Com., ACS	34	16 June 1977	55	68,22,332	-	-

B. Employed for the part of the year and in receipt of remuneration not less than ₹ 5,00,000 per month

- None

Notes:

- Employees named above are wholtime employees of the Company as per the Company's terms and conditions.
- Mr. Rajendra K Somany, Chairman and Managing Director and Mr. Sandip Somany, Joint Managing Director are related to each other. None of the other employees are related to any of the Directors of the Company.
- Mr. Rajendra K Somany, Chairman and Managing Director and Mr. Sandip Somany, Joint Managing Director are promoters of the Company and except them no other employee holds 2% or more of the equity share capital of the Company.
- Remuneration received includes Gross Salary, Bonus, Commission, performance incentive, ex-gratia, actual expenditure for provision of rent free accommodation or benefits or amenities, house rent allowance, leave encashment, medical expenses, leave travel assistance, other allowances, reimbursement of gas, water and electricity expenses. Company's contribution to provident fund, employee pension scheme, gratuity fund and provision of car valued as perquisites in accordance with rules under the Income Tax Act, 1961.

For and on behalf of the Board of Directors

Place: Gurgaon
Date: 29 May 2012

Rajendra K Somany
Chairman and Managing Director

CORPORATE GOVERNANCE REPORT



COMPANY'S PHILOSOPHY

The level of governance within an organisation is best reflected in the functioning of the Board and it is now clearly evident that good governance mechanisms work only when there is a positive intent by the Board and Management to enforce it throughout the organisation. HSIL has always maintained that an integrated way of thinking is via responsibility of action. The Company strives to be a sustainable and trusted organisation as sustained governance is the cornerstone in building and maintaining relationships with the stakeholders. A company's relationship with its investors is an important component of corporate governance. An on-going interaction with investors and communicating information about the Company in a consistent and credible manner helps establish a transparent relationship. The Board of Directors believe in upholding the highest standards of accountability and actively participates in overseeing risks and strategic management. The Board fully supports and endorses corporate governance practices in accordance with the provisions of Clause 49 of the listing agreements. The Company has complied with the requirements of the said Clause and listed below is the status with regard to the same.

A. Board of Directors

The Company is managed and controlled by a professional Board comprising a blend of Executive and Non-executive professional Directors. As on 31 March 2012, the Board of Directors consisted of ten Directors including Chairman and Managing Director, Joint Managing Director and other Non-executive Independent Directors.

None of the Directors on the Company's Board is a Director in more than 15 Companies, neither a member of more than 10 Committees nor Chairman of more than 5 Committees. All the Directors have made necessary disclosures regarding their Directorship and Committee Membership / Chairmanship in other Companies.

No Director is related to any other Director on the Board except Mr. Rajendra K. Somany and Mr. Sandip Somany who are father and son. All Non-executive Directors are liable to retire by rotation.

The appointment of the Managing Director including the tenure and terms of remuneration are approved by the Members at their general meetings.

Six Board meetings were held during the year 2011-12 and the gap between two meetings did not exceed four months. The dates on which the Board meetings were held are as follows:

18 May 2011, 2 June 2011, 8 June 2011, 25 July 2011, 20 October 2011 and 30 January 2012.

Dates for the Board meetings are decided well in advance and the Agenda along with the supporting documents, explanatory notes and information as enumerated under Annexure IA to Clause 49 of the Listing Agreement are made available to the Board along with the notice of respective meetings. The Board periodically reviews compliance reports of all laws applicable to the Company. Steps are taken by the Company to rectify instances of non-compliance, if any.

The names and categories of the Directors on the Board along with their attendance at the Board meetings held during the year ended 31 March 2012 and at the last Annual General Meeting and the number of other Directorship and Chairmanship/ Membership of Committees held by them, are given below:

Name of the Director	No. of Board meetings attended during 2011-12	Whether attended the last AGM	No. of other Directorships*	Committee position of other Companies**		No. of Equity Shares held
				Chairman	Member	
Executive (Promoter)						
Mr. Rajendra K Somany (Chairman and Managing Director)	5	Yes	4	Nil	Nil	26,20,114
Mr. Sandip Somany (Joint Managing Director)	6	No	6	Nil	Nil	29,04,028
Non-executive and Independent						
Mr. Ashok Jaipuria	1	No	2	Nil	Nil	18,000
Mr. Binay Kumar	6	No	5	Nil	Nil	30,473
Mr. G. L. Sultania	6	Yes	13	4	4	6,705
Mr. N. G. Khaitan	4	Yes	9	1	6	832
Dr. Rainer Siegfried Simon***	3	No	Nil	Nil	Nil	Nil
Mr. S. B. Budhiraja	6	No	2	Nil	1	14,000
Mr. V. K. Bhandari	4	Yes	5	1	1	Nil
Mr. Vishal Marwaha	3	No	1	1	Nil	25,000

* This includes Directorship in public limited companies (including subsidiaries of public limited companies) and excludes Directorship in associations, private, foreign and Section 25 companies.

** Represents Chairmanship / Membership of Audit Committee and Shareholders' / Investors' Grievance Committee, whether listed or not.

*** Appointed w.e.f. 18 May 2011.

B. Committees of the Board

The Board of Directors has constituted following Committees of Directors with adequate delegation of powers to discharge requisite business of the Company:

- Audit Committee
- Remuneration Committee
- Shareholders' / Investors' Grievance Committee
- Share Transfer Committee
- Corporate Affairs Committee

The minutes of the meetings of all such committees are placed before the Board for discussion / noting.

Detail of the composition, number of meetings held during the year, attendance of members and scope of the committees are as below:

I. Audit Committee

● Composition

The Committee comprises of five Non-executive Independent Directors. Mr. V. K. Bhandari, an ex-banker and financial expert is the Chairman of the Committee. The quorum of the Committee is two members or one-third of members, whichever is higher. The Chairman and Managing Director, Presidents of Divisions, Finance Head, Statutory Auditors, Cost Auditors (Glass Division) and the Internal Auditors are invitees to the meetings of Audit Committee. The business and operation heads are invited to the meetings as and when required. The Company Secretary acts as the Secretary to the Committee.

● Meetings and Attendance

During the year, four meetings of the Audit Committee were held on 18 May 2011, 25 July 2011, 20 October 2011 and 30 January 2012.

The Chairman of the Audit Committee also attended the last Annual General Meeting of the Company.

The following table summarises attendance of committee members:

Name of Members	Status	No. of meetings attended
Mr. V. K. Bhandari	Chairman	4
Mr. Binay Kumar	Member	4
Mr. N. G. Khaitan	Member	4
Mr. S. B. Budhiraja	Member	4
Mr. Vishal Marwaha	Member	3

● Scope of the Audit Committee

The Audit Committee, inter alia, supports the Board to ensure an effective internal control environment. The Committee discharges such duties and functions generally indicated in Clause 49 of the Listing Agreement with the Stock Exchanges.

● Terms of reference

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, adequate and credible;
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditors and the fixation of audit fee;
- Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
- Reviewing with the management the Quarterly / Annual Financial Statements before submission to the Board for approval;
- Reviewing, with the management, performance of Statutory and Internal Auditors and adequacy of internal control system;
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, reporting structure coverage and frequency of internal audit;
- Reviewing reports of internal audit and discussion with Internal Auditors on any significant findings of any internal investigations by the Internal Auditors and the executive management's response on matters and follow-up thereon;
- Recommending to the Board, the appointment and fixation of remuneration of Cost Auditors;
- Reviewing reports of Cost audit and discussion with Cost Auditors on any significant findings by them;
- Reviewing the Company's financial and risk management policies;

- k) Looking into the reasons for substantial defaults, if any, in payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors;
- l) Reviewing the Management Discussion and Analysis of financial condition and results of operation;
- m) Reviewing the statement of significant related party transactions;
- n) Reviewing the Management letters / letters of internal control weaknesses issued by the Statutory Auditors.

II. Remuneration Committee

• Composition

The Committee comprises three members, all of them being Non-executive Independent Directors.

The Chairman of Committee is Mr. S. B. Budhiraja. The Company Secretary acts as the Secretary to the Committee.

• Meetings and Attendance

During the year Remuneration Committee met on 18 May 2011 and 30 January 2012. The following table summarises the attendance details of Committee members:

Name of Members	Status	No. of meetings attended
Mr. S. B. Budhiraja	Chairman	2
Mr. N. G. Khaitan	Member	2
Mr. V. K. Bhandari	Member	2

• Scope of the Remuneration Committee

The Remuneration Committee is empowered to review and recommend to the Board of Directors, remuneration and commission of the Executive Directors of the Company in accordance with the guidelines laid down under the statute.

• Remuneration policy

1. For Executive Directors

The remuneration of Executive Directors is recommended by the Remuneration Committee based on Company's performance and industry benchmarks and decided by the Board of Directors within the limits approved by the members. The Company pays remuneration by way of salary, perquisites, allowances and commission among others.

Annual increments are recommended by the Remuneration Committee as per salary grade approved by the Members of the Company.

The services of Chairman and Managing Director and Joint Managing Director may be terminated by giving six months' notice or alternatively six months' salary in lieu of six months' notice.

2. For Non Executive Directors

Non-executive Directors are remunerated by way of commission @1% of the net profits of the Company for each financial year computed in accordance with Section 309 of the Companies Act, 1956 as approved by the shareholders by way of special resolution passed at the 48th Annual General Meeting held on 4 September 2008.

Non-executive Directors are also entitled to sitting fees for attending the meetings of the Board and committees thereof. The Company also reimburses out of pocket expenses to Directors for attending the meetings.

Ministry of Corporate Affairs, New Delhi, approved the payment of remuneration (all inclusive other than out of pocket expenses) of ₹ 32,15,000/- per year to Dr. Rainer Siegfried Simon for 2 years w.e.f. 1 June 2011.

- **Detail of Remuneration of Directors**

The details of the remuneration paid to the Directors, during the financial year 2011-12 are as follows:-

Name	Basic	Perquisites	Commission (for the year 2010-11)	Contribution to PF	(Amount in ₹)	
					Sitting Fee	Total
Mr. Rajendra K. Somany	1,18,11,290	19,12,639*	5,50,25,801	14,17,355	-	7,01,67,085
Mr. Sandip Somany	88,00,000	3,00,387	5,50,25,801	10,56,000	-	6,51,82,188
Mr. V. K. Bhandari	-	-	19,65,207	-	20,000	19,85,207
Mr. S. B. Budhiraja	-	-	19,65,208	-	25,000	19,90,208
Mr. Ashok Jaipuria	-	-	19,65,207	-	**	19,65,207
Mr. N. G. Khaitan	-	-	19,65,207	-	20,000	19,85,207
Mr. Binay Kumar	-	-	19,65,207	-	19,000	19,84,207
Mr. Vishal Marwaha	-	-	19,65,207	-	10,500	19,75,707
Mr. G. L. Sultania	-	-	19,65,207	-	19,000	19,84,207
Dr. Rainer S. Simon	-	-	-	-	-	-
Total	2,06,11,290	22,13,026	12,38,08,052	24,73,355	1,13,500	14,92,19,223

* Includes leave encashment ₹ 16,78,333 to Mr. Rajendra K Somany.

** Mr. Ashok Jaipuria relinquished his entitlement of sitting fee.

The Company has not issued any stock options to its directors / employees.

- **Directors with materially significant, pecuniary or business relationship with the Company**

The transactions with related parties are furnished in note no. 38 to Annual Accounts as stipulated under Accounting Standard 18 (AS-18). Apart from related party transactions furnished in note no. 38, there are no transactions of material nature with Directors or their relatives etc. which may have potential conflict with the interest of the Company. The Register of Contracts required to be maintained under Section 301 of the Companies Act, 1956 containing the contracts in which the Directors are concerned or interested is placed at the meeting of Board of Directors for their approval and noting, on a periodical basis.

No pecuniary or business relationship exists between the Non-executive Directors and the Company. M/s G. L. Sultania & Co., Proprietor Mr. G. L. Sultania, Independent Director of the Company, was paid consultancy fees for rendering professional services which is not to be construed as material transaction with the Company.

III. Shareholders' / Investors' Grievance Committee

- **Composition**

The Committee comprises of four members all of them being Non-executive Independent Directors. The Chairman of Committee is Mr. S. B. Budhiraja. The Company Secretary acts as Secretary to the Committee and is also Compliance Officer of the Company.

- **Meetings and Attendance**

During the year, four meetings of the Committee were held on 18 May 2011, 25 July 2011, 20 October 2011 and 30 January 2012.

The following table summarises the attendance details of Committee members:

Name of Members	Status	No. of meetings attended
Mr. S. B. Budhiraja	Chairman	4
Mr. N. G. Khaitan	Member	4
Mr. V. K. Bhandari	Member	4
Mr. G. L. Sultania	Member	4

● **Scope of Shareholders' / Investors' Grievance Committee**

- Reviewing and redressing Shareholders and Investors complaints / grievances concerning transfer of shares, non-receipt of dividends and non-receipt of Annual Reports among others.
- Recommending measures for overall improvement in the quality of services being provided to the Shareholders/ Investors.

During the year total 38 complaints were received and duly resolved by the Company.

IV. Share Transfer Committee

● **Composition**

The Committee comprises of three members. The Chairman of the Committee is Mr. G. L. Sultania who is a Non-executive Director and the other two members are Executives of the Company.

● **Meetings and Attendance**

The Committee conducts monthly meetings for the approval of transfer of shares lodged with the Company. As on date, no requests for transfer of shares were pending. The Committee met twelve times during the year under review and all the members of the Committee were present at the meetings.

● **Scope of Share Transfer Committee**

The Board entrusts the Share Transfer Committee with the powers related to transfers, transmissions, consolidation, splitting, issue of share certificates in exchange of sub-divided / consolidated etc. and overseeing the performance of Registrar & Transfer Agents.

V. Corporate Affairs Committee

● **Composition**

Corporate Affairs Committee comprises two Executive Directors and two Non-executive Directors. Mr. Rajendra K Somany, Chairman and Managing Director of the Company is Chairman of the Committee. The Company Secretary acts as Secretary to the Committee.

● **Meetings and Attendance**

The Corporate Affairs Committee met on six occasions during the year 2011-12 on 19 May 2011, 2 June 2011, 16 August 2011, 19 October 2011, 26 November 2011 and 20 December 2011

The following table summarises the attendance details of Committee members:

Name of Members	Status	No. of meetings attended
Mr. R. K. Somany	Chairman	6
Mr. Sandip Somany	Member	6
Mr. Binay Kumar	Member	-
Mr. G. L. Sultania	Member	1

● **Scope of Corporate Affairs Committee**

The Corporate Affairs Committee terms of reference includes banking, taxation, corporate and financial management issues arising in day to day operations of the Company and its authorities are revised from time to time by Board of Directors to facilitate seamless operations of the Company.

C. Other Disclosures Recommended by SEBI

1. Subsidiary Companies

HSIL does not have any material non-listed Indian subsidiary whose turnover or net worth (i.e. paid-up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year. The minutes of the Board meetings as well as statements of all significant transactions of the unlisted subsidiary companies are circulated to the Board of Directors of the Company.

2. Particulars of Directors seeking Re-appointment / Appointment

All the Directors of the Company except Chairman and Managing Director and Joint Managing Director are liable to retire by rotation of which one-third retire every year and are eligible for re-appointment.

In accordance with the applicable provisions of the Companies Act, 1956 read with the Articles of Association of the Company, Mr. V. K. Bhandari, Mr. S. B. Budhiraja and Mr. Binay Kumar, Directors of the Company will retire by rotation at the ensuing Annual General Meeting. Mr. V. K. Bhandari, being eligible, offers himself for re-appointment. Mr. S. B. Budhiraja and Mr. Binay Kumar have expressed their inability to be re-appointed at the forthcoming Annual General Meeting.

Mr. Salil Kumar Bhandari is appointed as an Additional Director on the Board with effect from 29 May 2012 and holds office till the ensuing Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 has been received from a member of the Company, proposing appointment of Mr. Salil Kumar Bhandari as a Director of the Company at the forthcoming Annual General Meeting.

For detailed particulars on the Directors seeking re-appointment / appointment, please refer to Explanatory Statement to the Notice of the Annual General Meeting scheduled to be held on 19 September 2012.

3. General Body Meetings

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Venue
2010-11	19 September 2011	11.30 A.M.	Somany Conference Hall, Merchants' Chamber of Commerce, 15B, Hemanta Basu Sarani, Kolkata – 700 001
2009-10	22 September 2010	11.30 A.M.	Same as above
2008-09	19 September 2009	11.30 A.M.	Same as above

Four Special Resolutions were passed at the Annual General Meetings held during last three financial years.

During the Financial year 2011-12, no Special Resolution was passed through Postal Ballot. Also no Extra Ordinary General Meeting was held during the year under review.

4. Disclosures

1) Disclosure of Accounting Treatment

The Company followed the guidelines of Accounting Standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements.

2) Risk management

The Company has an effective risk management procedure in place. The Company has formulated risk management in its procedures itself. It regularly analyses the risks and takes corrective action for managing / mitigating

the same. The internal control system provides support for risk management for the Company at various levels of operations of business. The Company has Foreign Exchange Risk Assessment Policy in place to effectively monitor and mitigate Foreign Exchange Risk.

3) Strictures / Penalties

No strictures / penalties were imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

4) Proceeds from public issues, right issues, preferential issues

During the year 2011-12, the Company did not raise money from public issue and right issue.

5) Management

i) The Management Discussion and Analysis Report forms a part of the Annual

Report and is in accordance with the requirements laid down in Clause 49 of the Listing Agreement.

- ii) No material transaction was entered into by the Company with the Promoters, Directors or the Senior Management that may have a potential conflict with interests of the Company.

5. Means of Communication

The Quarterly, Half yearly and Annual results are submitted to the Stock Exchange(s) in accordance with Listing Agreement. Further the quarterly / half yearly / annual results in the prescribed format along with press release are published within 48 hours in any prominent daily newspaper i.e. The Economic Times / Business Standard / Financial Express and Kalantar (vernacular newspaper). All vital information of the performance of the Company including Financial Results, Annual Reports of last three years and Shareholding Pattern have been posted on the Company's website www.hindwarehomes.com

HSIL makes financial presentations to Institutional Investors and mutual funds etc. who have invested or intends to invest in the Company.

6. HSI Code of Conduct for Prevention of Insider Trading

The Company has formulated and implemented a Code of Conduct for Prevention of Insider Trading in accordance with the guidelines specified under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 as amended till

date. The Code of Conduct for Prevention of Insider Trading, inter alia, prohibits purchase / sale of shares of the Company by employees while in possession of unpublished price sensitive information in relation to the Company. The necessary procedures have been laid down for Directors, designated employees, connected persons and persons deemed to be connected for trading in the securities of the Company.

The said Code of Conduct is available on the Company's website.

7. Compliance Report on Non-Mandatory Requirements under Clause 49

The Company has adopted the non-mandatory requirement of Clause 49 to the extent of Remuneration Committee which has been discussed in the earlier section of this Report.

D. Shareholders Information

i) Contact Information

Registered Office

2, Red Cross Place,
Kolkata - 700 001
Phone: +91 - 33 -2248 7406/07
Fax: +91 - 33 - 2248 7045
email: hsilinvestors@hindware.co.in

Corporate Office

301-302, Park Centra
Sector-30, National Highway - 8
Gurgaon, Haryana
Phone: +91- 124-477 9200
Fax: +91-124-429 2898-99

(ii) Plant locations

Location	Address
Haryana	
Building Products Division	District Jhajjar, Bahadurgarh – 124507, Haryana
Andhra Pradesh	
Building Products Division	Somanypuram, Brahmanapally, Bibinagar, District Nalgonda – 508126, Andhra Pradesh
Glass Division-I	Glass Factory Road, Off Motinagar, P.B No. 1930, Sanathnagar P.O. Hyderabad - 500 018, Andhra Pradesh
Glass Division-II	Glass Factory Road, Thukkapur Road, Bhongir, District Nalgonda - 508116, Andhra Pradesh
Rajasthan	
Faucet Division	G 470-471, Phase I, RIICO Industrial Area, Bhiwadi - 301019, Rajasthan

(iii) Company Secretary

Ms. Payal M. Puri

(iv) Annual General Meeting

The 52nd Annual General Meeting is proposed to be held on 19 September 2012 at 2:30 P.M. at Somany Conference Hall, MCC Chamber of Commerce & Industry, 15B, Hemanta Basu Sarani, Kolkata -700 001.

(v) Financial Calendar

The Company follows April to March as its financial year. The results for every quarter beginning from April will be declared within 45 days of the end of quarter except for the last quarter, which will be submitted along with the annual audited results within 60 days of end of last quarter as permitted under the Listing Agreement.

(vi) Date of Book Closure

11 September 2012 to 19 September 2012 (both days inclusive).

(vii) Dividend Payment Date

Latest by 26 September 2012.

(viii) Listing on Stock Exchanges

The Stock Exchanges at which the equity shares of the Company are listed and the respective stock codes are:

National Stock Exchange of India Ltd. (NSE) : HSIL

Bombay Stock Exchange Ltd. (BSE) : 500187

ISIN of Company's equity shares having face value of ₹ 2 each is INE 415A 01038. Listing fees for the financial year 2012-13 has been paid to the stock exchanges.

(ix) Registrar and Transfer Agent

M/s. Maheshwari Datamatics Private Limited is Company's Registrar and Share Transfer Agent (RTA) for its equity shares. The contact details of RTA are:

Maheshwari Datamatics Private Limited

6, Mangoe Lane, Kolkata – 700 001

Phone +91-33- 2243 5809/5029

Fax +91-33- 2248 4787

Email: mdpl@cal.vsnl.net.in

(x) Share Transfer System

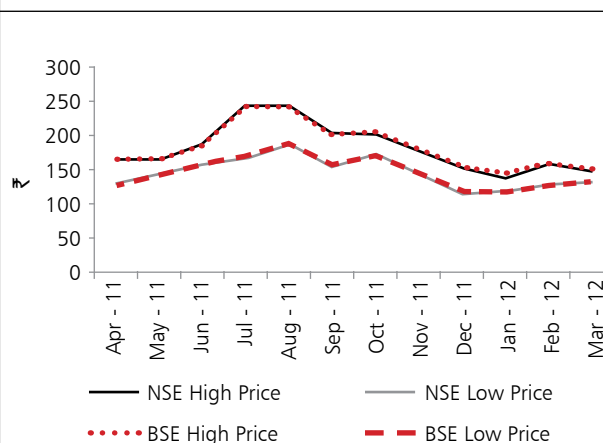
The Company has constituted Share Transfer Committee to approve transfer of securities. Share transfers which are received in physical form are processed and the share certificates returned within a period of 14 days from the date of receipt, subject to the documents being valid and complete in all respects. The dematerialised shares are transferred directly to the beneficiaries through the depositories.

(xi) Market Price Data

Monthly stock market data of high-and-low prices of equity shares of the Company during 2011-12 and their performance in comparison with the broad-based index comprise:

Monthly Stock Market Data

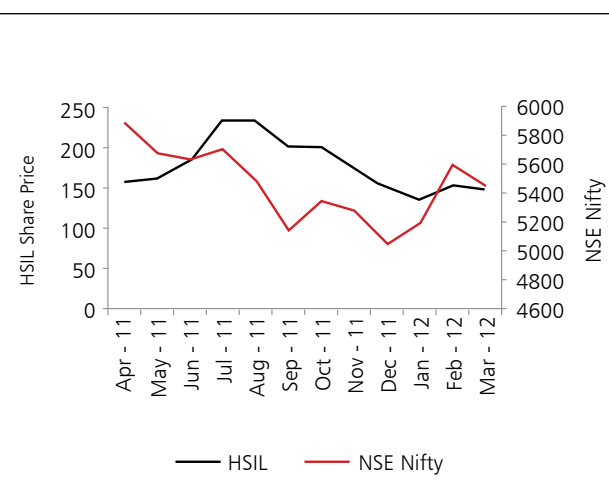
Month	NSE		BSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April' 11	167.80	131.75	167.90	130.05
May' 11	167.90	147.00	168.50	148.25
June' 11	189.05	162.00	189.00	164.00
July' 11	245.85	171.00	245.80	173.10
August' 11	244.85	190.10	244.60	190.20
September' 11	206.90	158.00	206.85	158.15
October' 11	205.80	174.00	207.00	173.65
November' 11	183.50	146.10	181.00	146.10
December' 11	154.90	118.00	154.80	120.10
January' 12	141.00	118.70	146.90	120.40
February' 12	160.00	129.00	160.45	130.00
March' 12	150.90	135.15	152.00	135.60

Monthly NSE and BSE prices of equity shares

Performance comparison with broad-based index

Month	HSIL	NSE Nifty
April' 11	160.35	5,911.50
May' 11	164.80	5,701.30
June' 11	186.35	5,647.40
July' 11	236.75	5,728.95
August' 11	236.85	5,516.80
September' 11	205.80	5,153.25
October' 11	203.85	5,360.70
November' 11	177.00	5,289.35
December' 11	151.85	5,062.60
January' 12	137.85	5,204.70
February' 12	155.30	5,607.15
March' 12	148.90	5,463.90

Monthly closing prices of HSIL and NSE Nifty



(xii) Distribution of Shareholding as on 31 March 2012

Number of Shares held	Shareholders		Shares	
	Number	% of Total	Number	% of Total
Upto 500	9,917	74.69	14,74,090	2.23
501-1000	1,886	14.20	14,61,724	2.21
1001-2000	742	5.59	10,87,271	1.65
2001-3000	220	1.66	5,43,134	0.82
3001-4000	98	0.74	3,39,848	0.51
4001-5000	90	0.68	4,17,124	0.63
5001-10000	144	1.08	10,66,336	1.62
10001 and above	180	1.36	5,96,56,868	90.33
Total	13,277	100.00	6,60,46,395	100.00

(xiii) Category of Shareholders as on 31 March 2012

Category	No. of Shares of ₹ 2 each	% of Total
Promoter, Directors and Relatives	3,41,63,424	51.73
Mutual Fund / UTI	17,02,573	2.58
Financial Institutions / Banks	17,531	0.03
Insurance Companies	500	0.00
Foreign Institutional Investors	1,32,62,753	20.08
Foreign Companies	58,12,600	8.80
Domestic Companies / Bodies Corporate	27,61,615	4.18
Non-Resident Individual	1,77,663	0.27
Others	81,47,736	12.33
Total	6,60,46,395	100.00

(xiv) Dematerialisation of Shares

The detail of shares dematerialised and those held in physical form as on 31 March 2012

Particulars of Shares	Shares of ₹ 2 each		Shareholders	
	Number	% of Total	Number	% of Total
Dematerialised Form				
National Securities Depository Ltd. (NSDL)	6,26,72,155	94.89	7,526	56.68
Central Depository Services (India) Ltd. (CDSL)	19,99,758	3.03	3,076	23.17
Physical Form	13,74,482	2.08	2,675	20.15
Total	6,60,46,395	100.00	13,277	100.00

(xv) The Company has not issued any GDRs / ADRs / Warrants or any convertible instruments.

