

2012-13
ANNUAL
REPORT

HSIL



PROGRESSING

to embrace emerging opportunities

INNOVATING

to explore new product lines

TRANSFORMING

to create a more focused and futuristic HSIL

FORWARD LOOKING STATEMENT

In this Annual Report, the forward-looking information if any, is for enabling investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccuracies in our assumptions. Should known or unknown risks or our uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, arising as a result of new information, future events or otherwise.

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BUSINESS, WE BELIEVE, MIRRORS LIFE ITSELF.

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

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

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

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

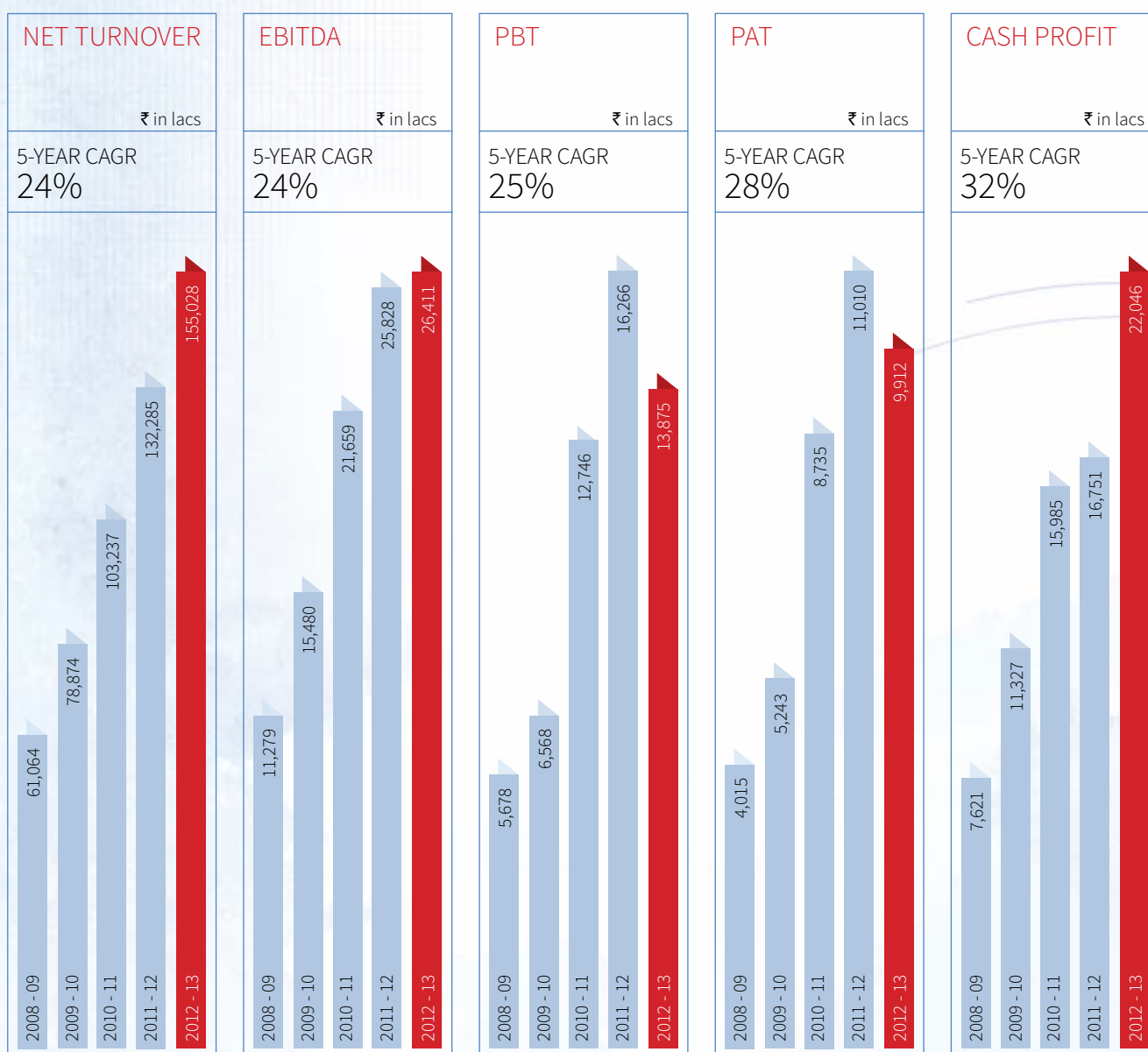
Embrace advanced technologies and launch new brands to reach more customers and drive greater market penetration.