E. Code of Conduct

The Board of Directors of the Company laid down and adopted a Code of Conduct under Corporate Governance for all the Directors and the Senior Management Personnel of your Company. The said Code of Conduct has also been posted on the website of the Company. The Board members and Senior Management Personnel have affirmed their compliance with the Code of Conduct for the year 2011-12.

A declaration signed by the Chairman and Managing Director of the Company to this effect is enclosed at the end of this report.

F. CEO and CFO Certification

The Certificate as required under Clause 49(V) of the Listing Agreement, duly signed by the Chairman and Managing Director and Vice President (Corporate Finance), was placed before the Board and the same is provided as Annexure to this report.

G. Certification by Auditors

As required under Clause 49 of the Listing Agreement, the Statutory Auditors of the Company, M/s Walker Chandiok & Co., have verified the compliances of the Corporate Governance by the Company. We have obtained a Certificate affirming the compliance from M/s Walker Chandiok & Co., Statutory Auditors of the Company and the same is annexed to this Report and forms a part of the Annual Report.

Declaration by Chairman and Managing Director under Clause 49 of the Listing Agreement regarding adherence to Code of Conduct

In accordance with sub clause 1(D) of Clause 49 of the Listing Agreement with the Stock Exchanges, I hereby confirm that all the Directors and the Senior Management Personnel have affirmed compliance with their respective code of conduct as applicable to them, for the year ended on 31 March 2012.

Rajendra K Somany

Chairman and Managing Director

Place: Gurgaon

Date: 29 May 2012

CEO / CFO CERTIFICATION

To Board of Directors

We hereby certify that:

- a) We have reviewed financial statements of HSIL Limited ('the Company') for the period upto 31 March 2012 and that to the best of our knowledge and belief:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There were, to the best of our knowledge and belief, no transactions entered into by the Company during the above said period which were fraudulent, illegal or violate the Company's Code of Conduct.
- c) We accept the responsibility of establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the Auditors and the Audit Committee deficiencies in the design or operation of internal controls, if any, and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee:
 - i. significant changes in internal control over financial reporting during the above said period;
 - ii. significant changes in accounting policies, if any, during the above said period and that the same have been disclosed in the notes to the financial statements; and
 - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the internal control system over financial reporting.

V. K. Ajmera

Vice President (Corporate Finance)

Rajendra K Somany

Chairman and Managing Director

Place : Gurgaon

Date : 29 May 2012

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members

HSIL Limited

We have examined the compliance of conditions of Corporate Governance by HSIL Limited ("the Company") for the year ended on 31 March 2012, as stipulated in clause 49 of the listing agreement of the Company with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of Corporate Governance as stipulated in said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and as per representations made by Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Walker, Chandiok & Co.

Chartered Accountants

Firm Registration No. 001076N

per **B.P. Singh**

Partner

Membership no. 70116

Place : Gurgaon

Date : 29 May 2012



TRAORDINARY ACCOMPLISHMENTS

Vitreous china technology

Battery casting technology

Computer-controlled,
open flame tunnel-kiln
technology

Concept of waterless
urinals

Range of green building
products

First dual flush concept
and the 1.5 litre water per-
flush technology

First of its kind post-sales
customer service

Hot-end coating
technology for container
glass

FINANCIAL STATEMENTS

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STANDALONE

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CONSOLIDATED

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AUDITORS' REPORT

To

The Members of HSIL Limited

1. We have audited the attached Balance Sheet of HSIL Limited ('the Company'), as at 31 March 2012, and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto (collectively referred as the 'financial statements'). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 ('the Order') (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Without qualifying our opinion, we draw attention to Note 49 to the financial statements regarding the scheme of arrangement ('the scheme'), approved by Hon'ble Calcutta High Court. In terms of the scheme, the Company has revalued only a portion of its freehold land by crediting the resulting gain of ₹ 22,500 lacs to the Business Reconstruction Reserve Account ("the BRR account"). The applicable accounting standards and generally accepted accounting principles do not provide for revaluation of part of a class of asset. However, the Company has followed the accounting treatment as prescribed under the scheme approved by the Hon'ble High Court. Had the Company followed the generally accepted accounting principles, freehold land and reserves as on 31 March 2012 would have been lower by ₹ 22,500 lacs.
5. Further to our comments in the Annexure referred to above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The financial statements dealt with by this report are in agreement with the books of account;
 - (d) On the basis of written representations received from the directors, as on 31 March 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (e) In our opinion and to the best of our information and according to the explanations given to us, the financial statements dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act and give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, in the case of:
 - (i) The Balance Sheet, of the state of affairs of the Company as at 31 March 2012;
 - (ii) The Statement of Profit and Loss, of the profit for the year ended on that date; and
 - (iii) The Cash Flow Statement, of the cash flows for the year ended on that date.

For **Walker, Chandio & Co**
Chartered Accountants
Firm Registration No.: 001076N



per **B. P. Singh**

Partner

Place : Gurgaon
Date : 29 May 2012

Membership No.: 70116

ANNEXURE TO THE AUDITORS' REPORT

of even date to the members of HSIL Limited, on the financial statements for the year ended 31 March 2012

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) In our opinion, a substantial part of fixed assets has not been disposed off during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) The Company has granted unsecured loans to two parties covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year is ₹ 1,500 lacs and the year-end balance is ₹ 900 lacs.
- (b) In our opinion, the rate of interest and other terms and conditions of such loans are not, prima facie, prejudicial to the interest of the Company.
- (c) In respect of loans granted, the interest and principal amounts are repayable on demand and since the repayment of such loans has not been demanded, in our opinion, repayment of the interest and principal amount is regular.
- (d) There is no overdue amount in respect of loans granted to such companies, firms or other parties.
- (e) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(f) and 4(iii)(g) of the Order are not applicable.

ANNEXURE TO THE AUDITORS' REPORT

of even date to the members of HSIL Limited, on the financial statements for the year ended 31 March 2012

- (iv) In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) (a) In our opinion, the particulars of all contracts or arrangements that need to be entered into the register maintained under Section 301 of the Act have been so entered.
- (b) In our opinion, the transactions made in pursuance of such contracts or arrangements and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975. Accordingly, the provisions of clause 4(vi) of the Order are not applicable.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- (viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) (a) The Company is regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.

ANNEXURE TO THE AUDITORS' REPORT

of even date to the members of HSIL Limited, on the financial statements for the year ended 31 March 2012

- (b) The dues outstanding in respect of sales-tax, income-tax, custom duty, wealth-tax, excise duty, cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ in lacs)	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act, 1944	Duty on captive consumption of plaster of paris	5.00	FY 1990 - 1991	Customs, Excise and Service tax Appellate Tribunal. Out of this, ₹ 2.50 lacs has been paid under protest
The Central Excise Act, 1944	Duty on cisterns cleared with fittings	27.80	FY 1987 - FY 1989	Commissioner of Central Excise, Rohtak
The Central Excise Act, 1944	Duty on C.I boring/ brass / copper boring / capital goods scrap / waste paper / waste shrink / stretch film	103.98	FY 2005-06	Commissioner of Customs & Central Excise (Appeals). Out of this demand, ₹ 10.74 lacs has been deposited by the Company under protest.
The Central Excise Act, 1944	Duty on Structural steel	166.12	FY 2009-10	Commissioner of Customs & Central Excise (Appeals). Out of this demand, ₹ 40.00 lacs have been deposited by the Company under protest.
Delhi Sales Tax Act, 1975	Sales tax demand due to non submission of statutory forms	189.99	FY 1998-99 to 2009-10	Commissioner (Appeals), sales tax. Out of this demand, ₹ 32.28 lacs has been deposited by the Company and assessment for the year 1998-99 to 2004-05 involving disputed tax of ₹ 106.76 lacs has been remanded back to the Assessing Officer.
APVAT Act	Duty on interunit transfer of bottles	33.72	FY 2009-10 and 2010-11	Additional Commissioner of Commercial taxes - Legal. Out of this demand, ₹ 16.86 lacs have been deposited by the Company under protest.
Finance Act, 1994	Availment of cenvat credit on Service Tax for outward freight	3.33	FY 2004-05 to FY 2006 -07	Customs, Excise and Service tax Appellate Tribunal.
APVAT Act	Demand raised for VAT	20.88	FY 2004-05 and 2006-07	Deputy Commissioner

ANNEXURE TO THE AUDITORS' REPORT

of even date to the members of HSIL Limited, on the financial statements for the year ended 31 March 2012

- (x) In our opinion, the Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and the immediately preceding financial year.
- (xi) The Company has not defaulted in repayment of dues to any bank or financial institution during the year. The Company did not have any outstanding debentures during the year.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund / society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable.
- (xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.
- (xv) In our opinion, the terms and conditions on which the Company has given guarantee for loans taken by others from banks or financial institutions are not, prima facie, prejudicial to the interest of the Company.
- (xvi) In our opinion, the Company has applied the term loans for the purpose for which these loans were obtained.
- (xvii) In our opinion, no funds raised on short-term basis have been used for long-term investment.
- (xviii) During the year, the Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable.
- (xix) The Company has neither issued nor had any outstanding debentures during the year. Accordingly, the provisions of clause 4(xix) of the Order are not applicable.
- (xx) The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable.
- (xxi) According to the information and explanations given to us, except for fraudulent withdrawal of funds at one of the unit of the Company, described in note 44 to the financial statements, no fraud on or by the Company has been noticed or reported during the period covered by our audit. As further informed to us, the Company has taken adequate follow up action, including strengthening of systems.

For **Walker, Chandiok & Co**
Chartered Accountants
Firm Registration No.: 001076N



per **B. P. Singh**

Partner

Place : Gurgaon

Date : 29 May 2012

Membership No.: 70116

BALANCE SHEET

	Notes	As at 31 March 2012	₹ in lacs As at 31 March 2011
EQUITY AND LIABILITIES			
Shareholders' fund			
Share capital	3	1,320.97	1,320.97
Reserves and surplus	4	1,00,002.59	68,795.51
		1,01,323.56	70,116.48
Non-current liabilities			
Long-term borrowings	5	53,346.64	28,403.98
Deferred tax liabilities (net)	6	7,382.86	7,311.84
Other long term liabilities	7	1,262.46	1,178.23
Long-term provisions	8	293.79	233.17
		62,285.75	37,127.22
Current liabilities			
Short-term borrowings	9	23,213.09	5,125.29
Trade payables	10	10,625.97	8,283.93
Other current liabilities	11	25,841.13	15,433.28
Short-term provisions	12	2,764.57	2,219.34
		62,444.76	31,061.84
		2,26,054.07	1,38,305.54
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	13	1,06,030.31	77,796.84
Intangible assets	13	167.54	188.27
Capital work-in-progress	41	33,295.14	2,953.46
		1,39,492.99	80,938.57
Non-current investments	14	18,646.72	7,621.16
Long-term loans and advances	15	5,567.40	3,625.65
Other non-current assets	16	541.31	535.84
		1,64,248.42	92,721.22
Current assets			
Current investments	17	-	2,417.07
Inventories	18	27,327.53	20,698.96
Trade receivables	19	22,471.22	16,148.08
Cash and bank balances	20	7,140.49	2,003.44
Short-term loans and advances	21	4,757.96	4,276.58
Other current assets	22	108.45	40.19
		61,805.65	45,584.32
		2,26,054.07	1,38,305.54

Notes 1 to 50 form an integral part of these financial statements

This is the balance sheet referred to in our report of even date.

For and on behalf of the Board of Directors

For **Walker, Chandiok & Co**

Chartered Accountants



Per B. P. Singh

Partner

Place : Gurgaon

Date : 29 May 2012

Sandip Somany

Joint Managing Director

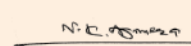


Payal M. Puri

Company Secretary

Rajendra K. Somany

Chairman and Managing Director



V. K. Ajmera

Vice President (Corporate Finance)

STATEMENT OF PROFIT AND LOSS

	Notes	Year ended 31 March 2012	₹ in lacs Year ended 31 March 2011
INCOME			
Income from operations (gross)	23	1,43,862.99	1,12,612.89
Less: Excise duty on sale of goods		9,929.88	7,395.55
Income from operations (net)		1,33,933.11	1,05,217.34
Other income	24	552.88	364.49
		1,34,485.99	1,05,581.83
EXPENSES			
Cost of raw materials consumed	25	22,800.85	17,500.59
Purchases of traded goods	26	21,274.04	15,855.94
Changes in stock of finished goods and work in progress	27	(3,295.54)	(2,843.50)
Employee benefits expense	28	14,017.79	11,508.78
Other expenses	29	53,860.99	41,900.60
		1,08,658.13	83,922.41
Profits before finance costs, tax, depreciation and amortisation		25,827.86	21,659.42
Depreciation and amortisation expense	13	5,670.28	5,349.81
Finance costs	30	3,891.21	3,563.27
Profit before tax		16,266.37	12,746.34
Tax expense			
Current tax		3,675.15	2,496.98
MAT credit utilised / (entitlement)		1,490.55	(404.85)
Net current tax		5,165.70	2,092.13
Deferred tax		71.02	1,899.99
		5,236.72	3,992.12
Profit for the year		11,029.65	8,754.22
Tax adjustment for earlier years (refer note 48)		(19.75)	(19.02)
Profit after tax		11,009.90	8,735.20
Earnings per equity share (₹)	31		
Basic and diluted earning per share before prior period item		16.70	14.50
Basic and diluted earning per share after prior period item		16.67	14.47

Notes 1 to 50 form an integral part of these financial statements

This is the statement of profit and loss referred to in our report of even date.

For **Walker, Chandiok & Co**

Chartered Accountants



Per B. P. Singh

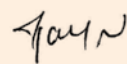
Partner

Place : Gurgaon

Date : 29 May 2012

Sandip Somany

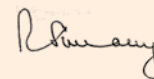
Joint Managing Director



Payal M. Puri

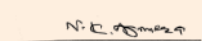
Company Secretary

For and on behalf of the Board of Directors



Rajendra K Somany

Chairman and Managing Director



V. K. Ajmera

Vice President (Corporate Finance)

CASH FLOW STATEMENT

	Year ended 31 March 2012	Year ended 31 March 2011
₹ in lacs		
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	16,266.37	12,746.34
Adjustments for:		
Depreciation and amortisation	5,670.28	5,349.81
Profit on disposal of fixed assets	(203.48)	(162.95)
Loss on disposal of fixed assets	2.80	10.02
Finance costs	3,891.21	3,563.27
Dividend	(75.10)	(76.02)
Interest income	(212.65)	(82.64)
Loss on sale of current investments	24.82	-
Profit on sale of investments	(0.02)	(2.93)
Bad debts and provision for doubtful debts and advances	133.61	(296.08)
Sundry balances and liabilities no longer required written back	(163.80)	(275.19)
Operating profit before working capital changes	25,334.04	20,773.63
Adjustments for :		
Increase in inventories	(6,628.57)	(3,936.93)
Increase in trade / other receivable	(8,771.53)	(273.68)
Increase in trade / other payables	8,872.83	4,446.59
Cash generated from operations	18,806.77	21,009.61
Direct taxes paid	(3,505.00)	(1,667.31)
Net cash from operating activities	15,301.77	19,342.30
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets including capital work in progress	(41,818.77)	(10,160.67)
Proceeds from sale of fixed assets	294.73	330.65
Purchase of investments	(11,025.56)	(8,557.53)
Purchase of business unit pursuant to business transfer agreement with Havells India Limited	-	(1,643.91)
Sale proceeds of investments	2,392.27	4,062.93
Movement in restricted cash	(6.05)	(207.66)
Interest received	180.79	86.57
Dividend received	75.10	76.02
Net cash used in investing activities	(49,907.49)	(16,013.60)

CASH FLOW STATEMENT

₹ in lacs

Year ended
31 March 2012

Year ended
31 March 2011

C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings	34,036.95	3,891.80
Repayment of long term borrowings	(6,834.64)	(4,635.17)
Movement in short term borrowings (net)	18,087.80	(11,551.45)
Issue of share capital	-	14,524.61
Interest paid	(3,661.63)	(3,564.22)
Dividend paid	(1,642.72)	(1,098.10)
Taxes on dividend	(267.86)	(187.03)
Net cash (used in) from financing activities	39,717.90	(2,619.56)
Net increase in cash and cash balances	5,112.18	709.14
Receipts on account of business transfer agreement with Havells India Limited	-	0.50
Cash and cash balances at the beginning of the year	1,742.18	1,032.54
Cash and cash balances at the close of the year	6,854.36	1,742.18
Note:		
Cash and cash balances include:		
Cash and cheques in hand and remittances in transit	6,629.17	1,615.95
Balances with bank	225.19	126.23
Cash and cash balances	6,854.36	1,742.18
Balances in fixed deposit accounts - pledged	746.43	748.78
Balances in unpaid dividend accounts	55.23	46.79
Bonus fraction 2005 account	0.34	0.34
Share split fraction 2006 account	0.30	0.30
Balance in post office savings account - pledged	-	0.04
Balance with bank not considered as cash balances	802.30	796.25
Cash and bank balances as per balance sheet	7,656.66	2,538.43

This is the cash flow statement referred to in our report of even date.

For and on behalf of the Board of Directors

For **Walker, Chandiok & Co**

Chartered Accountants

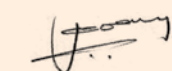


Per B. P. Singh

Partner

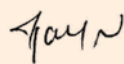
Place : Gurgaon

Date : 29 May 2012



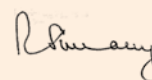
Sandip Somany

Joint Managing Director



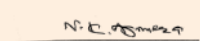
Payal M. Puri

Company Secretary



Rajendra K Somany

Chairman and Managing Director



V. K. Ajmera

Vice President (Corporate Finance)

NOTES to the financial statements for the year ended 31 March 2012

NOTE 1 BASIS OF PREPARATION

The financial statements are prepared on accrual basis under the historical cost convention, as supplemented by revaluation of certain fixed assets, in accordance with the generally accepted accounting principles in India and to comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956 including the Rules framed there under, except as specifically stated in note 49 and also the Scheme of Arrangement as approved by the Hon'ble High Court of Calcutta. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

i Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and the disclosure relating to contingent liabilities as at the date of financial statements and reported amounts of income and expenses during the period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimates. Any revision to accounting estimates is recognised in the current and future periods.

ii Revenue recognition

Sale of goods

Revenue from sale of goods is recognised when significant risks and rewards in respect of ownership of the goods are transferred to the customer and is stated inclusive of excise duty and net of trade discounts, sales return and sales tax wherever applicable.

Other income

1. Interest income is recognised on a time proportion basis at the applicable rates.
2. Export incentives are recognised on actual realisation basis.
3. Dividend income is recognised when the right to receive the income is established.

iii Export benefit / incentives

Benefit under the advance license scheme and duty free replenishment certificate are accounted for at the time of purchase of imported raw material or sale of the license.

iv Fixed assets

Tangible

Tangible assets are stated at cost of acquisition less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price (net of cenvat credit availed) and any attributable cost of bringing the asset to its working condition for its intended use. Expenditure on account of restoration / modification / alteration in plant and machinery / building, which increases the future benefit from the existing asset beyond its previously assessed standard of performance / estimated useful life, is capitalised.

Intangible

Intangible assets are recognised if and only if it is probable that the future economic benefits that are attributable to the assets will flow to the Company.

v Depreciation and amortisation

A Tangible

Depreciation on fixed assets has been provided on straight line method at the rates and in the manner prescribed under schedule XIV ("schedule") to the Companies Act, 1956, except the following:

- i) on assets acquired and put to use on or before 1 July 1987 in the Glass Division, Sanathnagar, Andhra Pradesh of the Company and on vehicles acquired till date in all the divisions of the Company, depreciation is provided on written down value method at the rates and in the manner prescribed in the schedule;

NOTES

to the financial statements for the year ended 31 March 2012

- ii) on furnaces (included in plant and machinery) having a cost of ₹ 12,054.82 lacs (previous year ₹ 11,604.27 lacs) used in the glass divisions, depreciation is provided on straight line method, as technically assessed from time to time, based on expected useful lives of the furnaces. The rate presently being 16.21% per annum which is the rate as prescribed in the schedule;
- iii) leasehold improvements are amortised over the period of the lease or estimated useful life of the leasehold improvements, whichever is less.
- iv) pre-operative expenditure including borrowing cost (net of revenue, where applicable) and foreign exchange differences on specific project loans incurred during the construction / trial run of the project is allocated on an appropriate basis to fixed assets upon commissioning.

B Intangible

- i) Technical knowhow is being amortised over a period of ten years; and
- ii) Computer software (included in Computers in Note 13) are amortised over a period of six years

The depreciation and amortisation rates are indicative of the expected useful lives of the assets.

vi Borrowing cost

Borrowing costs that are attributable to the acquisition and / or construction of qualifying assets are capitalised as part of the cost of such assets, in accordance with Accounting Standard 16 "Borrowing Costs" as notified by Companies (Accounting Standard) Rules, 2006. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. Capitalisation of borrowing costs is suspended in the period during which the active development is delayed due to, other than temporary interruption. All other borrowing costs are charged to the statement of profit and loss as incurred.

vii Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments.

Current investments are valued at the lower of cost and fair value. Long-term investments are stated at cost.

Provision is made for diminution in the value of long-term investments to recognise a decline, if any, other than temporary in nature.

Profit / loss on sale of investments are computed with reference to their cost determined on first in first out basis

viii Inventories

a) Inventories are valued as follows:

Raw materials including components, packing materials, stores and spares and goods in transit - At lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Work- in-process - At cost up to estimated stage of completion.

Finished goods and goods purchased for resale - At lower of cost and net realisable value.

b) Cost of inventories is ascertained on the following basis:

Raw materials, stores and spare parts and packing materials - On weighted average basis.

Finished goods purchased for resale - On weighted average basis.

Cost of manufactured finished goods and stock in process comprises of material, labour and other related production overheads including depreciation.

ix Foreign currency transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of transaction. Differences arising out of foreign currency transactions settled during the year are recognised in the statement of profit and loss.

NOTES to the financial statements for the year ended 31 March 2012

Monetary items outstanding at the balance sheet date and denominated in foreign currencies are restated at the exchange rates prevailing at the balance sheet date. Differences arising on such restatement are recognised in the statement of profit and loss except to the extent permitted by the transitional provisions contained in the Companies (Accounting Standards) Amendment Rules, 2009 in respect of long term foreign currency monetary items, in which case the cost of fixed assets are adjusted by the translation differences and amortised over the remaining useful life of the related asset.

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

Forward exchange contracts and other currency derivative contracts that are not in principle forward contracts in accordance with Accounting Standard 11 'Effect of change in Foreign Exchange Rates' that are entered to hedge the foreign currency risk of highly probable forecast transactions and firm commitments are marked to market at the balance sheet date and exchange loss is recognised in the statement of profit and loss immediately. Any gain is ignored and not recognised in the financial statements, in accordance with the principles of prudence enunciated in Accounting Standard 1- Disclosure of Accounting Policies.

x Taxes on income

Tax expense comprises current income tax and deferred income tax.

Current tax is determined as the amount of tax payable in respect of taxable income for the year, in accordance with the Income Tax Act, 1961.

Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable / virtual certainty, depending on the nature of the timing differences, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Minimum Alternate Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT credit entitlement. the Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent it is not reasonably certain that the Company will pay normal income tax during the specified period.

xi Research and development

Research and development expenditure is charged to statement of profit and loss except capital expenditure, which is added to the cost of respective fixed assets in the year in which it is incurred.

xii Leases

a) Operating Lease

Lease rentals in respect of assets taken on operating lease are charged to the statement of profit and loss on a straight-line basis over the term of the lease.

b) Finance Lease

Assets acquired on finance lease which transfer risk and rewards of ownership to the Company are capitalised as assets by the Company at the lower of fair value of the leased property or the present value of the related lease payments or where applicable, estimated fair value of such assets. Amortisation of capitalised leased assets is computed on the straight line method over the useful life of the assets. Lease rental payable is apportioned between principal and finance charge using the internal rate of return method. The finance charge is allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of liability.

NOTES to the financial statements for the year ended 31 March 2012

xiii Employee benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Accounting Standard 15 Employee Benefits (Revised 2005) "Revised AS 15" as notified by Companies (Accounting Standards) Rules, 2006

a) Provident fund

the Company makes contributions to two independently constituted trusts recognised by income tax authorities and regional provident fund. In terms of the Guidance note on implementing the revised AS – 15, issued by the Accounting Standard Board of the Institute of Chartered Accountants of India (the 'ICAI'), the provident fund set up by the Company is treated as a defined benefit plan since the Company has to meet the interest shortfall, if any. Accordingly, the contribution paid or payable and the interest shortfall, if any is recognised as an expense in the period in which services are rendered by the employee.

b) Gratuity

Gratuity is a post employment defined benefit plan. The liability recognised in respect of gratuity is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded as expense or income in the statement of profit and loss in the year in which such gains or losses arise.

c) Compensated absence

Liability in respect of compensated absences becoming due or expected to be availed within one year from the balance sheet date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of compensated absences becoming due or expected to be availed more than one year after the balance sheet date is estimated on the basis of actuarial valuation performed by an independent Actuary using the projected unit credit method. Actuarial gains or losses are recognised in the statement of profit and loss in the year they arise.

d) Other short term benefits

Expenses relating to other short term benefits including performance bonus is recognised on the basis of amount paid or payable for the period during which services are rendered by the employee.

xiv Earnings per share

Basic earnings per share is calculated by dividing net profit or loss for the year attributable to equity shareholders by weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue, share split and any new equity issue

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

xv Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

NOTES to the financial statements for the year ended 31 March 2012

xvi Contingent liabilities and provisions

The Company makes a provision when there is a present obligation as a result of a past event where the outflow of economic resources is probable and a reliable estimate of the amount of the obligation can be made.