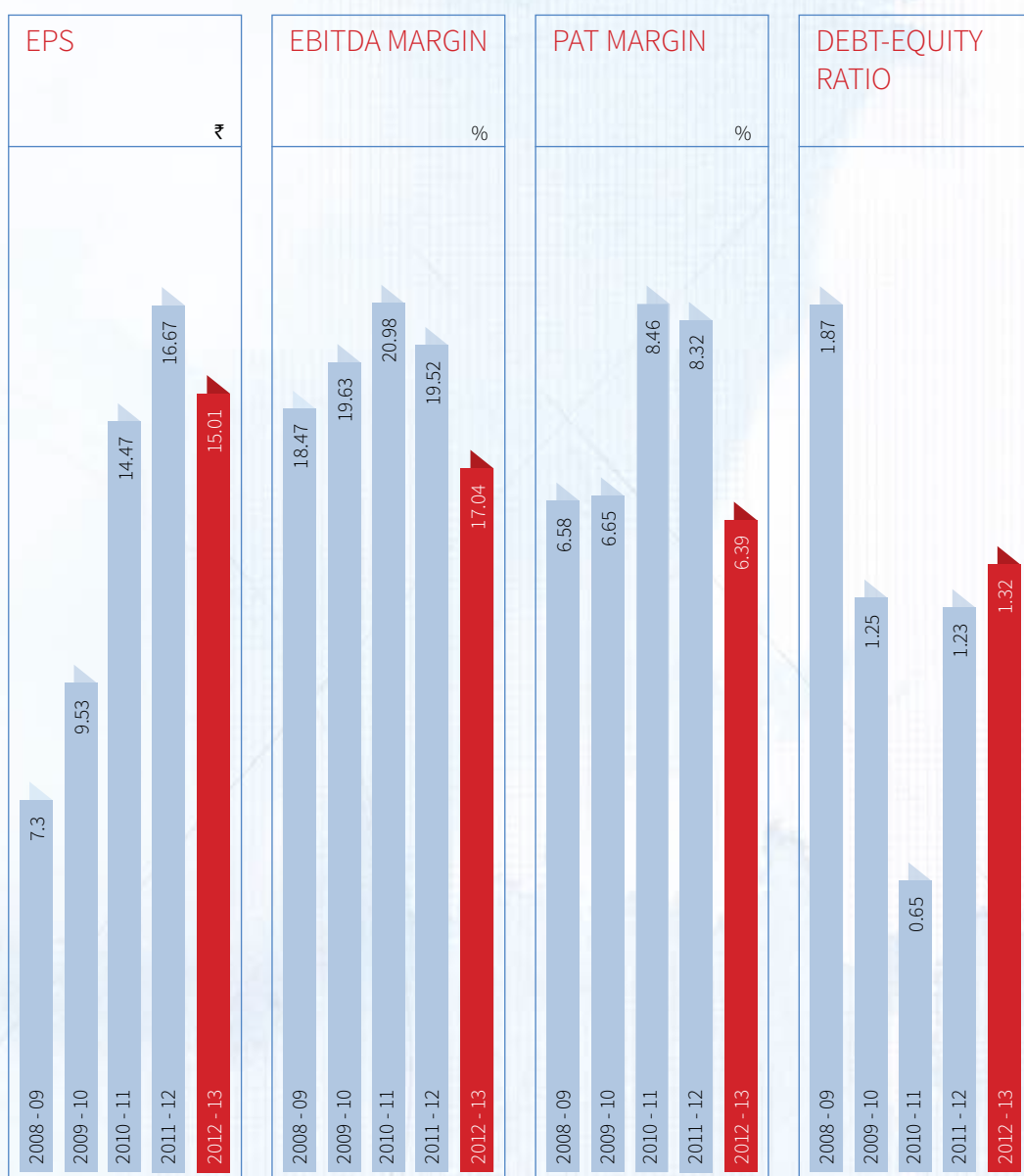
The result is profitable operations despite challenges and consistent leadership in two large business verticals, touching people's lives and aspirations in diverse ways.

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

THEREFORE, TRANSFORMATION MATTERS AT HSIL.

TRANSFORMATION DRIVES TANGIBLE VALUE





CAN WE CREATE A UNIQUE EXPERIENCE?

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

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

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



BRANDS

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

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

HINDWARE ART AND HINDWARE ITALIAN COLLECTION:

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

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

52%

REVENUE IS DERIVED FROM PREMIUM AND SUPER PREMIUM SEGMENTS

“I AM DIFFERENT, SO ARE MY REQUIREMENTS”

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

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

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



SERVING CUSTOMERS' WISH LIST

PRODUCTS UNDER QUEO



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

PRODUCTS UNDER AMORE



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

INNOVATIVE PRODUCTS



Launched Automate EWC with electronic function and LED showers.



ENVIRONMENT-FRIENDLY PRODUCTS



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

3D TILES



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

KITCHEN APPLIANCES



Launched high-end ventilation fans in the kitchen segment.

CONTAINER GLASSES



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

INNOVATION CONTINUES LEADERSHIP TOO

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



THE JOURNEY IS WELL KNOWN. YET WORTH RETELLING

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

PRODUCT SPECTRUM

BUILDING PRODUCTS DIVISION

SANITARYWARE



FAUCETS



TILES



KITCHEN APPLIANCES



WELLNESS PRODUCTS



EXTRACTOR FANS



GLASS DIVISION

CONTAINER GLASS





VISION DRIVES VALUES SUSTAIN

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



LEADERSHIP EXCELLENCE

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

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 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 to seize opportunities

BUILDING
PRODUCTS DIVISION



PRODUCT LINE

SANITARYWARE BRANDS



46%

CONTRIBUTION TO
TOTAL REVENUES

FAUCETS BRANDS

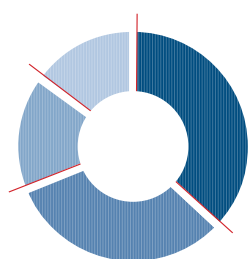


OTHER ALLIED PRODUCT BRANDS (TILES, KITCHEN APPLIANCES, WELLNESS PRODUCTS)



REVENUES BY REGION

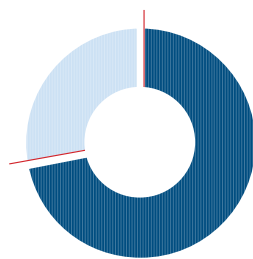
%



■ South	37
■ North	32
■ East	16
■ West	15

REVENUE CONTRIBUTION

%



■ Retail	72
■ Institutional	28

MANUFACTURING FACILITIES

Unit	Installed Capacity (in million pieces annually)	Products
Bahadurgarh, Haryana	1.8	Sanitaryware
Somanypuram, Bibinagar, Andhra Pradesh	2.0	Sanitaryware
Bhiwadi, Rajasthan	0.5	Faucet



CONTAINER GLASS DIVISION

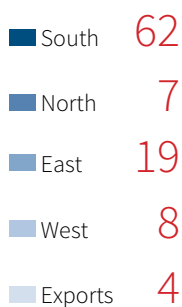
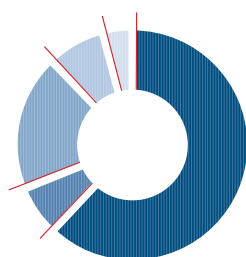
PRODUCT LINE

CONTAINER GLASS BRANDS



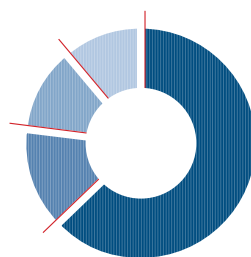
REVENUES BY REGION

%



REVENUE CONTRIBUTION (INDUSTRY-WISE)

%



54%

CONTRIBUTION TO TOTAL REVENUES

18%

MARKET SHARE IN THE DOMESTIC CONTAINER GLASS DOMAIN

62%

MARKET SHARE IN SOUTHERN INDIA, INDIA'S LARGEST CONTAINER GLASS MARKET

MANUFACTURING FACILITIES

Unit	TPD
Hyderabad, Andhra Pradesh (two furnaces)	650
Bhongir, Andhra Pradesh (two furnaces)	950
Total	1,600