A disclosure is made for a contingent liability when there is a:

- possible obligation, the existence of which will be confirmed by the occurrence / non-occurrence of one or more uncertain events, not fully within the control of the Company;
- present obligation, where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- present obligation, where a reliable estimate cannot be made.

Particulars	As at 31 March 2012		As at 31 March 2011	
	Number	₹ in lacs	Number	₹ in lacs
NOTE 3 SHARE CAPITAL				
Authorised				
Equity shares of ₹ 2 each	10,00,00,000	2,000.00	10,00,00,000	2,000.00
		2,000.00		2,000.00
Issued				
Equity shares of ₹ 2 each	6,60,50,220	1,321.00	6,60,50,220	1,321.00
		1,321.00		1,321.00
Subscribed and paid up				
Equity shares of ₹ 2 each fully paid up	6,60,46,395	1,320.93	6,60,46,395	1,320.93
Add : Forfeited shares		0.04		0.04
		1,320.97		1,320.97

(a) Reconciliation of share outstanding at the beginning and at the end of reporting year

Particulars	31 March 2012		31 March 2011	
	No.	Amount (₹)	No.	Amount (₹)
Equity shares outstanding at the beginning of the year	6,60,46,395	13,20,92,790	5,50,25,508	11,00,51,016
Add: Equity shares issued during the year	-	-	1,10,20,887	2,20,41,774
Equity shares outstanding at the end of the year	6,60,46,395	13,20,92,790	6,60,46,395	13,20,92,790

(b) Terms and rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 2 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. During the year ended 31 March 2012, the amount of per share dividend is recognised as distribution to equity shareholder was ₹ 3 per share (previous year ₹ 2.50 per share)

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

NOTES to the financial statements for the year ended 31 March 2012

(c) List of shareholders holding more than 5% of the equity share capital of the Company at the beginning and at the end of the reporting year

	31 March 2012		31 March 2011	
	No. of equity shares held	% of holding	No. of equity shares held	% of holding
Paco Exports Limited	2,06,64,530	31.29	2,05,34,964	31.09
Soma Investments Limited	40,00,000	6.06	39,88,232	6.04
New Delhi Industrial Promoters & Investors Limited	36,50,000	5.53	36,37,238	5.51
HPC (Mauritius) Limited	58,12,600	8.80	60,04,600	9.09

The above information is furnished as per shareholder register as at the year end.

(d) Aggregate number of bonus shares, equity share issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date are as follows :-

	[Year (aggregate number of shares)]				
	2011-12	2010-11	2009-10	2008-09	2007-08
	No.	No.	No.	No.	No.
Equity shares allotted as fully paid shares by way of bonus shares	Nil	Nil	Nil	Nil	Nil
Equity shares allotted as fully paid up pursuant to contracts for consideration other than cash	Nil	Nil	Nil	Nil	Nil
Equity shares bought back by the Company	Nil	Nil	Nil	Nil	Nil

(e) The above figure of subscribed and paid up capital includes application and allotment money received on forfeited shares amounting to ₹ 0.04 lacs (originally amount paid up: ₹ 0.04 lacs).

(f) On 06 October 2010, the Company allotted 1,10,20,887 equity shares of ₹ 2 each at a price of ₹ 136.10 aggregating to ₹ 14,999.43 lacs to Qualified Institutional Buyers (QIBs) under a qualified institutional placement offer. The abovementioned shares have been listed on both BSE and NSE and trading permission were received on 08 October 2010. Detail of utilisation of funds so raised is as follows:-

Particulars	₹ in lacs	
	As at 31 March 2012	As at 31 March 2011
Issue expenses debited to the securities premium account	-	474.82
Repayment of working capital facilities	-	13,000.00
Temporary investments made in mutual funds	-	1,524.61

NOTES to the financial statements for the year ended 31 March 2012

₹ in lacs

Particulars	As at 31 March 2012	As at 31 March 2011
NOTE 4 RESERVES AND SURPLUS		
a. Capital reserves		
i) On account of amalgamation of erstwhile Krishna Ceramic Limited	3.33	3.33
ii) Forfeited amount of debentures	19.97	19.97
iii) Forfeited amount of upfront payment for naked warrants	97.50	97.50
	120.80	120.80
b. Capital redemption reserve	15.00	15.00
c. Securities premium account		
Opening balance	21,144.82	6,840.63
Add : Premium on allotment of shares to Qualified Institutional Buyers	-	14,779.01
Less : Expenses incurred on QIP issue	-	474.82
Closing balance	21,144.82	21,144.82
d. Central subsidy reserve*	25.00	25.00
e. Business reconstruction reserve**		
Opening balance	9,767.37	9,767.37
Add : Revaluation of land during the year	22,500.00	-
Closing balance	32,267.37	9,767.37
f. General reserve		
Opening balance	16,903.64	15,903.64
Add: Transfer from surplus in the Statement of Profit and Loss for the year	2,000.00	1,000.00
Closing balance	18,903.64	16,903.64
g. Surplus in the Statement of Profit and Loss		
Opening balance	20,818.88	15,002.70
Add: Net profit for the current year	11,009.90	8,735.20
Appropriations :		
Proposed dividends including corporate dividend tax	(2,302.82)	(1,919.02)
Transfer to general reserve	(2,000.00)	(1,000.00)
Closing balance	27,525.96	20,818.88
	1,00,002.59	68,795.51

* Central subsidy reserve was created for subsidy received from Government to install diesel generator sets

** Refer note 49

There was no movement in capital reserve, capital redemption reserve and central subsidy reserve during the year.

NOTES to the financial statements for the year ended 31 March 2012

Particulars	₹ in lacs	
	As at 31 March 2012	As at 31 March 2011
NOTE 5 LONG-TERM BORROWINGS		
Secured		
Term loans from banks		
Foreign currency loans	46,625.32	19,176.23
Rupee loans	2,000.00	5,250.00
Car finance loans	40.70	92.62
	48,666.02	24,518.85
Unsecured		
Deferred payment liabilities	4,680.62	3,808.16
Others	-	76.97
	4,680.62	3,885.13
	53,346.64	28,403.98

Notes:-

1. Foreign currency loans comprises of :

- External commercial borrowings (ECB) of USD 17 million from The Honkong and Shanghai Banking Corporation Limited carrying interest @ 6 months LIBOR+ 200 bps, is repayable in 30 installments ranging from USD 0.40 million to USD 1.00 million starting from September 2011 and are secured by way of hypothecation of the whole of fixed assets including movable plant and machinery, machine spares, tools and accessories (both present and future) pertaining to the glass divisions of Company located at Sanathnagar and Bhongir and further secured by first pari-passu charge by way of mortgage of deposit of title deeds of immovable properties of glass divisions of the Company situated at Sanathnagar and Bhongir in Andhra Pradesh.
- External commercial borrowings (ECB) of USD 16.75 million from Citibank N.A. carrying interest @ 6 months LIBOR+ 181 bps, is repayable in 10 installments ranging from USD 0.299 million to USD 0.925 million starting from September 2011 and are secured by way of hypothecation of the whole of fixed assets including movable plant and machinery, machine spares, tools and accessories (both present and future) pertaining to the glass divisions of Company located at Sanathnagar and Bhongir and further secured by first pari-passu charge by way of mortgage of deposit of title deeds of immovable properties of glass divisions of the Company situated at Sanathnagar and Bhongir in Andhra Pradesh.
- External commercial borrowings (ECB) of USD 16 million from Standard Chartered Bank carrying interest @ 6 months LIBOR+ 177 bps, is repayable in 36 installments ranging from USD 0.12 million to USD 1.079 million starting from September 2010 and are secured by way of hypothecation of the whole of fixed assets including movable plant and machinery, machine spares, tools and accessories (both present and future) pertaining to the glass divisions of Company located at Sanathnagar and Bhongir and further secured by first pari-passu charge by way of mortgage of deposit of title deeds of immovable properties of glass divisions of the Company situated at Sanathnagar and Bhongir in Andhra Pradesh.
- External commercial borrowings (ECB) of USD 8 million from Standard Chartered Bank carrying interest @ 6 months LIBOR + 225bps, is repayable in 40 equal installments of USD 0.25 million starting from September 2012 and are secured by way of hypothecation of the whole of fixed assets including movable plant and machinery, furniture and fittings, equipments, computer hardware, computer software, machinery spares, tools and accessories (both present and future) pertaining to the glass divisions of Company located at Sanathnagar and Bhongir and further secured by first pari-passu charge by way of mortgage of deposit of title deeds of immovable properties of glass divisions of the Company situated at Sanathnagar and Bhongir in Andhra Pradesh.

NOTES

to the financial statements for the year ended 31 March 2012

- e) External commercial borrowings (ECB) of USD 20 million from Standard Chartered Bank carrying interest @ 6 months LIBOR + 300 bps, is repayable in 50 installments ranging from USD 0.225 million to USD 0.90 million starting from March 2014 and are secured by way of hypothecation of the whole of fixed assets including movable plant and machinery, furniture and fittings, equipments, computerhardware, computer software, machinery spares, tools and accessories (both present and future) pertaining to the glass divisions of Company located at Sanathnagar and Bhongir and further secured by first pari-passu charge by way of mortgage of deposit of title deeds of immovable properties of glass divisions of the Company situated at Sanathnagar and Bhongir in Andhra Pradesh.
- f) External commercial borrowings (ECB) of USD 25 million from DBS carrying interest @ 6 months LIBOR + 260 bps, is repayable in 50 installments ranging from USD 0.32 million to USD 0.72 million starting from March 2014 and are secured by way of hypothecation of the whole of fixed assets including movable plant and machinery, furniture and fittings, equipments, computerhardware, computer software, machinery spares, tools and accessories (both present and future) pertaining to the glass divisions of Company located at Sanathnagar and Bhongir and further secured by first pari-passu charge by way of mortgage of deposit of title deeds of immovable properties of glass divisions of the Company situated at Sanathnagar and Bhongir in Andhra Pradesh.
- g) External commercial borrowings (ECB) of USD 8.955 million from DBS Bank Limited carrying interest @ 3 months LIBOR + 200 bps, is repayable in 32 equal installments of USD 0.281 million starting from October 2012 and are secured by exclusive charge by way of mortgage of deposit of title deeds of the Company pertaining to vacant freehold land situated at Sitarampur, Isnapur, PO Medak District, near Hyderabad, Andhra Pradesh.

2) Rupee loans comprise of :

- a) DBS Bank Ltd : Term loan of ₹ 4,000 lacs, carrying interest @ 11.26% p.a., is repayable in 16 equal quarterly installments of ₹ 250 lacs starting from March 2011 and is secured by first pari-passu charge by way of mortgage of deposit of title deeds of the Company pertaining to vacant freehold land situated at Sitarampur, Isnapur, PO Medak District, near Hyderabad, Andhra Pradesh.
- 3) Car finance loans from ICICI bank of ₹ 24.44 lacs, carrying interest @ 9.8% p.a., is repayable in 36 monthly installments of ₹ 0.68 lacs starting from April 2011 and is secured by hypothecation of vehicles finance out of proceeds of such loans.
- 4) Car finance loans from ICICI bank of ₹ 94.06 lacs, carrying interest @ 9.25% p.a., is repayable in 36 monthly installments of ₹ 2.17 lacs starting from January 2011 and is secured by hypothecation of vehicles finance out of proceeds of such loans.
- 5) Deferred payment liabilities is in respect of value added tax and central sales tax liabilities pertaining to the year 1999-2000 to 2011-2012, is repayable by the end of financial year 31 March 2026 is secured against the moveable and immoveable properties of the Company. However, the charge is not yet been registered with the Registrar of Companies, West Bengal. Also, the amount of deferred sales tax credit is subject to assessment by sales tax authorities.
- 6) Current maturities of long-term borrowing amounting to ₹ 7,197.57 lacs (previous year ₹ 5,030.41 lacs) are included under the head 'Other current liabilities'.

NOTES to the financial statements for the year ended 31 March 2012

Particulars	₹ in lacs	
	As at 31 March 2012	As at 31 March 2011
NOTE 6 DEFERRED TAXES (NET)		
Deferred tax liability		
Impact of difference between tax depreciation and depreciation charged for the financial year	8,095.44	7,092.54
Forex adjustments on ECB	-	290.20
	8,095.44	7,382.74
Deferred tax assets		
Provision for doubtful debts, loans and advances	112.11	70.90
Disallowance under section 43 B	62.40	-
Employee benefits	143.79	-
Forex adjustments on ECB	384.46	-
Tax impact of other expenses charged in the financial statement but allowable as deductions in future years under income-tax	9.82	-
	712.58	70.90
Deferred tax liability (net)	7,382.86	7,311.84

Particulars	₹ in lacs	
	As at 31 March 2012	As at 31 March 2011
NOTE 7 OTHER LONG TERM LIABILITIES		
Trade deposits from dealers*	1,044.31	883.45
Others		
- Earnest money deposits	54.78	136.81
- Vehicle loan deposits from employees	138.22	141.60
- Security deposits / retention money payable	20.03	16.37
- Other liabilities	5.12	-
	1,262.46	1,178.23

* In view of long term business relations, term deposits from dealers are considered as long term liabilities.

Particulars	₹ in lacs	
	As at 31 March 2012	As at 31 March 2011
NOTE 8 LONG-TERM PROVISIONS		
Provision for employee benefits		
Leave encashment (refer note 36)	293.79	233.17
	293.79	233.17

NOTES to the financial statements for the year ended 31 March 2012

Particulars	₹ in lacs	
	As at 31 March 2012	As at 31 March 2011
NOTE 9 SHORT-TERM BORROWINGS		
Secured		
Cash credit facilities from banks	2,253.36	794.56
Buyer's credit facilities from banks	1,036.35	3,375.54
	3,289.71	4,170.10
Unsecured		
Buyer's credit facilities from banks	3,423.38	955.19
Short term loans from banks	500.00	-
Commercial papers	16,000.00	-
	19,923.38	955.19
	23,213.09	5,125.29

Note:

- Buyer's credit facilities from Citibank N.A., Standard Chartered Bank, Andhra Bank and The Hongkong and Shanghai Banking Corporation carrying rate of interest ranging between 2.50% - 3.52% p.a. are repayable within 6 months from the origination and is secured by hypothecation of stocks and book debts and further secured by second pari-passu charge on all the fixed assets of the Company situated at Bahadurgarh, Bibinagar, Sanathnagar and Bhongir.
- Cash credit facilities from Central Bank of India, Canara Bank and Standard Chartered Bank carrying rate of interest 13.75% p.a. which is repayable on demand and is secured by hypothecation of stocks and book debts and further secured by second pari-passu charge on all the fixed assets of the Company situated at Bahadurgarh, Bibinagar, Sanathnagar and Bhongir.
- Cash credit facilities from Citibank N.A. carrying rate of interest 14.00% p.a. which is repayable on demand and is secured by hypothecation of stocks and book debts and further secured by second pari-passu charge on all the fixed assets of the Company situated at Bahadurgarh, Bibinagar, Sanathnagar and Bhongir.
- Cash credit facilities from The Hongkong and Shanghai Banking Corporation Limited carrying rate of interest 12.50% p.a. which is repayable on demand and is secured by hypothecation of stocks and book debts and further secured by second pari-passu charge on all the fixed assets of the Company situated at Bahadurgarh, Bibinagar, Sanathnagar and Bhongir.
- Short term unsecured commercial paper outstanding as at the year end ₹ 16,000 lacs (previous year ₹ Nil) is issued against earmarking of working capital limit with banks and is repayable during the year ended 31 March 2013.
- Short term unsecured loan from The Bank of Nova Scotia amounting to ₹ 500 lacs carrying interest rate of 11.75% p.a. and is repayable on 09 April 2012.
- Buyer's credit unsecured facilities from IDBI Bank carrying rate of interest ranging between 1.93% - 3.94% p.a. are repayable within 6 months from the origination.

Particulars	₹ in lacs	
	As at 31 March 2012	As at 31 March 2011
NOTE 10 TRADE PAYABLES		
- Due to Micro, Small & Medium Enterprises (refer note 35)	152.12	241.22
- Total outstanding dues to units other than Micro, Small & Medium Enterprises	10,473.85	8,042.71
	10,625.97	8,283.93

NOTES to the financial statements for the year ended 31 March 2012

₹ in lacs

Particulars	As at 31 March 2012	As at 31 March 2011
NOTE 11 OTHER CURRENT LIABILITIES		
Current maturities of long term borrowings	7,197.57	5,030.41
Interest accrued but not due on loans	478.26	248.68
Investor Education and Protection Fund**		
Unclaimed dividends	55.23	46.79
Unclaimed share fraction 2006	0.30	0.30
Unclaimed bonus fraction 2005	0.34	0.34
Gratuity payable (net of advances) (refer note 36)	45.85	-
Other payables		
- Advance from customers	1,358.20	587.66
- Statutory liabilities	799.66	1,025.84
- Payable to employees	927.63	917.98
- Creditor for expenses	3,088.00	1,345.80
- Commission payable to directors	1,643.95	1,238.08
- Creditor for capital goods	4,222.24	296.90
- Other liabilities*	6,023.90	4,694.50
	25,841.13	15,433.28

* Including excise duty payable ₹ 1,447.24 lacs (previous year ₹ 1,201.92 lacs) on finished goods lying at the Company's bonded warehouse.

** Not due for deposit.

₹ in lacs

Particulars	As at 31 March 2012	As at 31 March 2011
NOTE 12 SHORT-TERM PROVISIONS		
Provision for employee benefits		
Leave encashment (refer note 36)	149.39	116.59
	149.39	116.59
Other provisions:		
Provision for income tax	312.36	183.73
[net of advance payment incl. TDS of ₹ 6,977.29 lacs (previous year ₹ 4,450.70 lacs)]		
Proposed dividend	1,981.39	1,651.16
Tax on proposed dividend	321.43	267.86
	2,615.18	2,102.75
	2,764.57	2,219.34

NOTES

to the financial statements for the year ended 31 March 2012

NOTE 13 FIXED ASSETS

As at 31 March 2012

₹ in lacs

Particulars	Gross block						Depreciation and amortisation				Net block		
	As at 1 April 2011	Additions	Acquisitions through business combinations	Other adjustments (borrowing cost and foreign exchange fluctuation)	Sales/ adjustment	Revaluation	As at 31 March 2012	Up to 1 April 2011	For the year	Sales/ adjustment	Up to 31 March 2012	As at 31 March 2012	As at 31 March 2011
Tangible assets													
Land freehold	24,881.73	296.54	-	-	-	22,500.00	47,678.27	-	-	-	-	47,678.27	24,881.73
Leasehold land	222.00	19.77	-	-	-	-	241.77	4.55	1.21	-	5.76	236.01	217.45
Building	16,624.47	2,272.16	-	490.56	-	-	19,387.19	2,488.49	447.59	-	2,936.08	16,451.11	14,135.98
Plant and machinery	59,357.56	4,635.08	-	1,965.63	64.95	-	65,893.32	23,567.45	4,433.70	62.54	27,938.61	37,954.71	35,790.11
Vehicles	1,440.37	1,019.30	-	-	305.61	-	2,154.06	530.22	316.27	214.37	632.12	1,521.94	910.15
Office equipments	494.85	58.61	-	-	0.78	-	552.68	146.25	36.74	0.65	182.34	370.34	348.60
Computers (including software)	1,708.44	527.38	-	-	2.22	-	2,233.60	910.60	334.15	1.95	1,242.80	990.80	797.84
Furniture and fixtures	958.53	192.04	-	-	-	-	1,150.57	253.31	79.72	-	333.03	817.54	705.22
Leasehold improvements	10.44	-	-	-	-	-	10.44	0.68	0.17	-	0.85	9.59	9.76
												1,06,030.31	77,796.84
Intangible Assets													
Trade marks	300.00	-	-	-	-	-	300.00	300.00	-	-	300.00	-	-
Technical know how	207.30	-	-	-	-	-	207.30	19.03	20.73	-	39.76	167.54	188.27
												167.54	188.27
Total	1,06,205.69	9,020.88	-	2,456.19	373.56	22,500.00	1,39,809.20	28,220.58	5,670.28	279.51	33,611.35	1,06,197.85	77,985.11

NOTES

to the financial statements for the year ended 31 March 2012

NOTE 13 FIXED ASSETS

As at 31 March 2011

₹ in lacs

Particulars	As at 1 April 2010	Gross block					Depreciation and amortisation			Net block	
		Additions	Acquisitions through business combinations	Other adjustments (borrowing cost and foreign exchange fluctuation)	Sales/ adjustment	Revaluation	As at 31 March 2011	Up to 1 April 2010	For the year adjustment	Up to 31 March 2011	As at 31 March 2010
Tangible assets											
Land freehold	24,759.80	121.93	-	-	-	-	24,881.73	-	-	-	24,759.80
Leasehold land	30.00	-	192.00	-	-	-	222.00	3.55	1.00	4.55	26.45
Building	15,674.18	700.29	250.00	-	-	-	16,624.47	2,081.33	407.16	2,488.49	13,592.85
Plant and machinery	56,329.11	7659.50	210.00	(1,377.58)	3,463.47	-	59,357.56	22,673.34	3,434.53	23,567.45	33,655.77
Vehicles	1,318.36	574.44	-	-	452.43	-	1,440.37	599.60	235.85	530.21	718.75
Office equipments	437.51	47.88	10.00	-	0.53	-	494.86	123.60	22.70	146.26	313.91
Computers (including software)	1,503.57	206.49	-	-	1.62	-	1,708.44	633.06	278.58	910.60	870.51
Furniture and fixtures	828.16	130.95	-	-	0.59	-	958.52	196.71	56.68	253.31	631.46
Leasehold improvements	10.44	-	-	-	-	-	10.44	0.51	0.17	0.68	9.93
Intangible Assets											
Trade marks	300.00	-	-	-	-	-	300.00	300.00	-	300.00	-
Technical know how	-	-	207.30	-	-	-	207.30	-	19.03	19.03	-
Total	101,191.13	9,441.48	869.30	(1,377.58)	3,918.64	-	106,205.69	26,611.70	5,349.81	28,220.58	74,579.43

Note:

- The borrowing cost capitalised during the year ended 31 March 2012 is ₹ 29.18 lac (previous year ₹ Nil).
- The premium and foreign exchange loss amounting to ₹ 2,427.01 lacs has been capitalised during the year ended 31 March 2012 (previous year foreign exchange gain ₹ 1,377.58 lacs).
- Pursuant to the Scheme ('BRR'), the Company has revalued its freehold land by crediting ₹ 22,500.00 lacs to the Business Reconstruction Reserve during the year ended 31 March 2012. (Refer note 49)

NOTES

to the financial statements for the year ended 31 March 2012

₹ in lacs

Particulars	As at 31 March 2012	As at 31 March 2011
NOTE 14 NON-CURRENT INVESTMENTS		
Trade investments (valued at cost unless stated otherwise)		
Unquoted equity instruments		
Investment in subsidiaries		
45,50,642 (previous year 44,49,517) equity shares of ₹ 10 each fully paid-up in AGI Glasspack Limited	1,529.59	1,428.46
2,20,00,000 (previous year 2,20,00,000) equity shares of ₹ 10 each fully paid-up in Hindware Home Retail Private Limited	4,300.00	4,300.00
50,000 (previous year 50,000) equity shares of ₹ 10 each fully paid-up in HSIL Associates Limited	5.00	5.00
17,05,000 (previous year 17,05,000) equity shares of USD 1 each fully paid-up in Halis International Limited, Mauritius	782.50	782.50
18,500 (previous year Nil) equity shares of ₹ 1,000 each fully paid-up in Garden Polymers Private Limited (refer note 43)	8,686.97	-
Equity shares of Euro 180 (previous year 180) Alchemy International Cooperatief U.A. (Member's contribution)	0.12	0.12
Other investments		
8,04,000 (previous year 8,04,000) equity shares of ₹ 10 each fully paid-up in Andhra Pradesh Gas Power Corporation Limited	1,073.61	1,073.61
Preference shares (unquoted)		
Investment in subsidiaries		
5,40,000 (previous year 60,000) preference shares of USD 1 each fully paid-up in Halis International Limited, Mauritius	266.99	29.77
20,00,000 (previous year NIL) preference shares of ₹ 100 each fully paid-up in Hindware Home Retail Private Limited	2,000.00	-
	18,644.78	7,619.46
Non- trade investments (valued at cost unless stated otherwise)		
Unquoted Government securities		
National Savings Certificates*	1.92	1.68
Equity instruments (quoted)		
Other investments		
125 (previous year 125) equity shares of ₹ 10 each fully paid in Neycer India Limited	0.01	0.01
50 (previous year 50) equity shares of ₹ 10 each fully paid in Swastik Sanitarywares Limited	0.01	0.01
	1.94	1.70
	18,646.72	7,621.16
Aggregate amount of quoted investments (market value ₹ 0.02 (previous year: ₹ 0.02))	0.02	0.02
Aggregate amount of unquoted investment	18,644.78	7,619.46
*Deposited with government authority	1.92	1.68

NOTES to the financial statements for the year ended 31 March 2012

Particulars	₹ in lacs	
	As at 31 March 2012	As at 31 March 2011
NOTE 15 LONG-TERM LOANS AND ADVANCES		
Capital advances - secured, considered good	3,563.88	2,667.78
Security deposits - unsecured, considered good	1,721.90	725.65
Other loans and advances		
Prepaid expenses	77.91	33.52
Others	203.71	198.70
	5,567.40	3,625.65

Particulars	₹ in lacs	
	As at 31 March 2012	As at 31 March 2011
NOTE 16 OTHER NON-CURRENT ASSETS		
Fixed deposits with banks whose original maturity is more than twelve months	516.17	534.99
Interest accrued but not due on deposits	25.14	0.85
	541.31	535.84

Note:

Fixed deposits includes margin money deposits amounting to ₹ 515.67 (previous year: ₹ 534.99 lacs) pledged with banks against various bank guarantees / letter of credit issued by bank on behalf of the Company.

Particulars	₹ in lacs	
	As at 31 March 2012	As at 31 March 2011
NOTE 17 CURRENT INVESTMENTS		
Unquoted mutual funds		
Nil (previous year 99,98,800.14) units of ₹ 10 each fully paid up of ICICI Prudential Interval Fund-Half yearly Interval Plan-I-Inst. Dividend	-	1,000.00
Nil (previous year 1,70,180.44) units of ₹ 10 each fully paid up of HDFC Cash Management Fund-Treasury Advantage Plan-Wholesale-Daily Dividend	-	17.07
Nil (previous year 20,00,000) units of ₹ 10 each fully paid up of Birla Sun Life Short Term FMP Series 5 Dividend	-	200.00
Nil (previous year 50,00,000) units of ₹ 10 each fully paid up of Birla Sun Life Short Term FMP Series 6 Dividend	-	500.00
Nil (previous year 36,78,228.56) units of ₹ 10 each fully paid up of HDFC MF Monthly Income Plan-Long Term-Quarterly Dividend	-	500.00
Nil (previous year 20,00,000) units of ₹ 10 each fully paid up of IDFC Fixed Maturity 100 days Series - Dividend	-	200.00
	-	2,417.07
Aggregate amount of unquoted investments	-	2,417.07

NOTES to the financial statements for the year ended 31 March 2012

₹ in lacs

Particulars	As at 31 March 2012	As at 31 March 2011
NOTE 18 INVENTORIES		
(As taken, valued and certified by the management)		
Raw materials and components	3,462.92	2,201.56
Work-in-progress	1,215.93	760.10
Finished goods (including traded goods)	17,249.86	14,257.67
Stores and spares	2,843.14	2,314.17
Add: Goods in transit	27.17	56.68
Loose tools	18.57	20.89
Packing material	712.00	499.41
Oils, fuels, lubricants and others	1,797.94	588.48
	27,327.53	20,698.96

₹ in lacs

Particulars	As at 31 March 2012	As at 31 March 2011
NOTE 19 TRADE RECEIVABLES		
(Unsecured unless otherwise stated)		
Debts outstanding for a period exceeding six months from the date they are due for payment:		
- Considered doubtful	224.70	111.21
- Considered good	387.09	77.38
- Considered good- secured	33.33	18.42
	645.12	207.01
Less: Provision for doubtful debts	224.70	111.21
(A)	420.42	95.80
Debts outstanding for a period less than six months from the date they are due for payment:		
- Considered doubtful	-	78.50
- Considered good	21,650.94	15,664.86
- Considered good- secured	399.86	387.42
	22,050.80	16,130.78
Less: Provision for doubtful debts	-	78.50
(B)	22,050.80	16,052.28
Total (A+B)	22,471.22	16,148.08

Trade receivables includes:-

	As at 31 March 2012	As at 31 March 2011
	No. ₹ in lacs	No. ₹ in lacs
Due from a subsidiary Company	1 129.91	1 194.57

NOTES to the financial statements for the year ended 31 March 2012

₹ in lacs

Particulars

As at

As at

31 March 2012

31 March 2011

NOTE 20 CASH AND BANK BALANCES

Cash and cash equivalents

Balance with banks		
Current accounts	225.19	117.06
Cheques on hand	0.62	-
Cash on hand	87.06	56.59
Remittance in transit	1,065.14	1,559.36
Other saving accounts	-	0.04
	1,378.01	1,733.05

Earmarked balances with banks

Unclaimed dividend accounts	55.23	46.79
Unclaimed bonus fraction account	0.34	0.34
Unclaimed share fraction account	0.30	0.30

Other bank balances

Held as margin money in fixed deposits	230.26	-
Fixed deposits with maturity of less than twelve months	5,476.35	222.96
	7,140.49	2,003.44

₹ in lacs

Particulars

As at

As at

31 March 2012

31 March 2011

NOTE 21 SHORT-TERM LOANS AND ADVANCES

Unsecured, considered good

Advances to suppliers	1,780.38	720.75
Loans and advances to related parties		
- Inter corporate loan	900.00	-
- Interest accrued on inter corporate loan	7.57	-
Others		
- Advances recoverable in cash or in kind or for value to be received	584.61	658.28
- Balances with excise, sales tax and other authorities	1,440.22	1,382.09
- Advance to employees	45.18	24.91
- MAT credit entitlement	-	1,490.55
	4,757.96	4,276.58

Unsecured, considered doubtful

Advances recoverable in cash or in kind or for value to be received	125.22	28.83
Less : Provision for doubtful advances and loans	125.22	28.83
	-	-
	4,757.96	4,276.58

Short-term loans and advances includes:-

As at

As at

31 March 2012

31 March 2011

	No.	₹ in lacs	No.	₹ in lacs
Due from a subsidiary Company	1	907.57	-	-

NOTES to the financial statements for the year ended 31 March 2012

₹ in lacs

Particulars	As at 31 March 2012	As at 31 March 2011
NOTE 22 OTHER CURRENT ASSETS		
Interest accrued but not due on deposits	108.45	40.19
	108.45	40.19

₹ in lacs

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
NOTE 23 INCOME FROM OPERATIONS		
Sales of products		
Finished goods	1,42,214.52	1,10,632.50
Other operating income		
Export incentives	282.39	346.66
Sundry balances and liabilities no longer required written back	155.30	270.81
Foreign exchange fluctuations	304.27	179.14
Maintenance service income	69.21	34.79
Insurance claims received	156.43	183.27
Scrap sales	351.40	295.78
Miscellaneous receipts	325.08	187.79
Provision for doubtful debts written back	4.39	482.15
	1,43,862.99	1,12,612.89
Detail of products sold		
Sanitaryware, fittings and other allied products	64,221.81	51,672.14
Glass bottles and containers	77,857.61	58,841.54
Others	135.10	118.82
	1,42,214.52	1,10,632.50

₹ in lacs

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
NOTE 24 OTHER INCOME		
Rent received	51.13	35.56
Dividend on investments	75.10	76.02
Interest received (gross) on		
Loans to bodies corporate	68.91	2.86
Deposits with banks	70.53	47.33
Margin money with banks	36.74	19.50
Advance to suppliers	-	10.92
Other accounts	36.47	2.03
Excess balances and liabilities written back	8.50	4.38
Gain on disposal of fixed assets	203.48	162.95
Miscellaneous income	2.00	0.01
Gain on sale of current investments	0.02	2.93
	552.88	364.49

NOTES to the financial statements for the year ended 31 March 2012

₹ in lacs

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
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NOTE 25 COST OF RAW MATERIALS CONSUMED		
Detail of raw materials and components consumed		
Clays	1,280.84	819.53
Soda Ash	8,406.08	5,864.32
Culets	3,817.45	3,802.99
Quartz / Feldsper	1,848.79	271.22
Others	7,447.69	6,742.53
	22,800.85	17,500.59
Closing stock of raw material and components		
Clays	124.12	159.02
Soda Ash	1,632.41	798.50
Culets	465.16	228.72
Quartz / Feldsper	78.88	74.05
Others	1,162.35	941.27
	3,462.92	2,201.56

₹ in lacs

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
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NOTE 26 PURCHASES OF TRADED GOODS		
Sanitaryware and others	21,274.04	15,855.94
	21,274.04	15,855.94

₹ in lacs

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
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NOTE 27 CHANGE IN STOCK OF FINISHED GOODS AND WORK IN PROGRESS		
Opening stock		
Work in progress	760.10	499.36
Finished goods	14,257.67	11,340.04
Stocks bought over as per business transfer agreement with Havells India Limited	-	253.82
	15,017.77	12,093.22
Less: Closing stock		
Work in progress	1,215.93	760.10
Finished goods	17,249.86	14,257.67
	18,465.79	15,017.77
	3,448.02	2,924.55
Change in stocks		
Excise duty on opening stock	1,201.92	1,120.87
Less : Excise duty on closing stock	1,354.40	1,201.92
Change in excise duty on finished stocks	152.48	81.05
Change in stock of finished goods and work in progress	3,295.54	2,843.50

NOTES

 to the financial statements for the year ended 31 March 2012

₹ in lacs

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
NOTE 27 CHANGE IN STOCK OF FINISHED GOODS AND WORK IN PROGRESS (Contd.)		
Details of inventory		
Work in progress		
Sanitaryware	1,100.93	664.94
Glassware	115.00	95.16
	1,215.93	760.10
Finished goods		
Sanitaryware	12,030.96	8,539.27
Glassware	5,218.90	5,718.40
	17,249.86	14,257.67

₹ in lacs

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
NOTE 28 EMPLOYEE BENEFIT EXPENSE		
Salaries, wages and bonus	12,751.75	10,453.20
Contribution to provident and other funds	699.11	605.44
Staff welfare expenses	566.93	450.14
	14,017.79	11,508.78

₹ in lacs

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
NOTE 29 OTHER EXPENSES		
Power and fuel	27,269.87	19,904.74
Stores and spares consumed	3,554.36	3,049.49
Packing material consumed	6,730.28	5,489.65
Loose tools consumed	58.19	61.04
Oil, fuel and lubricant consumed	198.73	194.87
Repairs and maintenance:		
Buildings	258.33	290.27
Plant and machinery (excluding stores consumption)	689.72	632.68
Other assets	251.05	230.04
Rent (including hire charges)	535.42	376.60
Rates and taxes	285.95	220.70
Directors sitting fees	1.13	1.02
Expenditure on ceramic and applied research centre	42.86	34.62
Insurance	298.29	230.00
Travelling and conveyance	1,597.56	1,244.00
Discounts	2,717.16	2,418.89

NOTES to the financial statements for the year ended 31 March 2012

Particulars	₹ in lacs	
	Year ended 31 March 2012	Year ended 31 March 2011
NOTE 29 OTHER EXPENSES (Contd.)		
Commission on sales	228.55	362.12
Expenses on exports	826.07	469.58
Advertisement and publicity	717.57	781.23
Other selling and distribution expenses	5,425.03	3,888.23
Provision for doubtful debts and advances	131.39	186.06
Bad debts written off	2.22	13.99
Charity and donation	61.31	56.85
Loss on sale of current investments	24.82	-
Foreign exchange fluctuation	436.89	99.06
Loss on sale of fixed assets	2.80	10.02
Miscellaneous expenses	1,515.44	1,654.85
	53,860.99	41,900.60

Particulars	₹ in lacs	
	Year ended 31 March 2012	Year ended 31 March 2011
NOTE 30 FINANCE COST		
Interest on:		
- Fixed period loans	3,337.02	2,974.57
- Others	507.07	588.70
Other borrowing costs	47.12	-
	3,891.21	3,563.27

Particulars	₹ in lacs	
	Year ended 31 March 2012	Year ended 31 March 2011
NOTE 31 EARNING PER SHARE		
a) Computation of profit		
Profit after tax before prior period	11,029.65	8,754.22
Less: Prior period item	19.75	19.02
Profit attributable to equity shareholders after prior period	11,009.90	8,735.20
b) Computation of weighted average number of shares for		
Basic and diluted earnings per share (refer note 3)	6,60,46,395	6,03,69,883
c) Nominal value per share (₹)	2	2
d) Earnings per share – basic and diluted before prior period (₹)	16.70	14.50
Earnings per share – basic and diluted after prior period (₹)	16.67	14.47

NOTES to the financial statements for the year ended 31 March 2012

₹ in lacs

Particulars

As at
31 March 2012

As at
31 March 2011

NOTE 32 CONTINGENT LIABILITIES AND COMMITMENTS

1) Contingent liabilities not provided for in respect of:

a) Demands raised by the excise authorities against which appeals have been filed	302.89	302.89
b) Demands raised by the income tax authorities against which appeals have been filed	-	5.71
c) Demands made by the sales tax authorities against which appeals have been filed	244.59	219.91
d) Duty availed on imports against EPCG licenses	3,098.05	2,569.82
e) Bank guarantees outstanding	3,100.96	2,815.25
f) Claims against the Company not acknowledged as debts	2,029.54	2,001.30
2) Unfulfilled export obligation under EPCG license of EXIM Policy	24,784.42	20,558.57

₹ in lacs

Particulars

As at
31 March 2012

As at
31 March 2011

NOTE 33 CAPITAL AND OTHER COMMITMENTS

Commitments relating to contracts remaining to be executed on capital account and other commitments not provided for	28,084.24	11,167.13
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₹ in lacs

Particulars

Year ended
31 March 2012

Year ended
31 March 2011

NOTE 34 MISCELLANEOUS EXPENSES INCLUDE PAYMENTS TO AUDITORS FOR

As :

a) Auditor	15.73	15.44
b) For taxation matters	2.25	2.21
c) For other services	6.08	5.13
d) For reimbursement of expenses (including service tax wherever applicable)	4.68	4.53
	28.74	27.31

₹ in lacs

Particulars

As at
31 March 2012

As at
31 March 2011

NOTE 35 DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES AS DEFINED UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT (MSMED), 2006

Principal amount remaining unpaid	152.12	241.22
Interest accrued and remaining unpaid as at year end	-	-

The management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMEDA). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2012 has been made in the financial statements based on information received and available with the Company. Further, no interest during the year has been paid or payable under the terms of the MSMED Act, 2006.

NOTES to the financial statements for the year ended 31 March 2012

₹ in lacs

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
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NOTE 36 EMPLOYEE BENEFITS

During the year the Company has recognised the following amounts in the statement of profit and loss.

a) Provident fund and other funds*:

Employer's contribution to provident fund **	390.74	348.67
Employer's contribution to ESI	115.85	101.83

* included in contribution to provident and other funds (refer note 28)

** The Fund does not have any existing deficit or interest shortfall. In regard to any future obligation arising due to interest shortfall, pending the issuance of the Guidance Note from the Actuarial Society of India, the measurement of actuarial valuation liability towards Provident Fund is not feasible. Accordingly, other related disclosures in respect of provident fund have not been furnished.

₹ in lacs

Particulars	Year ended 31 March 2012 Gratuity funded	Year ended 31 March 2011 Gratuity funded
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b) Defined benefit plan

Amount recognised in the balance sheet :

Present value of obligations	1,210.32	1,095.89
Fair value of plan assets	1,130.54	1,114.43
(Assets) / liability recognised in the balance sheet	79.78	(18.54)
Less: Paid to employees and is recoverable from Birla Sun Life as on 31 March 2012	(33.93)	-
Net (assets) / liability recognised in the balance sheet (refer note 11)	45.85	(18.54)

Amounts recognised in the statement of profit and loss :

Current service cost	105.12	87.82
Past service cost	-	120.89
Interest cost	82.72	76.16
Expected return on plan assets	(89.15)	(85.81)
Actuarial loss / (gain) (net)	94.63	(76.34)
Total included in 'Employee benefit expense' *	193.32	122.72
Actual return on plan assets	44.96	75.57

* Refer note 28

Reconciliation of opening and closing balances of benefit obligations and plan assets

Change in defined benefit obligation

Opening defined benefit obligation	1,095.89	1,006.32
Interest cost	82.72	76.16
Current service cost	105.12	87.82
Past service cost	-	120.89
Benefits paid	(123.85)	(108.72)
Actuarial (gain) / loss	50.44	(86.58)
Closing defined benefit obligation	1,210.32	1,095.89
Changes in the fair value of plan assets		
Fair value of plan assets at the beginning of the year	1,114.43	1,072.59
Expected return on plan assets	89.15	85.81

NOTES to the financial statements for the year ended 31 March 2012

Particulars	Year ended 31 March 2012 Gratuity funded	₹ in lacs Year ended 31 March 2011 Gratuity funded
b) Defined benefit plan (Contd.)		
Employer's contributions	95.00	75.00
Benefits paid	(123.85)	(108.73)
Actuarial loss	(44.19)	(10.24)
Fair value of plan assets at the end of the year	1,130.54	1,114.43
Assumption used to determine the benefit obligations:		
Discount rate	8.00%	8.00%
Expected rate of increase in compensation levels	5.00%	5.00%
Expected rate of return on plan assets	8.00%	8.00%
Expected average remaining working lives of employees	17 years	17 years

Amounts for the current and previous years are as follows:	2011-12	2010-11	2009-10	2008-09	2007-08
Defined benefit plan – Gratuity					
Defined benefit obligation	(1,210.32)	(1,095.89)	(1,006.32)	(920.29)	(998.18)
Plan assets	1,130.54	1,114.43	1,072.59	865.06	927.55
Surplus / (deficit)	(79.78)	18.54	66.27	(55.23)	(70.63)

The Company made annual contribution to the Birla Sun Life Insurance Company Limited ('BSL') of an amount advised by the BSL. The Company was not informed by BSL of the investment made or the break down of plan assets by investment type, accordingly related disclosures are not included in these financial statements.

Particulars	Year ended 31 March 2012 Leave encashment	₹ in lacs Year ended 31 March 2011 Leave encashment
c) Other long term benefit plans		
Amounts recognised in the balance sheet		
Present value of obligation	443.18	349.76
Fair value of plan assets	-	-
Funded status / difference	443.18	349.76
Unrecognised past service cost	-	-
Net liability recognised in the balance sheet	443.18	349.76
Long term (Refer note 8)	293.79	233.17
Short term (Refer note 12)	149.39	116.59
Amounts recognised in the statement of profit and loss		
Current service cost	63.88	49.00
Interest cost	29.73	23.79
Actuarial loss	106.70	64.74
Total included in 'Employee benefit expense' *	200.31	137.53
Actual return on plan assets	-	-
* Refer note 28		

NOTES to the financial statements for the year ended 31 March 2012

₹ in lacs

Particulars	Year ended 31 March 2012 Leave encashment	Year ended 31 March 2011 Leave encashment
c) Other long term benefit plans (Contd.)		
Reconciliation of opening and closing balances of benefit obligations Change in benefit obligation		
Opening benefit obligation	349.76	297.32
Interest cost	29.73	23.79
Current service cost	63.88	49.00
Benefits paid	(106.89)	(85.09)
Actuarial loss	106.70	64.74
Closing benefit obligation	443.18	349.76
Assumptions used		
Discount rate	8.50%	8.00%
Expected rate of increase in compensation levels	6.00%	5.50%
Expected average remaining working lives of employees	21.20 years	21.04 years

₹ in lacs

Particulars	As at 31 March 2012	As at 31 March 2011
NOTE 37 UN-HEDGED POSITION		
The foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below as on each balance sheet date:		
Receivables and advances:		
Exports outstanding	1,042.32	474.57
Payables:		
Payable on imports	2,541.21	725.13
Loans:		
Buyer's credit facility	4,459.73	4,330.73
Term loan	31,693.98	891.80
Details of derivative instruments outstanding as on 31 March 2012		

Particulars of Hedged Derivatives	31 March 2012	31 March 2011	Purpose
Sell (in US\$)	-	50.00	Hedge of future receipts towards external commercial borrowings
	-	6.00	Hedge of future receipts towards export.
Buy (in US\$)	412.38	487.88	Hedge of future payments towards external commercial borrowings.

NOTES

to the financial statements for the year ended 31 March 2012

NOTE 38 IN ACCORDANCE WITH THE REQUIRED ACCOUNTING STANDARD (AS-18) ON RELATED PARTY DISCLOSURES WHERE CONTROL EXIST AND WHERE TRANSACTIONS HAVE TAKEN PLACE AND DESCRIPTION OF THE RELATIONSHIP AS IDENTIFIED AND CERTIFIED BY MANAGEMENT ARE AS FOLLOWS

a) List of Related Parties

Relationship	Name of Related Party
Key Management Personnel (KMP)	Rajendra K Somany (Father)
	Sandip Somany (Son)
Wholly owned subsidiaries	AGI Glasspack Limited.
	Hindware Home Retail Private Limited.
	HSIL Associates Limited.
	Alchemy International Cooperatief U.A.
	Haas International B.V.
	Halis International Limited, Mauritius
	Barwood Products Limited (formerly Barwood Products (Staffordshire) Limited, name changed w.e.f. 16 December 2010)
	Garden Polymers Private Limited (w.e.f. 12 August 2011)
Entities where significant influence is exercised by KPM and / or their relatives having transactions with the Company.	Textool Mercantile Private Limited
	Paco Exports Limited
	New Delhi Industrial Promoters and Investors Limited
	Soma Investments Limited

b) Summary of related party transactions-

₹ in lacs

Particulars	Subsidiaries		Key management personnel and their relatives		Entities where significant influence is exercised by KMP and / or their relatives having transactions	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011	31 March 2012	31 March 2011
A Transactions during the year						
a) Sale of goods						
Hindware Home Retail Private Limited	477.95	279.23	-	-	-	-
b) Purchase of trading goods						
Hindware Home Retail Private Limited	20.42	2.76	-	-	-	-
c) Purchase of capital goods						
Hindware Home Retail Private Limited	7.49	4.96	-	-	-	-
d) Expenses paid on behalf of subsidiary						
Hindware Home Retail Private Limited	8.87	6.29	-	-	-	-
e) Expenses paid by subsidiary on our behalf						
Hindware Home Retail Private Limited	11.42	50.85	-	-	-	-
f) Rent paid						
R. K. Somany	-	-	4.80	4.80	-	-
Textool Mercantile Private Limited	-	-	-	-	0.50	0.50
Paco Exports Limited	-	-	-	-	16.80	16.80
g) Interest income						
Garden Polymers Private Limited	52.62	-	-	-	-	-
Hindware Home Retail Private Limited	12.42	-	-	-	-	-

NOTES to the financial statements for the year ended 31 March 2012

b) Summary of related party transactions- (Contd.)

Particulars	₹ in lacs					
	Subsidiaries		Key management personnel and their relatives		Entities where significant influence is exercised by KMP and / or their relatives having transactions	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011	31 March 2012	31 March 2011
h) Display Charges						
Hindware Home Retail Private Limited	-	180.00	-	-	-	-
i) Investment made						
Hindware Home Retail Private Limited	2,000.00	1,300.00	-	-	-	-
AGI Glasspack Limited	101.13	-	-	-	-	-
Halis International Limited	237.22	-	-	-	-	-
Garden Polymers Private Limited	8,686.97	-	-	-	-	-
j) Intercompany loan given						
Garden Polymers Private Limited	1,000.00	-	-	-	-	-
Hindware Home Retail Private Limited	500.00	-	-	-	-	-
k) Intercompany loan installment received						
Garden Polymers Private Limited	100.00	-	-	-	-	-
Hindware Home Retail Private Limited	500.00	-	-	-	-	-
l) Balance outstanding at the year end						
Hindware Home Retail Private Limited (payable)	6.63	85.68	-	-	-	-
Hindware Home Retail Private Limited (receivable)	129.91	194.57	-	-	-	-
Garden Polymers Private Limited (receivable)	907.57	-	-	-	-	-
B Director Remuneration						
R. K. Somany	-	-	876.21	666.40	-	-
Sandip Somany	-	-	826.36	657.06	-	-
Balance outstanding at the year end-payable						
R. K. Somany	-	-	724.80	550.26	-	-
Sandip Somany	-	-	724.80	550.26	-	-

₹ in lacs

Particulars	Year ended	
	31 March 2012	31 March 2011
NOTE 39 PAYMENT TO DIRECTORS*		
a) Salary	206.11	178.43
b) Contribution to provident fund	24.74	21.41
c) Leave encashment paid	16.78	18.60
d) Commission	1,643.96	1,238.08
e) Monetary value of perquisites	5.35	4.51
f) Directors' sitting fee	1.13	1.02
	1,898.07	1,462.05

* exclusive of provision for future liability in respect of gratuity and leave encashment which is based on actuarial valuation done on overall Company basis.

NOTES to the financial statements for the year ended 31 March 2012

₹ in lacs

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
-------------	-----------------------------	-----------------------------

NOTE 40 PARTICULARS RELATING TO FOREIGN EXCHANGE

a) Value of imports calculated on C.I.F. basis during the year in respect of :-

Raw materials and components	7,781.35	5,750.90
Spares	1,023.03	1,449.09
Capital goods	11,161.35	799.46
Goods purchased for resale	6,912.01	5,107.16
	26,877.74	13,106.61

₹ in lacs

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
-------------	-----------------------------	-----------------------------

NOTE 40 PARTICULARS RELATING TO FOREIGN EXCHANGE

b) Expenditure in foreign currency (on accrual basis)

Commission on exports	14.10	-
Travelling	352.53	209.24
Consultancy fee	290.53	366.00
Finance cost	910.15	707.40
Rent	5.91	4.93
Others	0.45	4.72
	1,573.67	1,292.29

₹ in lacs

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
-------------	-----------------------------	-----------------------------

NOTE 40 PARTICULARS RELATING TO FOREIGN EXCHANGE

c) Earnings in foreign exchange (on accrual basis)

FOB value of export of goods	3,241.61	2,408.64
	3,241.61	2,408.64

₹ in lacs

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
-------------	-----------------------------	-----------------------------

NOTE 40 PARTICULARS RELATING TO FOREIGN EXCHANGE

d) Value of imported and indigenous raw materials, packing material, loose tools, oil, fuel and lubricants, stores and spares consumed

	Value	%	Value	%
Raw materials and components				
Imported	7,588.22	33	6,052.86	35
Indigenous	15,212.63	67	11,447.73	65
	22,800.85	100	17,500.59	100

NOTES to the financial statements for the year ended 31 March 2012

Packing material, loose tools and oil, fuel and lubricants

₹ in lacs

Particulars	Year ended 31 March 2012		Year ended 31 March 2011	
	Value	%	Value	%
Imported	-	-	-	-
Indigenous	6,987.20	100	5,745.56	100
	6,987.20	100	5,745.56	100

Stores and spare parts

₹ in lacs

Particulars	Year ended 31 March 2012		Year ended 31 March 2011	
	Value	%	Value	%
Imported	599.12	17	540.60	18
Indigenous	2,955.24	83	2,508.89	82
	3,554.36	100	3,049.49	100

Particulars	Year ended 31 March 2012		Year ended 31 March 2011	
NOTE 41 CAPITAL WORK IN PROGRESS INCLUDES EXPENDITURE DURING CONSTRUCTION PERIOD				
Balance brought forward from previous year	-		-	
Add:				
- Raw material consumed	394.46		-	
- Packing material consumed	83.54		-	
- Stores and spares consumed	154.51		-	
- Power and fuel	652.49		-	
- Insurance	12.58		-	
- ECB loan processing charges	362.66		-	
- Traveling and conveyance	77.96		-	
- Rent and hiring charges	42.36		-	
- Salary, wages and bonus	588.18		-	
- Interest paid	706.22		-	
- Foreign exchange fluctuation loss	2,021.41		-	
- Mould job work charges	23.61		-	
- Miscellaneous expenses	109.71		-	
(A)	5,229.69		-	
Less :				
- Sales	320.38		-	
- Increase in stocks including excise duty	848.78		-	
- Interest received	338.64		-	
(B)	1,507.80		-	
Total (A-B)	3,721.89		-	
Allocated to fixed assets	-		-	
Balance allocated to capital work-in-progress	3,721.89		-	

NOTES to the financial statements for the year ended 31 March 2012

Particulars	Year ended 31 March 2012	₹ in lacs Year ended 31 March 2011
NOTE 42 EXPENDITURE ON CERAMIC AND APPLIED RESEARCH CENTRE		
Salaries, wages and bonus	35.28	29.41
Contribution to provident and other funds	1.51	1.62
Stores and spares consumed	6.07	3.59
	42.86	34.62

NOTE 43

The Company vide 'Share Purchase Agreement' dated 26 May 2011 acquired 18,500 equity shares representing the entire paid up capital of Garden Polymers Private Limited ("Garden Polymers") located in India for a total consideration of ₹ 8,686.97 lacs (including transaction costs). Details of the assets and liabilities as of the date of investment are as below:

Particulars	₹ in lacs
Fixed assets including capital work in progress	4,532.72
Non-current assets	5.02
Current assets	1,157.47
	5,695.21
Less: Non-current liabilities and current liabilities	2,444.47
Share of net assets acquired	3,250.74
Net consideration paid	8,686.97

NOTE 44

In May 2011, the Company noted misappropriation of cheque book, resulting in fraudulent withdrawal of funds aggregating to approx. ₹ 127 lacs at its building products manufacturing unit in Hyderabad. The Company subsequently recovered approx ₹ 31 lacs, the remaining amount of ₹ 96 lacs is being provided as doubtful advance by the Company.

NOTE 45

In the opinion of the board of directors, current assets, loans and advances have a value on realisation in its ordinary course of the business at least equal to the amounts at which they are stated and provision for all known liabilities have been made.

NOTE 46

Segment information, as required under AS-17 "Segment Reporting", has been provided in the consolidated financial statements of the Company and therefore no separate disclosure on segment information is given in these standalone financial statements.

NOTE 47

Lease payments under cancelable operating leases are recognised as an expense in the statement of profit and loss as rentals.

NOTE 48

Prior period item comprise of income tax adjustments of ₹ 19.75 lacs (previous year ₹ 19.02 lacs).

NOTES to the financial statements for the year ended 31 March 2012

NOTE 49

The Hon'ble Calcutta High Court vide its order dated 26 March 2010 approved a scheme of arrangement between the Company and its shareholders ("the Scheme"). The Scheme provides that with effect from 01 April 2009, the Appointed Date, all or such of the immovable properties in the form of land and buildings, as the Company considers relevant and appropriate, will be reinstated at their respective fair values as determined by recognised valuers. Consequently, any adjustments (debit / credit) on account of such revaluation would be reflected in Business Reconstruction Reserve Account ("BRR") of the Company.

The Scheme provides that in addition to the aforementioned revaluation, any or all of the immovable properties in the form of land and buildings, as the Company considers relevant and appropriate up to 31 March 2012, may further be reinstated at their respective fair values as determined by recognised valuers with the consequent adjustments (debit / credit) on account of such revaluation being reflected in the Business Reconstruction Reserve Account of the Company.


The Scheme further provides that the aggregate amount under the BRR created by way of revaluation of land and buildings would be utilised, to the extent considered necessary and appropriate by the Board of Directors of the Company from time to time, to adjust certain expenses as mentioned in the Scheme until the balance is available in the BRR account.

In terms of the Scheme, during the year ended 31 March 2012, the Company revalued one of its freehold land at Sanath Nagar and Isnapur, Andhra Pradesh by crediting ₹ 22,500 lacs to the BRR. As per undertaking provided by the Company to the stock exchange, the amount already transferred to the General Reserve from the BRR shall not be utilised for either payment of dividends or issue of bonus shares in accordance with the provisions of the Companies Act, 1956.

NOTE 50

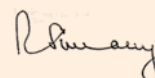
Till the year ended 31 March 2011 the Company was following pre-revised schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended 31 March 2012 the revised schedule VI notified under the Companies Act 1956, has become applicable to the Company. The Company has reclassified previous year figures to confirm to this year's classification. The adoption of revised schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it significantly impacts presentation and disclosure made in the financial statements, particularly presentation of balance sheet.

For and on behalf of the Board of Directors



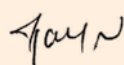
Sandip Somany

Joint Managing Director



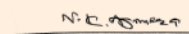
Rajendra K Somany

Chairman and Managing Director



Payal M. Puri

Company Secretary



V. K. Ajmera

Vice President (Corporate Finance)

Place: Gurgaon

Date: 29 May 2012

AUDITORS' REPORT

To

The Board of Directors of HSIL Limited

1. We have audited the attached Consolidated Balance Sheet of HSIL Limited and its subsidiaries (herein after collectively referred to as 'the Group') as at 31 March 2012 and also the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto (collectively referred as the 'Consolidated Financial Statements'). These Consolidated Financial Statements are the responsibility of the management of the HSIL Group and have been prepared by the Group's management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Consolidated Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that
 - (a) the Consolidated Financial Statements have been prepared by the Group's management in accordance with the requirements of Accounting Standard 21 on 'Consolidated Financial Statements' notified pursuant to the Companies (Accounting Standards) Rules, 2006.
 - (b) We did not audit the financial statements of certain subsidiaries whose financial statements reflect total assets of ₹ 11,597 lacs as at 31 March 2012; total revenues (after eliminating intra-group transactions) of ₹ 6,736 lacs and net cash out flows aggregating to ₹ 54 lacs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us by the management, and our opinion is based solely on the reports of the other auditors.

AUDITORS' REPORT

(c) Without qualifying our opinion, we draw attention to Note 44 to the financial statements regarding the scheme of arrangement ('the scheme'), approved by Hon'ble Calcutta High Court. In terms of the scheme, the Company has revalued only a portion of its freehold land by crediting the resulting gain of ₹ 22,500 lacs to the Business Reconstruction Reserve Account ("the BRR account"). The applicable accounting standards and generally accepted accounting principles do not provide for revaluation of part of a class of asset. However, the Company has followed the accounting treatment as prescribed under the scheme approved by the Hon'ble High Court. Had the Company followed the generally accepted accounting principles, freehold land and reserves as of 31 March 2012, would have been lower by ₹ 22,500 lacs.

4. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, and to the best of our information and according to the explanations given to us, in our opinion, the attached Consolidated Financial Statements give a true and

fair view in conformity with the accounting principles generally accepted in India; in case of:

- (i) the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2012;
- (ii) the Consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (iii) the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For **Walker, Chandio & Co**
Chartered Accountants
Firm Registration No.: 001076N



per **B. P. Singh**

Partner

Membership No.: 70116

Place: Gurgaon
Date: 29 May 2012

CONSOLIDATED BALANCE SHEET

	Notes	As at 31 March 2012	₹ in lacs As at 31 March 2011
EQUITY AND LIABILITIES			
Shareholders' fund			
Share capital	3	1,320.97	1,320.97
Reserves and surplus	4	95,418.50	65,866.96
		96,739.47	67,187.93
Non-current liabilities			
Long-term borrowings	5	54,178.72	28,820.64
Deferred tax liabilities (net)	6	7,817.86	7,316.28
Other long term liabilities	7	1,299.90	1,210.38
Long-term provisions	8	347.82	253.40
		63,644.30	37,600.70
Current liabilities			
Short-term borrowings	9	24,899.69	5,721.14
Trade payables	10	12,182.20	8,580.81
Other current liabilities	11	27,563.98	16,199.15
Short-term provisions	12	2,768.20	2,220.27
		67,414.07	32,721.37
		2,27,797.84	1,37,510.00
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	13	1,13,730.54	80,632.02
Intangible assets	13	167.54	188.27
Capital work-in-progress	38	33,327.90	2,962.16
		1,47,225.98	83,782.45
Goodwill on consolidation	42	5,783.79	347.67
Non-current investments	14	1,080.58	1,075.31
Long-term loans and advances	15	6,214.37	3,834.14
Other non-current assets	16	730.66	597.27
		1,61,035.38	89,636.84
Current assets			
Current investments	17	31.02	2,495.64
Inventories	18	30,592.54	22,233.08
Trade receivables	19	24,396.57	16,373.47
Cash and bank balances	20	7,348.61	2,187.97
Short-term loans and advances	21	4,285.27	4,542.81
Other current assets	22	108.45	40.19
		66,762.46	47,873.16
		2,27,797.84	1,37,510.00

Notes 1 to 46 form an integral part of the financial statements

This is the Consolidated Balance Sheet referred to in our report of even date.

For **Walker, Chandiok & Co**

Chartered Accountants



Per B. P. Singh

Partner

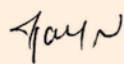
Place : Gurgaon

Date : 29 May 2012



Sandip Somany

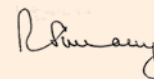
Joint Managing Director



Payal M. Puri

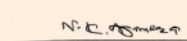
Company Secretary

For and on behalf of the Board of Directors



Rajendra K Somany

Chairman and Managing Director



V. K. Ajmera

Vice President (Corporate Finance)

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

	Notes	Year ended 31 March 2012	₹ in lacs Year ended 31 March 2011
INCOME			
Income from operations (gross)	23	1,56,653.19	1,16,950.54
Less: Excise duty on sale of goods		10,371.57	7,395.55
Income from operations (net)		1,46,281.62	1,09,554.99
Other income	24	508.16	366.92
		1,46,789.78	1,09,921.91
EXPENSES			
Cost of raw material consumed	25	26,135.07	17,500.59
Purchases of traded goods	26	25,831.15	18,867.59
Changes in stock of finished goods and work in progress	27	(4,559.11)	(3,592.17)
Employee benefits expense	28	15,906.86	12,317.18
Other expenses	29	57,985.91	43,824.82
		1,21,299.88	88,918.01
Profits before finance costs, tax, depreciation and amortisation		25,489.90	21,003.90
Depreciation and amortisation expenses	13	6,506.56	5,536.31
Finance cost	30	4,195.22	3,644.98
Profit before tax		14,788.12	11,822.61
Tax expense			
Current tax		3,897.66	2,488.90
MAT credit utilised / (entitlement)		1,490.55	(404.85)
Net current tax		5,388.21	2,084.05
Deferred tax charge		26.70	1,904.43
		5,414.91	3,988.48
Profit after tax, before prior period adjustments		9,373.21	7,834.13
Tax adjustment for earlier years (refer note 45)		(18.44)	(19.02)
Profit for the year		9,354.77	7,815.11
Earnings per equity share (₹)	31		
Basic & diluted earning per share before prior period item		14.19	12.98
Basic & diluted earning per share after prior period item		14.16	12.95

Notes 1 to 46 form an integral part of the financial statements

This is the Consolidated Statement of Profit and Loss referred to in our report of even date.

For and on behalf of the Board of Directors

For **Walker, Chandio & Co**

Chartered Accountants



Per B. P. Singh

Partner

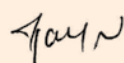
Place : Gurgaon

Date : 29 May 2012



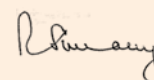
Sandip Somany

Joint Managing Director



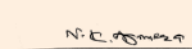
Payal M. Puri

Company Secretary



Rajendra K Somany

Chairman and Managing Director



V. K. Ajmera

Vice President (Corporate Finance)

CONSOLIDATED CASH FLOW STATEMENT

	₹ in lacs	
	Year ended 31 March 2012	Year ended 31 March 2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	14,788.13	11,822.61
Adjustments for:		
Unrealised foreign exchange on consolidation (gain) / loss(net)	(11.21)	38.20
Depreciation and amortisation	6,506.56	5,536.31
Miscellaneous expenditure	0.06	0.06
Profit on disposal of fixed assets	(190.16)	(150.06)
Loss on disposal of fixed assets	2.80	-
Interest cost	4,260.26	3,644.98
Dividend	(75.70)	(76.02)
Interest income	(157.53)	(84.28)
Profit on sale of investments (net)	(9.31)	(3.72)
Loss on sale of current investments	24.82	-
Bad debts and provision for doubtful debts and advances	138.81	(296.09)
Sundry balances and liabilities no longer required written back	(168.19)	(275.19)
Operating Profit before working capital changes	25,109.34	20,156.80
Adjustments for :		
Increase in inventories	(7,943.51)	(4,688.90)
Increase in trade / other receivable	(8,952.17)	(1,033.16)
Increase in trade / other payables	10,907.56	4,421.11
Cash generated from operations	19,121.22	18,855.85
Direct taxes paid	(3,757.35)	(1,659.02)
Net cash from operating activities	15,363.87	17,196.83
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets including capital work in progress	(51,730.85)	(10,936.09)
Proceeds from sale of fixed assets	312.79	352.96
Purchase of investments	(237.47)	(6,477.57)
Purchase of business unit pursuant to business transfer agreement with Havells India Limited	-	(1,643.91)
Investment in Barwood Products Limited, UK	-	(622.22)
Sale proceeds of investments	2,449.10	4,082.83
Movement in restricted cash	(11.81)	(201.30)
Interest received	165.86	88.22
Dividend received	75.70	76.02
Net cash used in investing activities	(48,976.68)	(15,281.06)

CONSOLIDATED CASH FLOW STATEMENT

₹ in lacs

Year ended
31 March 2012

Year ended
31 March 2011

C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings	34,415.45	3,891.80
Repayment of long term borrowings	(8,764.60)	(4,196.48)
Movement in short term borrowings (net)	19,016.82	(11,148.68)
Proceeds from issue of share capital and share premium	-	14,524.61
Interest paid	(4,023.11)	(3,645.93)
Dividend paid	(1,642.72)	(1,098.10)
Taxes on dividend	(267.86)	(187.03)
Net cash (used in) from financing activities	38,733.98	(1,859.81)
Net increase in cash and cash balances	5,121.17	55.96
Receipts on account of business transfer agreement with Havells India Limited	-	0.50
Cash received pursuant to purchase of Barwood Products Limited, UK	-	27.61
Cash and cash balances at the beginning of the year	1,941.32	1,857.25
Cash and cash balances at the close of the year	7,062.49	1,941.32
Note:		
Cash and cash balances include:		
Cash and cheques in hand and remittances in transit	6,629.17	1,666.40
Balances with bank	433.32	274.92
Cash and cash balances	7,062.49	1,941.32
Balances in fixed deposit accounts - pledged	923.70	764.87
Balances in unpaid dividend accounts	55.23	46.78
Bonus fraction 2005 account	0.34	0.34
Share split fraction 2006 account	0.30	0.30
Balance in post office savings account (pledged)	-	0.04
Balance with bank not considered as cash balances	979.57	812.33
Cash and bank balances as per balance sheet	8,042.06	2,753.65

This is the Consolidated Cash Flow Statement referred to in our report of even date.

For and on behalf of the Board of Directors

For **Walker, Chandiok & Co**
Chartered Accountants

Sandip Somany
Joint Managing Director

Rajendra K Somany
Chairman and Managing Director

Per B. P. Singh
Partner

Payal M. Puri
Company Secretary

V. K. Ajmera
Vice President (Corporate Finance)

Place : Gurgaon

Date : 29 May 2012

NOTES

to the consolidated financial statements for the year ended 31 March 2012

NOTE 1 PRINCIPLES OF CONSOLIDATION

The Consolidated Balance Sheet, Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement include the financial statements of HSIL Limited, the Parent Company and its subsidiaries namely, AGI Glasspack Ltd., Hindware Home Retail Pvt. Ltd., HSIL Associates Ltd., Garden Polymers Pvt. Ltd., Halis International Ltd., Alchemy International Cooperatief U.A., Barwood Products Limited [formerly Barwood Products (Staffordshire) Limited, name changed w.e.f 16 December 2010] and Haas International B.V. (collectively referred to the 'consolidated financial statements').

The consolidated financial statements have been combined on a line by line basis by adding the book value of the like items of the assets, liabilities, income and expenses after eliminating intra-group transactions and resulting unrealised profits in full. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per balance sheet of the Parent Company and its share in the post-acquisition increase in the relevant reserves of the subsidiaries.

The excess / deficit of cost to the Parent Company of its investment over its portion of equity in the subsidiaries at the respective date on which the investment in such entity was made is recognised in the financial statements as goodwill / capital reserve on consolidation. The Parent Company's portion of equity in such entities is determined on the basis of book value of assets and liabilities as per financial statements of the entity as on the date of investment.

The consolidated statements are presented, to the extent possible, in the same format as that adopted by the Parent Company for its separate financial statements.

Statement of entities consolidated

Company	Date of Shareholding	Country of Incorporation	Percentage of shareholding
Hindware Home Retail Private Limited	09-Sep-06	India	100%
AGI Glasspack Limited	29-May-03	India	100%
HSIL Associates Limited	04-Sep-08	India	100%
Garden Polymers Pvt. Limited	12-Aug-11	India	100%
Halis International Limited	14-Jan-09	Mauritius	100%
Alchemy International Cooperatief U.A. (Subsidiary of Halis International Limited)	24-Apr-09	Netherland	100%
Haas International B.V. (Subsidiary of Alchemy International Cooperatief U.A.)	08-Jul-09	Netherland	100%
Barwood Products Limited (Subsidiary of Haas International B.V.)	23-Jun-10	U.K	100%

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**i Basis of preparation**

The Consolidated Financial Statements are prepared on accrual basis under the historical cost convention, as supplemented by revaluation of certain fixed assets, in accordance with the generally accepted accounting principles in India and to comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956 including the Rules framed there under, except as specifically stated in note 44 and also the Scheme of Arrangement as approved by the Hon'ble Calcutta High Court. The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year.

ii Use of estimates

The preparation of Consolidated Financial Statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and the disclosure relating to contingent liabilities as at the date of financial statements and reported amounts of income and expenses during the period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimates. Any revision to accounting estimates is recognised in the current and future periods.

NOTES to the consolidated financial statements for the year ended 31 March 2012

iii Revenue recognition

Sale of goods

Revenue from sale of goods is recognised when significant risks and rewards in respect of ownership of the goods are transferred to the customer and is stated inclusive of excise duty and net of trade discounts, sales return and sales tax wherever applicable.

Other income

1. Interest income is recognised on a time proportion basis at the applicable rates.
2. Export incentives are recognised on actual realisation basis.
3. Dividend income is recognised when the right to receive the income is established.

iv Export benefit / incentives

Benefit under the advance license scheme and duty free replenishment certificate are accounted for at the time of purchase of imported raw material or sale of the license.

v Fixed assets

Tangible

Tangible assets are stated at cost of acquisition less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price (net of cenvat credit availed) and any attributable cost of bringing the asset to its working condition for its intended use. Expenditure on account of restoration / modification / alteration in plant and machinery / building, which increases the future benefit from the existing asset beyond its previously assessed standard of performance/ estimated useful life, is capitalised.

Intangible

Intangible assets are recognised if and only if it is probable that the future economic benefits that are attributable to the assets will flow to the Company.

vi Depreciation and amortisation

A. Tangible

Depreciation on fixed assets has been provided on straight line method at the rates and in the manner prescribed under schedule XIV ("schedule") to the Companies Act, 1956, except the following:

- i. on assets acquired and put to use on or before 1 July 1987 in the Glass Division, Sanathnagar, Andhra Pradesh of the Company and on vehicles acquired till date in all the divisions of the Company, depreciation is provided on written down value method at the rates and in the manner prescribed in the schedule;
- ii. on furnaces (included in plant and machinery) having a cost of ₹ 12,054.82 lacs (previous year ₹ 11,604.27 lacs) used in the glass divisions, depreciation is provided on straight line method, as technically assessed from time to time, based on expected useful lives of the furnaces. The rate presently being 16.21% per annum which is the rate as prescribed in the schedule;
- iii. leasehold improvements are amortised over the period of the lease or estimated useful life of the leasehold improvements, whichever is less;
- iv. pre-operative expenditure including borrowing cost (net of revenue, where applicable) and foreign exchange differences on specific project loans incurred during the construction / trial run of the project is allocated on an appropriate basis to fixed assets upon commissioning.

B. Intangible

- i. Technical knowhow is being amortised over a period of ten years; and
- ii. Computer software (included in computers in Note 13) are amortised over a period of six years.
The depreciation and amortisation rates are indicative of the expected useful lives of the assets.

NOTES to the consolidated financial statements for the year ended 31 March 2012

vii Borrowing cost

Borrowing costs that are attributable to the acquisition and / or construction of qualifying assets are capitalised as part of the cost of such assets, in accordance with Accounting Standard 16 "Borrowing Costs" as notified by Company (Accounting Standard) Rules, 2006. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. Capitalisation of borrowing costs is suspended in the period during which the active development is delayed due to, other than temporary interruption. All other borrowing costs are charged to the statement of profit and loss as incurred.

viii Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments.

Current investments are valued at the lower of cost and fair value. Long-term investments are stated at cost.

Provision is made for diminution in the value of long-term investments to recognise a decline, if any, other than temporary in nature.

Profit / loss on sale of investments are computed with reference to their cost determined on first in first out basis.

ix Inventories

a) Inventories are valued as follows:

Raw material including components, packing material, stores and spares and goods in transit - At lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Work-in-process - At cost up to estimated stage of completion.

Finished goods and goods purchased for resale - At lower of cost and net realisable value.

b) Cost of inventories is ascertained on the following basis:

Raw materials, stores and spare parts and packing materials - On weighted average basis.

Finished goods purchased for resale - On weighted average basis.

Cost of manufactured finished goods and stock in process comprises of material, labour and other related production overheads including depreciation.

x Foreign currency transactions

Indian Rupee is the reporting currency for the Group. However, the local currencies of non-integral overseas subsidiaries are different from the reporting currency of the Group. The translation of local currencies into Indian Rupee is performed for assets and liabilities (excluding share capital, opening reserves and surplus), using the exchange rate as at the balance sheet date, and for revenues, costs and expenses using average exchange rate during the reporting period. Share capital, opening reserves and surplus are carried using historical rates. Resultant currency translation exchange gain / loss is carried as foreign currency translation reserve under reserves and surplus. Investments in foreign entities are recorded at the exchange rate prevailing on the date of making the investment.

Income and expenditure items of integral foreign operations are translated at the yearly average exchange rate of their respective foreign currencies. Monetary items at the balance sheet date are translated using the rates prevailing on the balance sheet date. Non-monetary assets are recorded at the rates prevailing on the date of the transaction. Any resultant gains or losses are accounted for in the consolidated statement of profit and loss.

Foreign currency transactions are recorded at the exchange rates prevailing on the date of transaction. Differences arising out of foreign currency transactions settled during the year are recognised in the statement of profit and loss.

Monetary items outstanding at the balance sheet date and denominated in foreign currencies are restated at the exchange rates prevailing at the balance sheet date. Differences arising on such restatement are recognised in the statement of profit

NOTES to the consolidated financial statements for the year ended 31 March 2012

and loss except to the extent permitted by the transitional provisions contained in the Companies (Accounting Standards) Amendment Rules, 2009 in respect of long term foreign currency monetary items, in which case the cost of fixed assets are adjusted by the translation differences and amortised over the remaining useful life of the related asset.

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

Forward exchange contracts and other currency derivative contracts that are not in principle forward contracts in accordance with Accounting Standard 11 'Effect of change in Foreign Exchange Rates' that are entered to hedge the foreign currency risk of highly probable forecast transactions and firm commitments are marked to market at the balance sheet date and exchange loss is recognised in the statement of profit and loss immediately. Any gain is ignored and not recognised in the financial statements, in accordance with the principles of prudence enunciated in Accounting Standard 1- Disclosure of Accounting Policies.

xi Taxes on income

Tax expense comprises current income tax and deferred income tax.

Current tax is determined as the amount of tax payable in respect of taxable income for the year, in accordance with the prevailing tax laws of the respective component of the Group.

Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable / virtual certainty, depending on the nature of the timing differences, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Minimum Alternate Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent it is not reasonably certain that the Company will pay normal income tax during the specified period.

xii Research and development

Research and development expenditure is charged to the statement of profit and loss except capital expenditure, which is added to the cost of respective fixed assets in the year in which it is incurred.

xiii Leases

a) Operating Lease

Lease rentals in respect of assets taken on operating lease are charged to the statement of profit and loss on a straight-line basis over the term of the lease.

b) Finance Lease

Assets acquired on finance lease which transfer risk and rewards of ownership are capitalised as assets at the lower of fair value of the leased property or the present value of the related lease payments or where applicable, estimated fair value of such assets. Amortisation of capitalised leased assets is computed on the straight line method over the useful life of the assets. Lease rental payable is apportioned between principal and finance charge using the internal rate of return method. The finance charge is allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of liability.

NOTES to the consolidated financial statements for the year ended 31 March 2012

xiv Employee benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Accounting Standard 15 Employee Benefits (Revised 2005) "Revised AS 15" as notified by Companies (Accounting Standards) Rules, 2006:

a) Provident fund

In terms of the Guidance Note on implementing the revised AS – 15, issued by the Accounting Standard Board of the Institute of Chartered Accountants of India (the 'ICAI'), the provident fund set up by the Parent Company is treated as a defined benefit plan since the Company has to meet the interest shortfall, if any. Accordingly, the contribution paid or payable and the interest shortfall, if any is recognised as an expense in the period in which services are rendered by the employee.

Contributions made to the statutory provident fund administered by the Government of India is treated as a defined contribution plan.

b) Gratuity

Gratuity is a post employment defined benefit plan. The liability recognised in respect of gratuity is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded as expense or income in the statement of profit and loss in the year in which such gains or losses arise.

c) Compensated absence

Liability in respect of compensated absences becoming due or expected to be availed within one year from the balance sheet date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of compensated absences becoming due or expected to be availed more than one year after the balance sheet date is estimated on the basis of actuarial valuation performed by an independent Actuary using the projected unit credit method. Actuarial gains or losses are recognised in the statement of profit and loss in the year they arise.

d) Other short term benefits

Expenses relating to other short term benefits including performance bonus is recognised on the basis of amount paid or payable for the period during which services are rendered by the employee.

xv Earnings per share

Basic earnings per share is calculated by dividing net profit or loss for the year attributable to equity shareholders by weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue, share split and any new equity issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

xvi Impairment of assets

The Group assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

NOTES to the consolidated financial statements for the year ended 31 March 2012

xvii Contingent liabilities and provisions

The Group makes a provision when there is a present obligation as a result of a past event where the outflow of economic resources is probable and a reliable estimate of the amount of the obligation can be made.

A disclosure is made for a contingent liability when there is a:

- possible obligation, the existence of which will be confirmed by the occurrence / non-occurrence of one or more uncertain events, not fully within the control of the Group;
- present obligation, where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- present obligation, where a reliable estimate cannot be made.

xviii Segment reporting

The accounting policies adopted for segment reporting are in line with those of the Group with the following additional policies for segment reporting:

- Revenues and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment.
- Revenues and expenses, which relate to the Group as a whole and are not allocable to segments on a reasonable basis, have been included as unallocated corporate expenses.
- Assets and liabilities, which relate to the Group as a whole and are not allocable to segments on a reasonable basis, are shown as unallocated assets and liabilities respectively.

Particulars	As at 31 March 2012		As at 31 March 2011	
	Number	₹ in lacs	Number	₹ in lacs
NOTE 3 SHARE CAPITAL				
Authorised				
Equity shares of ₹ 2 each	10,00,00,000	2,000.00	10,00,00,000	2,000.00
		2,000.00		2,000.00
Issued				
Equity shares of ₹ 2 each	6,60,50,220	1,321.00	6,60,50,220	1,321.00
		1,321.00		1,321.00
Subscribed and paid up				
Equity shares of ₹ 2 each fully paid up	6,60,46,395	1,320.93	6,60,46,395	1,320.93
Add : Forfeited shares		0.04		0.04
		1,320.97		1,320.97

(a) Reconciliation of share outstanding at the beginning and at the end of reporting year

Particulars	31 March 2012		31 March 2011	
	No.	Amount (₹)	No.	Amount (₹)
Equity shares outstanding at the beginning of the year	6,60,46,395	13,20,92,790	5,50,25,508	11,00,51,016
Add: Equity shares issued during the year	-	-	1,10,20,887	2,20,41,774
Equity shares outstanding at the end of the year	6,60,46,395	13,20,92,790	6,60,46,395	13,20,92,790

NOTES

to the consolidated financial statements for the year ended 31 March 2012

(b) Terms and rights attached to equity shares:-

The Company has only one class of equity shares having par value of ₹ 2 per share. Each holder of equity share is entitled to one vote per share. the Company declares and pays dividend in Indian Rupees.

During the year ended 31 March 2012, the amount of dividend is recognised as distribution to equity shareholder was ₹ 3 per share (previous year ₹ 2.50 per share).

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

₹ in lacs

Particulars	As at 31 March 2012	As at 31 March 2011
NOTE 4 RESERVES AND SURPLUS		
a. Capital reserves		
i) On account of amalgamation of erstwhile Krishna Ceramic Limited	3.33	3.33
ii) Forfeited amount of debentures	19.97	19.97
iii) Forfeited amount of upfront payment for naked warrants	97.50	97.50
iv) Profit on acquisition of shares	0.26	0.26
	121.06	121.06
b. Capital Redemption Reserve	15.00	15.00
c. Securities Premium Account		
Opening balance	21,144.82	6,840.63
Add : Premium on allotment of shares to qualified institutional buyers	-	14,779.01
Less : Expenses incurred on QIP issue	-	474.82
Closing balance	21,144.82	21,144.82
d. Central subsidy reserve*	25.00	25.00
e. Business reconstruction reserve**		
Opening balance	9,767.37	9,767.37
Add: Revaluation of land during the year	22,500.00	-
Closing balance	32,267.37	9,767.37
f. General reserve		
Opening balance	16,903.64	15,903.64
Add: Transfer from surplus in the Statement of Profit & Loss for the year	2,000.00	1,000.00
Closing balance	18,903.64	16,903.64
g. Foreign currency translation reserve	23.68	23.26
h. Surplus in the Statement of Profit and Loss		
Opening balance	17,866.81	12,970.72
Add: Net profit for the current year	9,354.77	7,815.11
Appropriations:		
Asset revaluation reserve	(0.83)	-
Proposed dividend including corporate dividend tax	(2,302.82)	(1,919.02)
Transfer to general reserve	(2,000.00)	(1,000.00)
Closing balance	22,917.93	17,866.81
	95,418.50	65,866.96

* Central subsidy reserve was created for subsidy received from Government to install diesel generator sets

** Refer note no 44

There was no movement in capital reserve, capital redemption reserve and central subsidy reserve during the year.

NOTES

to the consolidated financial statements for the year ended 31 March 2012

Particulars	₹ in lacs	
	As at 31 March 2012	As at 31 March 2011
NOTE 5 LONG-TERM BORROWINGS		
Secured		
Term loans from banks		
Foreign currency loans	46,667.42	19,176.23
Rupee loans	2,789.98	5,666.66
Car finance loans	40.70	92.62
	49,498.10	24,935.51
Unsecured		
Deferred payment liabilities	4,680.62	3,808.16
Others	-	76.97
	4,680.62	3,885.13
	54,178.72	28,820.64

Notes:-**1. Foreign currency loans comprise of:**

- a) External commercial borrowings (ECB) of USD 17 million from The Hongkong and Shanghai Banking Corporation Limited carrying interest @ 6 months LIBOR+ 200 bps, is repayable in 30 installments ranging from USD 0.40 million to USD 1.00 million starting from September 2011 and are secured by way of hypothecation of the whole of fixed assets including movable plant and machinery, machine spares, tools and accessories (both present and future) pertaining to the glass divisions of Company located at Sanathnagar and Bhongir and further secured by first pari-passu charge by way of mortgage of deposit of title deeds of immovable properties of glass divisions of the Company situated at Sanathnagar and Bhongir in Andhra Pradesh.
- b) External commercial borrowings (ECB) of USD 16.75 million from Citibank N.A. carrying interest @ 6 months LIBOR+ 181 bps, is repayable in 10 installments ranging from USD 0.299 million to USD 0.925 million starting from September 2011 and are secured by way of hypothecation of the whole of fixed assets including movable plant and machinery, machine spares, tools and accessories (both present and future) pertaining to the glass divisions of Company located at Sanathnagar and Bhongir and further secured by first pari-passu charge by way of mortgage of deposit of title deeds of immovable properties of glass divisions of the Company situated at Sanathnagar and Bhongir in Andhra Pradesh.
- c) External commercial borrowings (ECB) of USD 16 million from Standard Chartered Bank carrying interest @ 6 months LIBOR+ 177 bps, is repayable in 36 installments ranging from USD 0.12 million to USD 1.079 million starting from September 2010 and are secured by way of hypothecation of the whole of fixed assets including movable plant and machinery, machine spares, tools and accessories (both present and future) pertaining to the glass divisions of Company located at Sanathnagar and Bhongir and further secured by first pari-passu charge by way of mortgage of deposit of title deeds of immovable properties of glass divisions of the Company situated at Sanathnagar and Bhongir in Andhra Pradesh.
- d) External commercial borrowings (ECB) of USD 8 million from Standard Chartered Bank carrying interest @ 6 months LIBOR + 225bps, is repayable in 40 equal installments of USD 0.25 million starting from September 2012 and are secured by way of hypothecation of the whole of fixed assets including movable plant and machinery, furniture and fittings, equipments, computer hardware, computer software, machinery spares, tools and accessories (both present and future) pertaining to the glass divisions of Company located at Sanathnagar and Bhongir and further secured by first pari-passu charge by way of mortgage of deposit of title deeds of immovable properties of glass divisions of the Company situated at Sanathnagar and Bhongir in Andhra Pradesh.

NOTES

to the consolidated financial statements for the year ended 31 March 2012

- e) External commercial borrowings (ECB) of USD 20 million from Standard Chartered Bank carrying interest @ 6 months LIBOR + 300 bps, is repayable in 50 installments ranging from USD 0.225 million to USD 0.90 million starting from March 2014 and are secured by way of hypothecation of the whole of fixed assets including movable plant and machinery, furniture and fittings, equipments, computer hardware, computer software, machinery spares, tools and accessories (both present and future) pertaining to the glass divisions of Company located at Sanathnagar and Bhongir and further secured by first pari-passu charge by way of mortgage of deposit of title deeds of immovable properties of glass divisions of the Company situated at Sanathnagar and Bhongir in Andhra Pradesh.
- f) External commercial borrowings (ECB) of USD 25 million from DBS Bank Limited carrying interest @ 6 months LIBOR + 260 bps, is repayable in 50 installments ranging from USD 0.32 million to USD 0.72 million starting from March 2014 and are secured by way of hypothecation of the whole of fixed assets including movable plant and machinery, furniture and fittings, equipments, computer hardware, computer software, machinery spares, tools and accessories (both present and future) pertaining to the glass divisions of Company located at Sanathnagar and Bhongir and further secured by first pari-passu charge by way of mortgage of deposit of title deeds of immovable properties of glass divisions of the Company situated at Sanathnagar and Bhongir in Andhra Pradesh.
- g) External commercial borrowings (ECB) of USD 8.955 million from DBS Bank Limited carrying interest @ 3 months LIBOR + 200 bps, is repayable in 32 equal installments of USD 0.281 million starting from October 2012 and are secured by exclusive charge by way of mortgage of deposit of title deeds of the company pertaining to vacant freehold land situated at Sitarampur, Isnapur, PO Medak District, near Hyderabad, Andhra Pradesh.
- h) Term loan of GBP 130,000 taken by Barwood Products Limited (U.K.) from The Honkong and Shanghai Banking Corporation Limited is repayable in 33 equal monthly installments of GBP 3,926.48. This loan is secured by a corporate guarantee given by HSIL, the parent Company.

2. Rupee loans comprise of:

- a) DBS Bank Ltd : Term loan of ₹ 4,000 lacs, carrying interest @ 11.26% p.a., is repayable in 16 equal quarterly installments of ₹ 250 lacs starting from March 2011 and is secured by first pari-passu charge by way of mortgage of deposit of title deeds of the Company pertaining to vacant freehold land situated at Sitarampur, Isnapur, PO Medak District, near Hyderabad, Andhra Pradesh.
 - b) Central Bank of India: Term loan of ₹ 880 lacs , carrying interest @ 14% p.a , is repayable in 8 installments of ₹ 44 lacs and 8 installments of ₹ 66 lacs and starting from first quarter of 2011-12 and first quarter of 2013-14 and are secured by way of hypothecation of the whole of furniture, fixture, plant, machineries, equipments, machine spares, tools and all other fixed assets with the corporate guarantee of the parent Company.
 - c) Central Bank of India: Term loan of ₹ 1,500 lacs , carrying interest @ 14 % p.a , which is repayable in 16 equal quarterly installments of ₹ 93.75 lacs starting from third quarter of 2013-14 and are secured by way of hypothecation of the whole of furniture, fixture, plant, machineries, equipments, machine spares, tools and all other fixed assets with the corporate guarantee of the parent Company.
3. Car finance loans from ICICI bank of ₹ 24.44 lacs, carrying interest @ 9.8% p.a., is repayable in 36 equal monthly installments of ₹ 0.68 lacs starting from April 2011 and is secured by hypothecation of vehicles finance out of proceeds of such loans.
 4. Car finance loans from ICICI bank of ₹ 94.06 lacs, carrying interest @ 9.25% p.a., is repayable in 36 monthly installments of ₹ 2.17 lacs starting from January 2011 and is secured by hypothecation of vehicles finance out of proceeds of such loans.
 5. Deferred payment liabilities is in respect of value added tax and central sales tax liabilities pertaining to the year 1999-2000 to 2011-2012, is repayable by the end of financial year 31 March 2026 is secured against the moveable and immoveable properties of the Company. However, the charge is not yet been registered with the Registrar of Companies, West Bengal. Also, the amount of deferred sales tax credit is subject to assessment by sales tax authorities.
 6. Current maturities of long-term borrowing amounting to ₹ 7,373.57 lacs (previous year ₹ 5,206.40 lacs) are included under the head 'Other current liabilities'.

NOTES

to the consolidated financial statements for the year ended 31 March 2012

Particulars	₹ in lacs	
	As at 31 March 2012	As at 31 March 2011
NOTE 6 DEFERRED TAXES (NET)		
Deferred tax liability		
Impact of difference between tax depreciation and depreciation charged for the financial year (refer note 42)	8,529.24	7,096.98
Forex adjustments on ECB	-	290.20
	8,529.24	7,387.18
Deferred tax assets		
Provision for doubtful debts, loans and advances	114.52	70.90
Disallowance under section 43 B	62.40	-
Employee benefits	143.79	-
Forex adjustments on ECB	384.46	-
Tax impact of other expenses charged in the financial statement but allowable as deductions in future years under income-tax	9.82	-
Other timing differences	(3.61)	-
	711.38	70.90
	7,817.86	7,316.28

Particulars	₹ in lacs	
	As at 31 March 2012	As at 31 March 2011
NOTE 7 OTHER LONG TERM LIABILITIES		
Trade deposits from dealers*	1,044.31	883.45
Others		
- Earnest money deposits	54.78	16.37
- Vehicle loan deposits from employees	174.26	141.60
- Security deposits / retention money payable	20.03	168.96
- Other liabilities	6.52	-
	1,299.90	1,210.38

*In view of long term business relations, term deposits from dealers are considered as long term liabilities.

Particulars	₹ in lacs	
	As at 31 March 2012	As at 31 March 2011
NOTE 8 LONG TERM PROVISION		
Provision for employee benefits		
Gratuity (refer note 36)	29.81	11.69
Leave encashment (refer note 36)	318.01	241.71
	347.82	253.40

NOTES

to the consolidated financial statements for the year ended 31 March 2012

₹ in lacs

Particulars	As at 31 March 2012	As at 31 March 2011
NOTE 9 SHORT TERM BORROWINGS		
Secured		
Cash credit facilities from banks	3,939.96	1,390.41
Buyer's credit facilities from banks	1,036.35	3,375.54
	4,976.31	4,765.95
Unsecured		
Buyer's credit facility from banks	3,423.38	955.19
Short term loan from banks	500.00	-
Commercial paper	16,000.00	-
	19,923.38	955.19
	24,899.69	5,721.14

Note:

- Buyer's credit facilities from Citibank N.A., Standard Chartered Bank, Andhra Bank and Hongkong and Shanghai Banking Corporation Limited carrying rate of interest ranging between 2.50% - 3.52% p.a. are repayable within 6 months from the origination and is secured by hypothecation of stocks and book debts and further secured by second pari-passu charge on all the fixed assets of the Company situated at Bahadurgarh, Bibinagar, Sanathnagar and Bhongir.
- Cash credit facilities from Central Bank of India, Canara Bank and Standard Chartered Bank carrying rate of interest 13.75% p.a. which is repayable on demand and is secured by hypothecation of stocks and book debts and further secured by second pari-passu charge on all the fixed assets of the Company situated at Bahadurgarh, Bibinagar, Sanathnagar and Bhongir.
- Cash credit facilities from Citibank N.A. carrying rate of interest 14.00% p.a. which is repayable on demand and is secured by hypothecation of stocks and book debts and further secured by second pari-passu charge on all the fixed assets of the Company situated at Bahadurgarh, Bibinagar, Sanathnagar and Bhongir.
- Cash credit facilities from the Hongkong and Shanghai Banking Corporation Limited carrying rate of interest 12.50% p.a. which is repayable on demand and is secured by hypothecation of stocks and book debts and further secured by second pari-passu charge on all the fixed assets of the Company situated at Bahadurgarh, Bibinagar, Sanathnagar and Bhongir.
- Cash credit facilities from HDFC Bank carrying rate of interest 13.00% p.a. which is repayable on demand and is secured by hypothecation of stocks and book debts and further secured by second charge on all the fixed assets of the Company situated at Dharwad.
- Cash credit facilities from Central Bank of India, carrying rate of interest 14.25% p.a. which is repayable on demand and is secured by hypothecation of stocks and book debts and other current assets and further secured by corporate guarantee of holding Company.
- Short term unsecured commercial paper outstanding as at the year end ₹16,000 lacs (previous year ₹ Nil) is issued against earmarking of working capital limit with banks and is repayable during the year ended 31 March 2013.
- Short term unsecured loan from The Bank of Nova Scotia taken amounting to ₹ 500 lacs carrying interest rate of 11.75% p.a. and is repayable on 09 April 2012.
- Buyer's credit unsecured facilities from IDBI Bank carrying rate of interest ranging between 1.93% - 3.94% p.a. are repayable within 6 months from the origination.

NOTES to the consolidated financial statements for the year ended 31 March 2012

₹ in lacs

Particulars	As at 31 March 2012	As at 31 March 2011
NOTE 10 TRADE PAYABLES		
- Due to Micro, Small & Medium Enterprises (refer note 34)	152.12	241.22
- Total outstanding dues to units other than Micro, Small & Medium Enterprises	12,030.08	8,339.59
	12,182.20	8,580.81

₹ in lacs

Particulars	As at 31 March 2012	As at 31 March 2011
NOTE 11 OTHER CURRENT LIABILITIES		
Current maturities of long term borrowings	7,373.57	5,206.40
Interest accrued but not due on loans	478.26	248.69
Investor education and protection fund**		
Unclaimed dividends	55.23	46.79
Unclaimed share fraction 2006	0.30	0.30
Unclaimed bonus fractions 2005	0.34	0.34
Gratuity payable (net of obligation) (refer note 36)	45.85	-
Other payables		
Advance from customers	1,484.90	676.68
Statutory liabilities	955.70	1,152.05
Payable to employees	1,028.60	1,019.76
Creditor for expenses	3,782.50	1,473.15
Commission payable to directors	1,643.95	1,238.08
Creditor for capital goods	4,523.46	356.58
Other liabilities*	6,191.32	4,780.33
	27,563.98	16,199.15

* Including excise duty payable ₹ 1,464.69 lacs (previous year ₹ 1,201.92 lacs) on finished goods lying at Company's bonded warehouse.

** Not due for deposit.

₹ in lacs

Particulars	As at 31 March 2012	As at 31 March 2011
NOTE 12 SHORT TERM PROVISION		
Provision for employee benefits		
Gratuity (refer note 36)	0.21	0.55
Leave encashment (refer note 36)	150.50	116.96
	150.71	117.51
Other provisions:		
Provision for income tax	314.67	183.74
[(net of advance tax and TDS amounting to ₹ 7,781.34 lacs (previous year ₹ 4,450.73 lacs)]		
Proposed dividend	1,981.39	1,651.16
Tax on proposed dividend	321.43	267.86
	2,617.49	2,102.76
	2,768.20	2,220.27

NOTES

to the consolidated financial statements for the year ended 31 March 2012

NOTE 13 FIXED ASSETS

As at 31 March 2012

As at 31 March 2012												₹ in lakhs	
Particulars	As at 1 April 2011	Additions	Acquisition through business combinations	Gross block			Revaluation	As at 31 March 2012	Depreciation and amortisation			Net block	
				Other adjustments (Borrowing cost and foreign exchange fluctuation)	Sales/ adjustment	Sales/ adjustment			Upto 1 April 2011	For the year	Sales/ adjustment	Upto 31 March 2012	As at 31 March 2012
Tangible assets													
Land freehold	26,157.42	296.54	258.02	-	-	22,500.00	49,211.98	-	-	-	-	49,211.98	26,157.42
Building	16,624.47	2,300.74	467.35	490.56	-	-	19,883.12	2,488.49	461.22	-	2,949.71	16,933.41	14,135.98
Plant & Machinery	59,454.15	4,843.39	3,021.31	1,965.63	73.61	-	69,210.87	23,577.06	4,783.84	62.44	28,298.46	40,912.41	35,877.09
Vehicles	1,533.80	1,031.14	16.80	-	343.58	-	2,238.16	549.23	352.00	231.19	670.04	1,568.12	984.57
Office Equipments	539.05	175.29	47.61	-	1.46	-	760.49	150.24	49.63	0.66	199.21	561.28	388.81
Computers (including software)	1,924.53	622.05	5.93	-	3.10	-	2,549.41	978.90	376.09	1.95	1,353.04	1,196.37	945.63
Furniture & Fixtures	1,129.71	477.04	15.70	-	-	-	1,622.45	282.12	116.27	-	398.39	1,224.06	847.59
Leasehold Land	222.00	19.77	-	-	-	-	241.77	4.55	1.21	-	5.76	236.01	217.45
Leasehold improvements	1,316.93	1,154.88	-	-	-	-	2,471.81	239.45	345.46	-	584.91	1,886.90	1,077.48
												1,13,730.54	80,632.02
Intangible Assets													
Trade Mark	300.00	-	-	-	-	-	300.00	300.00	-	-	300.00	-	-
Technical know how	207.30	-	-	-	-	-	207.30	19.03	20.73	-	39.76	167.54	188.27
Goodwill	347.79	5,436.23	-	-	-	-	5,784.02	0.12	0.11	-	0.23	5,783.79	347.67
Total	1,09,757.15	16,357.07	3,832.72	2,456.19	421.75	22,500.00	1,54,481.38	28,589.19	6,506.56	296.24	34,799.51	1,19,681.87	81,167.96

NOTES

to the consolidated financial statements for the year ended 31 March 2012

NOTE 13 FIXED ASSETS

As at 31 March 2011

₹ in lacs

Particulars	As at 1 April, 2010	Additions	Acquisition through business combinations	Gross block				Depreciation and amortisation				Net block	
				Other adjustments (Borrowing cost and foreign exchange fluctuation)	Sales/ adjustment	Revaluation	As at 31 March 2011	As at 1 April, 2010	For the year	Sales/ adjustment	As at 31 March 2011	As at 31 March 2010	
Tangible													
Land freehold	26,035.49	121.93	-	-	-	-	26,157.42	-	-	-	-	26,157.42	26,035.49
Building	15,674.18	700.29	250.00	-	-	-	16,624.47	2,081.33	407.16	-	2,488.49	14,135.98	13,592.85
Plant & Machinery	56,360.93	7,724.28	210.00	(1,377.58)	3,463.48	-	59,454.15	22,675.52	4,336.07	3,434.53	23,577.06	35,877.09	33,685.41
Vehicles	1,421.31	596.41	-	-	483.92	-	1,533.80	615.82	244.98	311.57	549.23	984.57	805.49
Office Equipments	458.37	71.21	10.00	-	0.53	-	539.05	125.65	24.62	0.03	150.24	388.81	332.72
Computers (including software)	1,643.52	282.63	-	-	1.62	-	1,924.53	672.87	307.07	1.04	978.90	945.63	970.65
Furniture & Fixtures	978.27	152.04	-	-	0.60	-	1,129.71	213.77	68.42	0.07	282.12	847.59	764.50
Leasehold Land	30.00	-	192.00	-	-	-	222.00	3.55	1.00	-	4.55	217.45	26.45
Leasehold improvements	687.50	629.43	-	-	-	-	1,316.93	111.49	127.96	-	239.45	1,077.48	576.01
												80,632.02	76,789.57
Intangibles													
Trade Mark	300.00	-	-	-	-	-	300.00	300.00	-	-	300.00	-	-
Technical know how	-	-	207.30	-	-	-	207.30	-	19.03	-	19.03	188.27	-
												188.27	-
Goodwill	0.26	347.53	-	-	-	-	347.79	0.12	-	-	0.12	347.67	0.14
Total	1,03,589.83	10,625.75	869.30	(1,377.58)	3,950.15	-	1,09,757.15	26,800.12	5,536.31	3,747.24	28,589.19	81,167.96	76,789.71

- The borrowing cost capitalised during the year ended 31 March 2012 was ₹ 29.18 lac (Previous year ₹ Nil).
- The premium and foreign exchange loss of ₹ 2,427.01 lacs capitalised during the year ended 31 March 2012 (Previous year foreign exchange gain ₹ 1,377.58 lacs).
- Pursuant to the Scheme ('BRR'), the Company has revalued its freehold land by crediting ₹ 22,500.00 lacs to the Business Reconstruction Reserve during the year ended 31 March 2012. (Refer note 44)

NOTES

to the consolidated financial statements for the year ended 31 March 2012

Particulars	As at 31 March 2012	As at 31 March 2011
NOTE 14 NON- CURRENT INVESTMENTS		
Other investments		
8,04,000 (previous year 8,04,000) equity shares of ₹ 10 each fully paid-up in Andhra Pradesh Gas Power Corporation Limited	1,073.61	1,073.61
20,100 (previous year Nil) equity shares of ₹ 25 each fully paid up in Shamrao Vithal Co-op Bank Ltd.	5.03	-
	1,078.64	1,073.61
Non- trade investments (valued at cost unless stated otherwise)		
Unquoted Government securities		
National Savings Certificates*	1.92	1.68
Equity instruments (quoted)		
Other investments		
125 (previous year 125) equity shares of ₹ 10 each fully paid in Neycer India Limited	0.01	0.01
50 (previous year 50) equity shares of ₹ 10 each fully paid in Swastik Sanitarywares Limited	0.01	0.01
	1.94	1.70
	1,080.58	1,075.31
Aggregate amount of quoted investment (market value ₹ 0.02 previous year: ₹ 0.02)	0.02	0.02
Aggregate amount of unquoted investment	1,080.58	1,075.31
*Deposited with government authority	1.92	1.68

Particulars	As at 31 March 2012	As at 31 March 2011
NOTE 15 LONG TERM LOANS AND ADVANCES		
Capital advances - secured, considered good	3,789.02	2,667.78
Security deposits - unsecured, considered good	2,140.96	934.14
Other loans & advances		
Prepaid expenses	163.88	33.52
Others	120.51	198.70
	6,214.37	3,834.14

Particulars	As at 31 March 2012	As at 31 March 2011
NOTE 16 OTHER NON CURRENT ASSETS		
Fixed deposits with banks whose maturity is more than twelve months**	693.44	594.56
Interest accrued but not due on deposits	27.48	2.59
Others	9.68	-
Preliminary Expenses(to the extent not written off)	0.06	0.12
	730.66	597.27

Note:

** Fixed deposits includes margin money deposits amounting to ₹ 574.46 (previous year: ₹ 580.21 lacs) pledged with banks against various bank guarantees / letter of credit issued by bank on behalf of the Company.

NOTES

to the consolidated financial statements for the year ended 31 March 2012

Particulars	₹ in lacs	
	As at 31 March 2012	As at 31 March 2011
NOTE 17 CURRENT INVESTMENTS		
Unquoted mutual funds		
Nil (previous year 99,98,800.14) units of ₹ 10 each fully paid up of ICICI Prudential Interval Fund-Half yearly Interval Plan-I-Inst. Dividend	-	1,000.00
Nil (previous year 3,88,419.33) units of ₹ 10 each fully paid up of Reliance Medium Term Fund - Growth	-	73.98
Nil (previous year 1,70,180.44) units of ₹ 10 each fully paid up of HDFC Cash Management Fund-Treasury Advantage Plan-Wholesale-Daily Dividend	-	17.07
1,05,576.977(previous year Nil) Units of ₹ 10/- each fully paid up of Reliance liquid fund - Treasury Growth Plan	26.61	-
Nil (previous year 499.028) units of ₹ 10 each fully paid up of HDFC Liquid Fund - Growth	-	0.09
2,573.408 (previous year 2,624.886) units of ₹ 10 each fully paid up of HDFC Prudence Fund - Growth	4.41	4.50
Nil (previous year 20,00,000) units of ₹ 10 each fully paid up of Birla Sun Life Short Term FMP Series 5 Dividend	-	200.00
Nil (previous year 50,00,000) units of ₹ 10 each fully paid up of Birla Sun Life Short Term FMP Series 6 Dividend	-	500.00
Nil (previous year 36,78,228.56) units of ₹ 10 each fully paid up of HDFC MF Monthly Income Plan-Long Term-Quarterly Dividend	-	500.00
Nil (previous year 20,00,000) units of ₹ 10 each fully paid up of IDFC Fixed Maturity 100 days Series - Dividend	-	200.00
	31.02	2,495.64
Aggregate amount of unquoted investments	31.02	2,495.64

Particulars	₹ in lacs	
	As at 31 March 2012	As at 31 March 2011
NOTE 18 INVENTORIES		
(As taken, valued and certified by the management)		
Raw materials and components	3,545.11	2,223.14
Work-in-progress	1,216.84	760.10
Finished goods (including traded goods)	20,339.49	15,770.21
Stores and spares	2,876.85	2,314.17
Add: Goods in transit	62.03	56.68
Loose tools	18.57	20.89
Packing material	734.77	499.41
Oils, fuels & lubricants and others	1,798.88	588.48
	30,592.54	22,233.08

NOTES

to the consolidated financial statements for the year ended 31 March 2012

₹ in lacs

Particulars

As at
31 March 2012

As at
31 March 2011

NOTE 19 TRADE RECEIVABLES

(Unsecured unless otherwise stated)

Debts outstanding for a period exceeding six months from the date they are due for payment:

- Considered doubtful	232.13	111.21
- Considered good	480.30	78.84
- Considered good- secured	33.33	18.42
	745.76	208.47
Less: Provision for doubtful debts	232.13	111.21
(A)	513.63	97.26

Debts outstanding for a period less than six months from the date they are due for payment:

- Considered doubtful	-	78.50
- Considered good	23,483.08	15,888.79
- Considered good- secured	399.86	387.42
	23,882.94	16,354.71
Less: Provision for doubtful debts	-	78.50
(B)	23,882.94	16,276.21

Total (A+B)	24,396.57	16,373.47
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₹ in lacs

Particulars

As at
31 March 2012

As at
31 March 2011

NOTE 20 CASH AND BANK BALANCES

Cash & cash equivalents

Balance with banks		
Current accounts	317.42	251.13
Bank deposits with original maturity of less than three months	25.00	213.79
Cheques on hand	0.62	-
Cash on hand	127.69	75.08
Remittance in transit	1,115.40	1,591.33
Other saving accounts	-	0.04
	1,586.13	2,131.37

Earmarked balances with banks

Unclaimed dividend accounts	55.23	46.79
Unclaimed bonus fraction accounts	0.34	0.34
Unclaimed share fraction account	0.30	0.30

Other bank balances

Held as margin money in fixed deposits	230.26	-
Fixed deposits with maturity of less than twelve months	5,476.35	9.17
	7,348.61	2,187.97

NOTES

to the consolidated financial statements for the year ended 31 March 2012

Particulars	₹ in lacs	
	As at 31 March 2012	As at 31 March 2011
NOTE 21 SHORT TERM LOANS AND ADVANCES		
Unsecured, considered good		
Advances recoverable in cash or in kind or for value to be received	649.98	704.11
Advances to suppliers	2,019.48	852.48
Balances with excise, sales tax and other authorities	1,570.06	1,418.99
MAT credit entitlement	-	1,490.55
Advance to employees	45.18	11.57
Other advances	0.57	65.11
	4,285.27	4,542.81
Unsecured, considered doubtful		
Advances recoverable in cash or in kind or for value to be received	125.22	28.83
Less : Provision for doubtful advances and loans	125.22	28.83
	-	-
	4,285.27	4,542.81

Particulars	₹ in lacs	
	As at 31 March 2012	As at 31 March 2011
NOTE 22 OTHER CURRENT ASSETS		
Interest accrued but not due on deposits	108.45	40.19
	108.45	40.19

Particulars	₹ in lacs	
	Year ended 31 March 2012	Year ended 31 March 2011
NOTE 23 INCOME FROM OPERATIONS		
Sales of products		
Finished goods	1,54,928.64	1,14,847.57
Other operating income		
Export incentives	282.39	346.66
Sundry balances and liabilities no longer required written back (net)	180.51	270.81
Foreign exchange fluctuations	346.85	181.74
Maintenance service income	69.21	34.79
Insurance claims received	157.48	186.15
Scrap sales	351.40	399.86
Miscellaneous receipts	336.71	200.81
Provision for doubtful debts written back	-	482.15
	1,56,653.19	1,16,950.54

NOTES

to the consolidated financial statements for the year ended 31 March 2012

Particulars	Year ended 31 March 2012	₹ in lacs Year ended 31 March 2011
NOTE 24 OTHER INCOME		
Rent received	51.13	35.56
Dividend on investments	75.70	76.02
Interest received (gross) on		
Loans to bodies corporate	3.87	2.86
Deposits with banks	73.71	48.97
Margin money with banks	43.47	19.50
Advance to suppliers	-	10.92
Other accounts	36.47	2.03
Gain on disposal of fixed assets (net)	204.00	162.95
Excess balances and liabilities written back	8.50	4.38
Miscellaneous income	2.00	0.01
Gain on sale of current investments	9.31	3.72
	508.16	366.92

Particulars	Year ended 31 March 2012	₹ in lacs Year ended 31 March 2011
NOTE 25 COST OF RAW MATERIALS CONSUMED		
Cost of raw materials consumed	26,135.07	17,500.59

Particulars	Year ended 31 March 2012	₹ in lacs Year ended 31 March 2011
NOTE 26 PURCHASES OF TRADED GOODS		
Sanitaryware and others	25,831.15	18,867.59
	25,831.15	18,867.59

Particulars	Year ended 31 March 2012	₹ in lacs Year ended 31 March 2011
NOTE 27 CHANGE IN STOCK OF FINISHED GOODS AND WORK IN PROGRESS		
Opening stock		
Work in progress	760.10	499.36
Finished goods	15,770.21	11,920.89
Add: Stock received pursuant to purchase of Garden Polymers Private Limited	249.78	-
Add: Stock received pursuant to purchase of Barwood Products Limited, UK	-	183.02
Add: Stock brought over as per business transfer agreement with Harvells India Limited	-	253.82
	16,780.09	12,857.09
Less: Closing stock		
Work in progress	1,216.84	760.10
Finished goods	20,339.49	15,770.21
	21,556.33	16,530.31
Change in stocks	4,776.24	3,673.22

NOTES

to the consolidated financial statements for the year ended 31 March 2012

Particulars	Year ended 31 March 2012	₹ in lacs Year ended 31 March 2011
NOTE 27 CHANGE IN STOCK OF FINISHED GOODS AND WORK IN PROGRESS (Contd.)		
Excise duty on opening stock	1,201.92	1,120.87
Less : Excise duty on closing stock	1,419.05	1,201.92
Change in excise duty on finished stocks	217.13	81.05
Change in stock of finished goods and work in progress	4,559.11	3,592.17

Particulars	Year ended 31 March 2012	₹ in lacs Year ended 31 March 2011
NOTE 28 EMPLOYEE BENEFIT EXPENSES		
Salaries, wages and bonus	14,545.44	11,221.68
Contribution to provident and other funds	744.82	622.55
Staff welfare expenses	616.60	472.95
	15,906.86	12,317.18

Particulars	Year ended 31 March 2012	₹ in lacs Year ended 31 March 2011
NOTE 29 OTHER EXPENSES		
Power and fuel	27,658.88	19,904.74
Stores and spares consumed	3,572.79	3,049.47
Packing material consumed	6,940.42	5,489.65
Loose tools consumed	58.19	61.04
Oil, fuel and lubricant consumed	229.53	194.87
Repairs and maintenance:		
Buildings	267.24	290.41
Plant and machinery (excluding stores consumption)	737.26	634.13
Other assets	301.94	260.41
Rent (including hire charges)	1,672.05	1,048.34
Rates and taxes	392.49	244.55
Directors sitting fees	1.13	1.02
Expenditure on ceramic and applied research centre	42.86	34.62
Insurance	340.00	244.06
Travelling and conveyance	1,770.53	1,326.51
Discounts	2,717.16	2,418.89
Commission on sales	301.37	362.12
Expenses on exports	826.07	469.58
Advertisement and publicity	1,114.81	1,046.18
Other selling and distribution expenses	6,332.23	4,362.37
Provision for doubtful debts and advances	138.81	186.07
Bad debts written off	5.37	14.00

NOTES

to the consolidated financial statements for the year ended 31 March 2012

₹ in lacs

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
NOTE 29 OTHER EXPENSES (Condt.)		
Charity and donation	61.31	56.85
Foreign exchange fluctuation	440.94	112.59
Loss on sale of current investments	24.82	-
Loss on sale of fixed assets	16.64	12.88
Re-location expenses	22.54	-
Miscellaneous expenses	1,998.53	1,999.47
	57,985.91	43,824.82

₹ in lacs

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
NOTE 30 FINANCE COST		
Interest on:-		
- Fixed period loan	3,554.67	3,011.48
- Others	593.43	588.70
Other borrowing costs	47.12	44.80
	4,195.22	3,644.98

₹ in lacs

Particulars	Year ended 31 March 2012	Year ended 31 March 2011
NOTE 31 EARNING PER SHARE		
a) Computation of profit		
Profit after tax before prior period	9,373.21	7,834.13
Less: Prior period item	(18.44)	(19.02)
Profit attributable to equity shareholders after prior period	9,354.77	7,815.11
b) Computation of weighted average number of shares for		
Basic and diluted earnings per share (refer note 3)	6,60,46,395	6,03,69,883
c) Nominal value per share (₹)	2	2
d) Earnings per share – basic and diluted before prior period (₹)	14.19	12.98
Earnings per share – basic and diluted after prior period (₹)	14.16	12.95

NOTES

to the consolidated financial statements for the year ended 31 March 2012

Particulars	₹ in lacs	
	As at 31 March 2012	As at 31 March 2011
NOTE 32 CONTINGENT LIABILITIES AND COMMITMENTS		
1) Contingent liabilities not provided for in respect of:		
a) Demands raised by the excise authorities against which appeals have been filed	365.15	302.89
b) Demands raised by the income tax authorities against which appeals have been filed	-	5.71
c) Demands made by the sales tax authorities against which appeals have been filed	247.54	219.91
d) Service tax liability	85.97	59.66
e) Bank guarantees outstanding	3,168.54	1,411.59
f) Claims against the Group not acknowledged as debts	2,049.56	2,001.30
g) Duty availed on imports against EPCG licenses	3,098.05	2,569.82
2) Unfulfilled export obligation under EPCG license of EXIM Policy	24,784.42	20,558.57

Particulars	₹ in lacs	
	As at 31 March 2012	As at 31 March 2011
NOTE 33 CAPITAL AND OTHER COMMITMENTS		
Commitments relating to contracts remaining to be executed on capital account and other commitments not provided for.	28,084.24	11,170.45

Particulars	₹ in lacs	
	As at 31 March 2012	As at 31 March 2011
NOTE 34 DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES AS DEFINED UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT (MSMED), 2006		
Principal amount remaining unpaid	152.12	241.22
Interest accrued and remaining unpaid as at year end	-	-

The management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMEDA). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2012 has been made in the financials statements based on information received and available with the Company. Further, no interest during the year has been paid or payable under the terms of the MSMED Act, 2006.

NOTES

to the consolidated financial statements for the year ended 31 March 2012

Particulars	Year ended 31 March 2012	₹ in lacs Year ended 31 March 2011
NOTE 35 MISCELLANEOUS EXPENSES INCLUDE PAYMENTS TO AUDITORS OF THE PARENT COMPANY FOR		
As :		
a) Auditor	15.73	15.44
b) For taxation matters	2.25	2.21
c) For other services	6.08	5.13
d) For reimbursement of expenses (including service tax wherever applicable)	4.68	4.53
	28.74	27.31

Particulars	Year ended 31 March 2012	₹ in lacs Year ended 31 March 2011
NOTE 36 EMPLOYEE BENEFITS		
During the year the Group has recognised the following amounts in the Statement of Profit and Loss.		
a) Provident fund and other funds*:		
Employer's contribution to provident fund **	426.99	360.92
Employer's contribution to ESI	130.52	106.47

* included in contribution to provident and other funds (refer note 28)

**The Fund does not have any existing deficit or interest shortfall. In regard to any future obligation arising due to interest shortfall, pending the issuance of the Guidance Note from the Actuarial Society of India, the measurement of actuarial valuation liability towards Provident Fund is not feasible. Accordingly, other related disclosures in respect of provident fund have not been furnished.

Particulars	Year ended 31 March 2012 Gratuity funded	₹ in lacs Year ended 31 March 2011 Gratuity funded
b) Defined benefit plan		
Amount recognised in the balance sheet :		
Present value of obligations	1,243.09	1,108.14
Fair value of plan assets	1,133.30	1,114.44
Net (Asset) / liability recognised in the balance sheet	109.79	(6.30)
Amounts recognised in the statement of profit and loss :		
Current service cost	117.95	92.84
Past service cost	-	120.89
Interest cost	84.87	76.85
Expected return on plan assets	(89.85)	(85.81)
Actuarial loss / (gain) (net)	98.43	(78.39)
Total included in 'Employee benefit expense' *	211.40	126.38
Actual return on plan assets	45.64	75.56
* Refer note 28		
Reconciliation of opening and closing balances of benefit obligations and plan assets		
Change in defined benefit obligation		

NOTES

to the consolidated financial statements for the year ended 31 March 2012

Particulars	Year ended 31 March 2012 Gratuity funded	₹ in lacs Year ended 31 March 2011 Gratuity funded
b) Defined benefit plan (contd.)		
Opening defined benefit obligation	1,121.54	1,014.96
Interest cost	84.87	76.85
Current service cost	117.95	92.84
Past service cost	-	120.89
Benefits paid	(135.49)	(108.77)
Actuarial (gain) / loss	54.22	(88.63)
Closing defined benefit obligation	1,243.09	1,108.14
Changes in the fair value of plan assets		
Fair value of plan assets at the beginning of the year	1,122.90	1,072.59
Expected return on plan assets	89.85	85.81
Employer's contributions	100.25	75.05
Benefits paid	(135.49)	(108.77)
Actuarial loss	(44.21)	(10.24)
Fair value of plan assets at the end of the year	1,133.30	1,114.44
Assumption used to determine the benefit obligations:		
Discount rate	8.00%	8.00%
Expected rate of increase in compensation levels	5.00%	5.00%
Expected rate of return on plan assets	8.00%	8.00%
Expected average remaining working lives of employees	17 years	17 years

	₹ in lacs				
Amounts for the current and previous periods are as follows:	2011-12	2010-11	2009-10	2008-09	2007-08
Defined benefit plan – Gratuity					
Defined benefit obligation	(1,243.09)	(1,108.14)	(1,014.96)	(925.35)	(998.18)
Plan assets	1,133.30	1,114.44	1,072.59	865.06	927.55
Surplus / (deficit)	(109.79)	6.30	57.63	(60.29)	(70.63)

The parent Company made annual contribution to the Birla Sun Life Insurance Company Limited ('BSL') of an amount advised by the BSL. The Company was not informed by BSL of the investment made or the break down of plan assets by investment type, accordingly related disclosures are not included in these financial statements.

Particulars	Year ended 31 March 2012 Leave encashment	₹ in lacs Year ended 31 March 2011 Leave encashment
c) Other long term benefit plans		
Amounts recognised in the balance sheet		
Present value of obligation	468.51	358.67
Fair value of plan assets	-	-
Funded status / difference	468.51	358.67
Unrecognised actuarial (gains) / losses	-	-
Net liability recognised in the balance sheet	468.51	358.67
Long term (Refer note 8)	318.01	241.71

NOTES

to the consolidated financial statements for the year ended 31 March 2012

Particulars	Year ended 31 March 2012 Leave encashment	₹ in lacs Year ended 31 March 2011 Leave encashment
c) Other long term benefit plans		
Short term (Refer note 12)	150.50	116.96
Amounts recognised in the statement of profit and loss		
Current service cost	80.21	52.41
Interest cost	30.49	24.29
Actuarial loss	116.16	67.50
Total included in 'Employee benefit expense' *	226.86	144.20
Actual return on plan assets	-	-
* Refer note 28		
Reconciliation of opening and closing balances of benefit obligations		
Change in benefit obligation		
Opening benefit obligation	358.67	303.58
Interest cost	30.49	24.29
Current service cost	80.21	52.41
Benefits paid	(117.02)	(89.11)
Actuarial loss	116.16	67.50
Closing benefit obligation	468.51	358.67
Assumptions used		
Discount rate	8.50%	8.00%
Expected rate of increase in compensation levels	6.00%	5.50%
Expected average remaining working lives of employees	21.20 years	21.04 years

Particulars	As at 31 March 2012	₹ in lacs As at 31 March 2011
NOTE 37 UN-HEDGED POSITION		
The foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below as on each balance sheet date:		
Receivables and advances:		
Exports outstanding	1,101.40	487.32
Payables:		
Payable on imports	2,542.41	725.16
Loans:		
Buyer's credit facility	4,459.73	4,330.73
Term loan	31,736.08	891.80
Details of derivative instruments outstanding as on 31 March 2012		

Particulars of Hedged Derivatives	31 March 2012	31 March 2011	Purpose
Sell (in US\$)	-	50.00	Hedge of future receipts towards external commercial borrowings
	-	6.00	Hedge of future receipts towards export.
Buy (in US\$)	412.38	487.88	Hedge of future payments towards external commercial borrowings.

NOTES

to the consolidated financial statements for the year ended 31 March 2012

Particulars	₹ in lacs	
	Year ended 31 March 2012	Year ended 31 March 2011
NOTE 38 CAPITAL WORK IN PROGRESS INCLUDES EXPENDITURE DURING CONSTRUCTION PERIOD		
Balance brought forward from previous year	-	-
Add:		
- Raw material consumed	394.46	-
- Packing material consumed	83.54	-
- Stores and spares consumed	154.51	-
- Power and fuel	652.49	-
- Insurance	12.58	-
- ECB loan processing charges	362.66	-
- Traveling and conveyance	77.96	-
- Rent and hiring charges	42.36	-
- Salary, wages and bonus	588.18	-
- Interest paid	706.22	-
- Foreign exchange fluctuation loss	2,021.41	-
- Mould job work charges	23.61	-
- Miscellaneous expenses	109.71	-
Total (A)	5,229.69	-
Less :		
- Sales	320.38	-
- Increase in stocks including excise duty	848.78	-
- Interest received	338.64	-
Total (B)	1,507.80	-
Total (A-B)	3,721.89	-
Allocated to fixed assets	-	-
Balance allocated to capital work-in-progress	3,721.89	-
Balance carried forward	-	-

NOTE 39 SEGMENT REPORTING**Identification of segment:**

The Group's operating business are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group has accordingly identified two primary business segments, i.e. Sanitaryware and glassware.

The activities of the Group are primarily limited within Indian territories having no variation in risk and returns. Consequently, information in respect of geographical segment is not given.

Unallocated items:

The corporate and other segment includes general corporate income and expense items, which are not allocated to any business segment.

Information about primary business segments is given as follows:

(Figures in parenthesis are for the previous year)

NOTES

to the consolidated financial statements for the year ended 31 March 2012

Particulars	Sanitaryware	Glassware	Others	₹ in lacs Year ended 31 March 2012
Segment revenue				
External sales (net)	60,687.53	70,956.15	12,913.40	1,44,557.08
	(49,010.69)	(53,828.19)	(4,717.21)	(1,07,556.09)
Other income	951.78	696.69	76.08	1,724.55
	(896.24)	(1,084.15)	(22.90)	(2,003.29)
Segment results	12,218.33	10,863.67	(1,066.86)	22,015.14
	(10,614.54)	(8,237.29)	(-814.08)	(18,037.75)
Unallocated corporate expenses (net)				3,031.80
				(2,570.15)
Interest				4,195.22
				(3,644.98)
Income tax (including deferred tax)				5,433.35
				(4,007.51)
Profit after tax				9,354.77
				(7,815.11)
Other information				
Segment assets	72,957.24	1,28,912.45	2,681.58	2,04,551.27
	(55,767.20)	(67,949.73)	(209.02)	(1,23,925.95)
Unallocated corporate assets				23,246.57
				(13,584.05)
Total assets				2,27,797.84
				(1,37,510.00)
Segment liabilities	27,401.07	91,466.61	6,327.85	1,25,195.53
	(17,656.95)	(51,746.76)	(2,133.02)	(71,536.73)
Unallocated corporate liabilities				5,862.84
				(1214.66)
Total liabilities (excluding shareholders' fund)				1,31,058.37
				(70,322.07)
Capital expenditure	5,864.14	4,904.38	11,877.46	22,645.98
	(2,548.73)	(6,195.56)	(1,373.18)	(10,117.47)
Depreciation and amortisation	1,158.79	4,244.74	1,103.03	6,506.56
	(999.88)	(4,150.18)	(386.25)	(5,536.31)
Other non-cash expenses				
Provision for doubtful debts and advances				138.81
				(186.06)
Preliminary expenditure written off				0.06
				(0.06)

NOTES

to the consolidated financial statements for the year ended 31 March 2012

NOTE 40 IN ACCORDANCE WITH THE REQUIRED ACCOUNTING STANDARD (AS-18) ON RELATED PARTY DISCLOSURES WHERE CONTROL EXIST AND WHERE TRANSACTIONS HAVE TAKEN PLACE AND DESCRIPTION OF THE RELATIONSHIP AS IDENTIFIED AND CERTIFIED BY MANAGEMENT ARE AS FOLLOWS

a) List of Related Parties

Relationship	Name of Related Party
Key Management Personnel (KMP)	Rajendra K Somany (Father)
	Sandip Somany (Son)
	Sumita Somany (wife of Sandip Somany)
Entities where significant influence is exercised by KPM and / or their relatives having transactions with the Company.	Textool Mercantile Private Limited
	Paco Exports Limited
	New Delhi Industrial Promoters and Investors Limited
	Soma Investments Limited

b) Summary of related party transactions-

₹ in lacs

Particulars	Key management personnel and their relatives		Entities where significant influence is exercised by KMP and / or their relatives having transactions	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
A Transactions during the year				
a) Rent paid				
R. K. Somany	4.80	4.80	-	-
Textool Mercantile Private Limited	-	-	0.50	0.50
Paco Exports Limited	-	-	16.80	16.80
b) Director remuneration				
R. K. Somany	876.21	666.40	-	-
Sandip Somany	826.36	657.06	-	-
Sumita Somany	23.79	19.92	-	-
c) Balance outstanding at the year end-payable				
R. K. Somany	724.80	550.26	-	-
Sandip Somany	724.80	550.26	-	-

NOTE 41 LEASES

- a) The Company is a lessee under various operating leases for premises taken on lease. These leasing arrangements, which are non-cancellable, are of 36 months and are renewable on mutually agreeable terms. Aggregate rental expenses under operating leases amounted to ₹ 810.70 lacs (previous year ₹ 543.54 lacs) for the year, has been charged to the statement of profit and loss. The future lease payments in respect of these leases as at 31 March 2012 and 31 March 2011 are as follows:

Particulars	As at	As at
	31 March 2012	31 March 2012
With in one year	961.88	477.57
After one year but less than 5 years	1,390.70	537.99
More than 5 years	-	-
Total minimum lease payment	2352.58	1015.56

NOTES

to the consolidated financial statements for the year ended 31 March 2012

NOTE 42

The Parent Company vide 'Share Purchase Agreement' dated 26 May 2011 acquired 18,500 equity shares representing the entire paid up capital of Garden Polymers Private Limited ("Garden Polymers") located in India for a total consideration of ₹ 8,686.97 lacs (including transaction costs). Details of the assets and liabilities as of the date of investment are as below:

Particulars	₹ in lacs
	As at
	31 March 2012
Fixed assets including capital work in progress	4,532.72
Non-current assets	5.02
Current assets	1,157.47
	5,695.21
Less: Non-current liabilities and current liabilities	1,969.59
Less: Deferred tax liabilities	474.88
Share of net assets acquired	3,250.74
Net consideration paid	8,686.97
Goodwill	5,436.23

Haas International B.V., Netherlands, a wholly owned subsidiary of the Group has, vide 'Share Purchase Agreement' dated 24 June 2010 acquired 100% equity share capital of Barwood Products (Staffordshire) Limited (Now, Barwood Products Limited w.e.f. 16 December 2010)("Barwood") located in UK for a consideration of ₹ 622.22 lacs. Details of the assets and liabilities as of the date of investment are as below:

Particulars	₹ in lacs
	As at
	31 March 2011
Fixed assets	42.78
Current assets	419.30
	462.08
Less: Current liabilities	187.39
Book value of the investee	274.69
Net consideration paid	622.22
Goodwill	347.53

As on 31 March 2011, total paid up share capital of Barwood is GBP 501 divided into 501 ordinary shares of GBP 1 each, which is held by Haas International B.V., Netherlands.

NOTE 43

In the opinion of the board of directors, current assets, loans and advances have a value on realisation in its ordinary course of the business at least equal to the amounts at which they are stated and provision for all known liabilities have been made.

NOTE 44

The Hon'ble Calcutta High Court vide its order dated 26 March 2010 approved a scheme of arrangement between the Parent Company and its shareholders ("the Scheme"). The Scheme provides that with effect from 01 April 2009, the Appointed Date, all or such of the immovable properties in the form of land and buildings, as the Company considers relevant and appropriate, will be reinstated at their respective fair values as determined by recognised valuers. Consequently, any adjustments (debit / credit) on account of such revaluation would be reflected in Business Reconstruction Reserve Account ("BRR") of the Company.

NOTES to the consolidated financial statements for the year ended 31 March 2012

The Scheme provides that in addition to the aforementioned revaluation, any or all of the immovable properties in the form of land and buildings, as the Parent Company considers relevant and appropriate up to 31 March 2012, may further be reinstated at their respective fair values as determined by recognised valuers with the consequent adjustments (debit / credit) on account of such revaluation being reflected in the Business Reconstruction Reserve Account of the Company.

The Scheme further provides that the aggregate amount under the BRR created by way of revaluation of land and buildings would be utilized, to the extent considered necessary and appropriate by the Board of Directors of the Parent Company from time to time, to adjust certain expenses as mentioned in the Scheme until the balance is available in the BRR account.

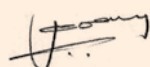
In terms of the Scheme, during the year ended 31 March 2012, the Company revalued one of its freehold land at Sanath Nagar and Isnapur, Andhra Pradesh by crediting ₹ 22,500 lacs to the BRR. As per undertaking provided by the Company to the stock exchange, the amount already transferred to the General Reserve from the BRR shall not be utilised for either payment of dividends or issue of bonus shares in accordance with the provisions of the Companies Act, 1956.

NOTE 45

Prior period item comprise of income tax adjustments of ₹ 18.44 lacs (previous year ₹ 19.02 lacs).

NOTE 46

Till the year ended 31 March 2011 the Group was using pre-revised schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended 31 March 2012 the revised schedule VI notified under the Companies Act 1956, has become applicable to the Group. The Group has reclassified previous year figures to confirm to this year's classification. The adoption of revised schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it significantly impacts presentation and disclosure made in the financial statements, particularly presentation of balance sheet.



Sandip Somany

Joint Managing Director



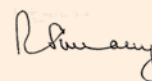
Payal M. Puri

Company Secretary

Place : Gurgaon

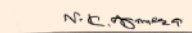
Date : 29 May 2012

For and on behalf of the Board of Directors



Rajendra K Somany

Chairman and Managing Director



V. K. Ajmera

Vice President (Corporate Finance)

NOTES

to the consolidated financial statements for the year ended 31 March 2012

i) Statement regarding subsidiary companies pursuant to section 212(3) of the Companies Act, 1956

1	Name of subsidiaries	AGI Glasspack Ltd.	HSIL Associates Ltd.	Hindware Home Retail Pvt. Ltd.	Garden Polymer Pvt. Ltd.	Halis International Ltd.	Alchemy International Cooperatief U.A.	Haas International B.V.	Barwood Products Ltd.	₹ in lacs
	Relation	(Subsidiary of HSIL Ltd.)	(Subsidiary of HSIL Ltd.)	(Subsidiary of HSIL Ltd.)	(Subsidiary of HSIL Ltd.)	(Subsidiary of HSIL Ltd.)	(Subsidiary of Halis International Ltd.)	(Subsidiary of Alchemy International Cooperatief B.V. U.A.)	(Subsidiary of Haas International B.V.)	
2	Financial Year	31-Mar-12	31-Mar-12	31-Mar-12	31-Mar-12	31-Mar-12	31-Mar-12	31-Mar-12	31-Mar-12	31-Mar-12
3	Holding Company's interest	100%	100%	100%	100%	100%	100%	100%	100%	100%
4	Shares held by holding Company in the subsidiary (Number) Including pref. shares	45,50,642	50,000	2,40,00,000	18,500	22,45,000	180*	-	-	-
5	Net aggregate of profits / (loss) for the current financial year of the subsidiary so far as it concerns the members of the holding Company									
(a)	Dealt with or provided for in the accounts of the holding Company	-	-	-	-	-	-	-	-	-
(b)	Not dealt with or provided for in the accounts of the holding Company	4.97	(0.21)	(1702.96)	380.39	(5.22)	(4.08)	(0.95)	(327.06)	
6	The Net aggregate of profits / (loss) for the previous financial year of the subsidiary so far as it concerns the members of the holding Company									
(a)	Dealt with or provided for in the accounts of the holding Company	-	-	-	-	-	-	-	-	-
(b)	Not dealt with or provided for in the accounts of the holding Company	(1.78)	(0.14)	(870.35)	-	(3.84)	(5.72)	(25.11)	(13.13)	

* This denotes member's contribution in Euro

NOTES

to the consolidated financial statements for the year ended 31 March 2012

ii) Statement of financials of subsidiaries (including subsidiaries of subsidiaries)

1	Name of subsidiaries	AGI Glasspack Ltd.	HSIL Associates Ltd.	Hindware Home Retail Pvt. Ltd.	Garden Polymers Pvt. Ltd.	Halis International Ltd.	Alchemy International Cooperatief U.A. B.V.	Haas International B.V.	Barwood Products Ltd.	₹ in lacs
a)	Capital	455.06	5.00	4,200.00	185.00	1,049.48	1,024.09	10.88	0.36	
b)	Reserves	1,074.18	(0.49)	(2,484.80)	3,445.29	(18.59)	(16.05)	1,005.53	(33.07)	
c)	Total Assets	1,530.27	4.54	5,980.88	5,396.64	1,031.67	1,022.31	1,004.38	705.82	
d)	Total Liabilities	1,530.27	4.54	5,980.88	5,396.64	1,031.67	1,022.31	1,004.38	705.82	
e)	Details of investments (except in case of investment in the subsidiaries)	26.61	4.41	-	5.03	-	-	-	-	
f)	Income from operations(net)	-	-	6,577.55	5,029.48	-	-	9.55	1,237.80	
g)	Profit before taxation	6.17	(0.21)	(1,702.96)	558.44	(5.22)	(4.08)	(0.95)	(329.42)	
h)	Provision for taxation	1.20	-	-	178.05	-	-	-	(2.36)	
i)	Profit after taxation	4.97	(0.21)	(1,702.96)	380.39	(5.22)	(4.08)	(0.95)	(327.06)	
j)	Proposed dividend	-	-	-	-	-	-	-	-	

For and on behalf of the Board of Directors


Sandip Somany

Joint Managing Director


Payal M. Puri

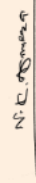
Company Secretary

Place : Gurgaon

Date : 29 May 2012


Rajendra K Somany

Chairman and Managing Director


V. K. Ajmera

Vice President (Corporate Finance)

Registered Office: 2, Red Cross Place, Kolkata - 700 001

Phone: 91-33-2248 7406/07, Fax: 91-33-2248 7045

E-mail: hsilinvestors@hindware.co.in

NOTICE

Notice is hereby given that the 52nd Annual General Meeting of HSIL Limited will be held at Somany Conference Hall, MCC Chamber of Commerce & Industry, 15-B, Hemanta Basu Sarani, Kolkata-700 001 on Wednesday, the 19 September 2012 at 2:30 p.m. to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31 March 2012, the Statement of Profit and Loss for the year ended on that date and the Reports of the Auditors and Directors thereon.
2. To declare Dividend on Equity Shares for the year ended 31 March 2012.
3. To appoint a Director in place of Mr. V. K. Bhandari, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution:

"RESOLVED THAT Mr. S.B. Budhiraja, Director of the Company who retires by rotation at this meeting does not seek for re-appointment, is therefore, not appointed a Director of the Company and the vacancy so caused be not filled up at present."

5. To consider and if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution:

"RESOLVED THAT Mr. Binay Kumar, Director of the Company who retires by rotation at this meeting does not seek for re-appointment, is therefore, not appointed a Director of the Company and the vacancy so caused be not filled up at present."

6. To appoint M/s. Walker, Chandio & Co., Chartered Accountants, as Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS

7. **Appointment of Mr. Salil Kumar Bhandari as Director**
To consider and, if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:

"RESOLVED THAT Mr. Salil Kumar Bhandari, who was appointed by the Board as an Additional Director of the Company with effect from 29 May 2012 and who holds office up to this Annual General Meeting under Section 260 of the Companies Act, 1956, ('the Act') and in respect of whom the Company has received a notice in writing from a Member of the Company under the provisions of Section 257 of the Act, proposing his candidature for the office of a Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

By Order of the Board
For HSIL Limited

Place : Gurgaon

Date : 29 May 2012

(Payal M. Puri)

Company Secretary

NOTES:

1. The relative explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of the special business under item no. 7 as set out above is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ON HIS / HER BEHALF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. A proxy should be sent in the form enclosed and in order to be effective must reach the registered office of the Company at least FORTY EIGHT HOURS before the scheduled time of the meeting. Proxies submitted on behalf of companies, societies etc. must be supported by appropriate resolution / authority as applicable.
3. A copy of the Balance Sheet as at 31 March 2012 and the Statement of Profit and Loss for the year ended on that date together with the Auditors' and Directors' Reports thereon are enclosed. Members and Proxy-holders are requested to bring their copies of Annual Report to the meeting.

4. Members are requested to write to the Company their query(ies), if any, on the accounts and operations of the Company at least 10 days before the meeting to keep the information ready at the meeting.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from 11 September 2012 to 19 September 2012 (both days inclusive). Dividend on Equity Shares, if declared at the meeting, will be paid to those shareholders whose names appear on the Company's Register of Members on 10 September 2012 and in respect of shares held in the dematerialised form, dividend will be paid to the beneficial owners as per details furnished by the Depositories for this purpose as on close of business hours of 10 September 2012. The dividend, if declared, shall be paid by 26 September 2012.
6. Members who hold shares in dematerialised form are requested to bring their Depository ID Number and Client ID Number for easy identification of attendance at the meeting.
7. In terms of the provisions of Section 205A of the Companies Act, 1956, the unclaimed Dividends upto and including for the financial year 1994-95 have been transferred to the General Revenue Account of the Central Government. Members who have so far not claimed or collected their dividend for the said financial year(s), may claim the same by submitting an application in the prescribed Form II to the Registrar of Companies, West Bengal, 'Nizam Palace', 234/4, A.J.C. Bose Road, Kolkata – 700 020.

In accordance with the provisions of Section 205C of the Companies Act, 1956, the Company has transferred unpaid / unclaimed amount of Refunds against Rights Cum Public Issue of the Company in the year 1993 and dividend for the financial years ended 31 March 1996 to 31 March 2004 to Investor Education and Protection Fund (IEPF). Similarly, unpaid / unclaimed amount of Preference Shares redeemed on 31 March 1998 and unclaimed dividend thereon for the year ended 31 March 1998 have also been transferred to the IEPF. Members are informed that in accordance with the provisions of Section 205C of the Companies Act, 1956, no claim shall lie with respect to unclaimed dividend after it is transferred to IEPF. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, unclaimed / unencashed dividend amount for the financial year 2004-05 is due for transfer on 31 August 2012 to IEPF.
8. Section 109A of the Companies Act, 1956 has extended nomination facility to individuals holding shares in Companies. Shareholders holding shares in physical mode and in particular those holding shares in single name, are advised to avail the said facility by furnishing to the Company the particulars of their nominations in the prescribed Nomination Form 2B. Shareholders holding shares in demat form are also advised to avail nomination facility by submitting the prescribed form to their concerned Depository Participants (DPs).
9. Member(s) of the Company who have multiple folios in identical name(s) are requested to apply for consolidation of such folio(s) and send the relevant Share Certificates to the Company's Registrar & Transfer Agent viz. M/s. Maheshwari Datamatics Private Limited, 6, Mangoe Lane, Kolkata –700 001, for necessary endorsement thereon.
10. Dividend, if declared, at the Annual General Meeting will be credited to the Bank account of respective Shareholders through National Electronic Clearing Service (NECS) / Electronic Clearing Service (ECS) where such facility is available. Members holding shares in electronic mode are therefore requested to furnish their Bank particulars in which they wish to receive dividend, through their Depository Participants (DPs). Members holding shares in physical form and desirous of availing the NECS / ECS facility, are requested to update their Bank particulars by sending it to the Company's Registrar and Share Transfer Agent, M/s. Maheshwari Datamatics Private Limited, directly.
11. Furnishing a copy of PAN Card has been made mandatory by SEBI in all the cases of transfer of shares in physical form.
12. A general exemption was granted under Section 212(8) of the Companies Act, 1956 by the Ministry of Corporate Affairs (MCA), Government of India vide circular No. 2/2011/51/12/2007-CL-III dated 8 February 2011, from attaching the copy of Balance Sheet, Statement of Profit and Loss, reports of the Board of Directors and Auditors thereon of the subsidiaries (including step down subsidiaries) of the Company with the Balance Sheet of the Company. However, these documents will be made available upon receipt of request from a Member of the Company and shall be available at the Registered Office of the Company as well as its subsidiary Companies for inspection by the Members.

13. The Ministry of Corporate Affairs (MCA), Government of India vide Notification dated 21 April 2011 had taken "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies stating that the service of documents like AGM Notice, Annual Report and other correspondence by a Company can be made available to the Members through electronic mode. In order to enable the Company to send the documents in the electronic form, the members are requested to register their e-mail ID with us and those holding shares in electronic mode are requested to register / update their e-mail ID with their Depository Participant (DP) also, with whom they are maintaining their demat account.
14. As required under Clause 49 of the Listing Agreement, the relevant information in respect of the Directors seeking appointment / re-appointment at the Annual General Meeting is provided herein below and forms a part of this Notice.
15. Please send all correspondence including requests for transfer / transmission of shares, change of address etc. to Registrar & Transfer Agent of the Company.
16. The Company has designated an exclusive email Id i.e. hsilinvestors@hindware.co.in for redressal of shareholders' complaints / grievances. If you have any query please write to us at hsilinvestors@hindware.co.in

from Shri Ram College of Commerce, Delhi University and Diploma in Business Administration from All India Council for Management Studies, Chennai.

Appointment of Mr. Salil Kumar Bhandari as Director of the Company, considering his reach and vast experience in the various fields of business management and administration, would be beneficial to the Company, therefore, the resolution as set out under item no.7 of the accompanying notice is recommended by the Board for approval of the Members.

Other information of Mr. Salil Kumar Bhandari, pursuant to the requirement of the Listing Agreement with the Stock Exchanges, relating to Corporate Governance, are given herein below.

None of the Directors, except Mr. Salil Kumar Bhandari is, in any way, concerned or interested in the resolution set out under item no. 7 of the accompanying notice.

By Order of the Board
For HSIL Limited

Place : Gurgaon
Date : 29 May 2012

(Payal M. Puri)
Company Secretary

EXPLANATORY STATEMENT

[Pursuant to Section 173(2) of the Companies Act, 1956]

ITEM NO. 7

Mr. Salil Kumar Bhandari, who has been appointed by the Board of Directors as an Additional Director of the Company with effect from 29 May 2012, holds office up to the date of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956 and a notice along with requisite deposit has been received from a member as required under Section 257 of the Companies Act, 1956, signifying his intention to propose Mr. Bhandari as a candidate for the office of Director, liable to retire by rotation.

Mr. Bhandari aged about 54 years, is a Fellow member of Institute of Chartered Accountants of India, B. Com. (Hons.)

Information pursuant to clause 49 of the Listing Agreement regarding Directors seeking appointment / re-appointment

Mr. V.K. Bhandari

Age	68 Years
Qualification	Fellow member of Institute of Chartered Accountants of India
Brief Resume and Area of Expertise	He is a Chartered Accountant by qualification, ex-banker by profession and former General Manager of Central Bank of India. He has over 30 years of experience in Banking Industry and had been the Head of Credit, Credit Monitoring, Treasury, Investments, Funds Management, Merchant Banking, International Banking Divisions. He is the Chairman of the Audit Committee of the Company.
Other Directorship	<ol style="list-style-type: none"> 1. Super Smelters Limited 2. Jayant Agro-Organics Limited 3. Capital Local Area Bank Limited 4. Guru Nanak Auto Enterprises Limited 5. Golden Tobacco Limited
Chairman / Member of the Committees of Boards of other companies	<p>Chairman Audit Committee</p> <ol style="list-style-type: none"> 1. Super Smelters Limited <p>Member Audit Committee</p> <ol style="list-style-type: none"> 1. Jayant Agro-Organics Limited
No. of shares held	Nil

Mr. Salil Kumar Bhandari

Age	54 Years
Qualification	Fellow member of Institute of Chartered Accountants of India, B. Com. (Hons.), and Diploma in Business Administration
Brief Resume and Area of Expertise	<p>Mr. Salil Kumar Bhandari is the founder of B G Jeffreys Consulting, which is a well-respected management consulting firm based in New Delhi. He has been counselling top management in several areas of organisational administration and management. He brings with him valuable experience and tactical know-how in the areas of devising acquisition strategies, international alliances and JVs and organisational restructuring.</p> <p>Mr. Bhandari has been associated with several associations prior to this position. He has been the President of PHD Chamber of Commerce & Industry in the year 2011, served as the head of Society for Integrated Development of Himalayas (SIDH) from 1989 to 2006, Member Task Force – Commission on Centre State Relations, Govt. of India in 2008, Managing Committee member at ASSOCHAM from 2005-2011, member, Advisory Committee, Dept. of Company Affairs, Govt. of India from 2003-2005 to name a few.</p>
Other Directorship	<ol style="list-style-type: none"> 1. Ginni International Ltd. 2. Omax Autos Ltd. 3. BSL Ltd. 4. Syenergy Environics Ltd. 5. Bhilwara Energy Ltd. 6. Ginni Global Ltd. 7. Omax Engineering Services Ltd.
Chairman / Member of the Committees of Boards of other companies	<p>Chairman Audit Committee</p> <ol style="list-style-type: none"> 1. BSL Ltd. <p>Member Audit Committee</p> <ol style="list-style-type: none"> 1. Omax Autos Ltd. 2. Ginni Global Ltd. 3. Bhilwara Energy Ltd. <p>Member Shareholders' / Investors' Grievance Committee</p> <ol style="list-style-type: none"> 1. Ginni International Ltd.
No. of shares held	Nil



HSIL Ltd

Registered Office: 2, Red Cross Place, Kolkata – 700 001.

Phone: 91-33-2248 7406/07, Fax: 91-33-2248 7045

E-mail: hsilinvestors@hindware.co.in

ATTENDANCE SLIP

The Folio No. and Name(s) of the Member(s) is / are to be furnished below in block letters

Folio No No. of Shares held

Client ID DP ID

Full Name(s) of Member / Joint Members

1 2

3 4

Full Name of the Proxy if attending the Meeting

I hereby record my presence at the Fifty Second Annual General Meeting of the Company held at Somany Conference Hall, MCC Chamber of Commerce & Industry, 15-B, Hemanta Basu Sarani, Kolkata – 700 001 on Wednesday, the 19 September 2012 at 2:30 p.m

.....

Signature of the Member / Joint Members / Proxy attending the Meeting

Please complete this attendance slip and hand it over at the entrance of the Meeting hall.



HSIL Ltd

Registered Office: 2, Red Cross Place, Kolkata – 700 001.

Phone: 91-33-2248 7406/07, Fax: 91-33-2248 7045

E-mail: hsilinvestors@hindware.co.in

PROXY FORM

I / We of

being a Member(s) of HSIL Limited hereby appoint

of failing him / her

of failing him / her

of as my / our proxy to vote for me / us and on my / our behalf at the Fifty Second Annual General Meeting of the Company to be held at Somany Conference Hall, MCC Chamber of Commerce & Industry, 15-B, Hemanta Basu Sarani, Kolkata – 700 001 on Wednesday, the 19 September 2012 at 2:30 p.m

Signed at this day of 2012

Affix Re.1/-
Revenue
Stamp

Folio No Client ID and DP ID Signature

Note:

The proxy in order to be effective must reach the Registered Office of the Company at 2, Red Cross Place, Kolkata – 700 001, not less than 48 hours before the time for holding the aforesaid Meeting.



CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Rajendra K Somany, Chairman and Managing Director
Mr. Sandip Somany, Joint Managing Director
Mr. Ashok Jaipuria
Mr. Binay Kumar
Mr. G. L. Sultania
Mr. N. G. Khaitan
Dr. Rainer Siegfried Simon
Mr. S. B. Budhiraja
Mr. Salil Kumar Bhandari
Mr. Vishal Marwaha
Mr. V. K. Bhandari

COMPANY SECRETARY

Ms. Payal M. Puri

STATUTORY AUDITORS

M/s Walker, Chandio & Co., Chartered Accountants

REGISTERED OFFICE

2, Red Cross Place, Kolkata - 700 001
Tel: 91 3322 487 406/07 Fax: 91 3322 487 045
Email: hsilinvestors@hindware.co.in

CORPORATE OFFICE

301-302, Park Centra, Sector 30, National Highway 8,
Gurgaon-122 001
Tel: 91 1244 779 200/201 Fax: 91 1244 292 898

REGIONAL OFFICES

Bengaluru: 161, 1st Floor, 1st Main Road,
Sheshadripuram, Bengaluru – 560 020, Karnataka

Chennai: Shivay Apartments No. 5
4th Street, Nandanam Extension
Chennai-600 035, Tamil Nadu
Tel: 91 4443 412 777

Ernakulam: 1st Floor, Heavenly Plaza, Colony Stop,
Civil Lane Road, Padamughal, Kakkanad PO,
Ernakulam-682 021, Kerala
Tel: 91 4842 426 587

Mumbai: 2nd Floor, Satyanarayan Prasad Commercial Centre,
Plot no. 200, Next to State Bank of India, Dayaldas Road,
Vile Parle (East), Mumbai- 400 057, Maharashtra
Tel: 91 2243 420 600

Pune: Vastushree Complex, Office No. 31, D Wing,
1st Floor, Near Hydepark, Market Yard, Bibewadi,
Pune – 411 037, Maharashtra
Tel: 91 2024 269 582

Secunderabad: 304-305, Ashoka Bhoopal Chambers,
Sardar Patel Road, Secunderabad – 500 003, Andhra Pradesh
Tel: 91 4066 288 000

Chandigarh: SCO-82, 1st Floor,
Sec. 12, Panchkula, Haryana

BANKERS

Andhra Bank
Canara Bank
Central Bank of India
Citibank, N.A.
DBS Bank
Standard Chartered Bank
The Hongkong and Shanghai Banking Corporation

INTERNAL AUDITORS

M/s BDO Consulting Pvt. Ltd.

COST AUDITORS (GLASS DIVISION)

M/s Narasimha Murthy & Co.

PLANT LOCATIONS

Building Products Division

1. Bahadurgarh-124 507, Dist. Jhajjar, Haryana
Tel: 91 1276 230 485-7, 2322 26-8
Fax: 91 1276 230 138
2. Somanyapuram Brahmanapally Village, Bibinagar,
Dist. Nalgonda – 508 126, Andhra Pradesh
Tel: 91 8685 651 773/448
3. G 470-471, Phase I, RIICO Industrial Area,
Bhiwadi – 301 019, Rajasthan
Tel: 91 1432 257 752

Container Glass Division

AGI GLASPAC
1. Glass Factory Road, Off Motinagar, P.B. No. 1930,
Sanathnagar P.O., Hyderabad - 500 018,
Andhra Pradesh
Tel: 91 4023 831 771 Fax: 91 4023 831 787
2. Glass Factory Road, Bhongir – 508 116,
Nalgonda District, Andhra Pradesh
Tel: 91 8685 246 600

EVOK Stores

Delhi: Kirtinagar; GK-II Market
Haryana: Crown Interiorz Mall, Faridabad; JMD Mall, Gurgaon
Uttar Pradesh: Shipra Mall, Ghaziabad; Dharam Palace,
Noida; Shalimar Tower, Lucknow
Punjab: Paras Down Town Square, Zirakpur, Chandigarh;
Ferozpur Road, Ludhiana
Maharashtra: Pulse Mall, Pune; 32/2D, Ghodbunder Road, Thane
Andhra Pradesh: Jubilee Hills, Hyderabad
Karnataka: Bellandur; J P Nagar, Bengaluru
Rajasthan: Tonk Road, Jaipur
Kerala: RAK Tower, Kochi
Madhya Pradesh: Malhar Mega Mall, Indore



Corporate Office

Unit No 301-302, III Floor, Park Centra, Sector 30, N.H.-8, Gurgaon, Haryana - 122001

Phone no.: +91-124-4779200, Fax no.: +91-124-4292898, +91-124-4292899

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