MARQUEE
CLIENTELE



BUILDING PRODUCTS DIVISION

- | | |
|-----------------------|------------------------|
| ▣ ADANI | ▣ M2K |
| ▣ AMRAPALI GROUP | ▣ MARRIOTT |
| ▣ ANSAL GROUP | ▣ OMAXE |
| ▣ ATS INFRASTRUCTURES | ▣ ORRIS INFRASTRUCTURE |
| ▣ DLF | ▣ PARSVNATH DEVELOPERS |
| ▣ EMAAR MGF | ▣ PRESTIGE |
| ▣ GODREJ PROPERTIES | ▣ PURVANCHAL PROJECTS |
| ▣ JAYPEE | ▣ SHAPOORJEE PALLONJEE |
| ▣ JMD | ▣ THE 3C COMPANY |
| ▣ LARSEN & TOUBRO | ▣ VIPUL |

CONTAINER GLASS DIVISION

- | | |
|----------------------------|-------------------------|
| ▣ ABBOTT HEALTHCARE | ▣ JOHN DISTILLERIES |
| ▣ ANHEUSER-BUSCH INBEV | ▣ MOLSON COORS |
| ▣ APEX LABORATORIES | ▣ NESTLE INDIA LIMITED |
| ▣ CARLSBERG INDIA | ▣ PERNOD RICARD INDIA |
| ▣ DR. REDDY'S LABORATORIES | ▣ PEPSI CO. INDIA |
| ▣ GLOBAL GREEN COMPANY | ▣ PFIZER |
| ▣ GSK CONSUMER HEALTHCARE | ▣ RADICO KHAITAN |
| ▣ GSK PHARMA | ▣ RECKITT BENCKISER |
| ▣ HINDUSTAN COCA COLA | ▣ SAB MILLER INDIA LTD |
| ▣ HINDUSTAN UNILEVER | ▣ TILAKNAGAR INDUSTRIES |
| ▣ JAGATJIT INDUSTRIES | ▣ UNITED BREWERIES |
| | ▣ UNITED SPIRITS |

1500+

INSTITUTIONAL
CLIENTS FOR BUILDING
PRODUCTS DIVISION

490+

INSTITUTIONAL CLIENTS
FOR THE CONTAINER
GLASS DIVISION



CHAIRMAN'S PERSPECTIVE



AT HSIL, TRANSFORMATION IS A CONTINUOUS AND LONG-TERM STRATEGY TO PERFORM CONSISTENTLY AND CREATE PRODUCTS AND SERVICES THAT CHALLENGE THE STATUS-QUO AND SHOWCASE THE FACE OF FUTURE.

DEAR SHAREHOLDERS,

In times of rapid economic and societal transformation such as this, there are no iron-cast rules that govern value creation by businesses. The rules of the game change fast and strategies for doing business come with a caveat: 'today's lessons may lose relevance tomorrow.' Therefore, continuous transformation is the way forward to endear customers and endure

for the long term. At HSIL, transformation, innovation and progression work in tandem to create a futuristic enterprise.

Now, the pertinent question that arises is this: what is the roadmap for transformation? Is it ad hoc transformation to solve a particular crisis, or well measured response to steer the organisation

forward sustainably? At HSIL, transformation is a continuous and long-term strategy to perform consistently and create products and services that challenge the status-quo and showcase the face of future.

Today, customers in India are far more integrated to the world than ever before, thanks to the internet and social media. They now don't just seek products; they seek differentiated experiences that match their personality and status in life. Our aim is to create that special moment of 'bliss' for our customers through our bathware solutions.

Our 'wow products' are the result of rigorous research and seasoned market insight across both Divisions. The aim is premiumisation with a purpose: 'Getting ready for the new-age customers, who demand more from life.'

The consumer market in India is growing from strength to strength, despite economic volatilities. The reason is simple: the government's stable macro-economic policies have been able to prevent global headwinds from impacting the Indian consumer significantly. The result is a vibrant domestic market, which provides ample opportunities for both our Divisions.

We commercialised our brand QUEO this year and have opened two retail outlets - one at Gurgaon and the other at Chennai. In the wellness space, we launched the multi-function range, Amore, in the bathware space. We are also setting up a faucet plant at Rajasthan, which is expected to be commissioned by the end of Q3 FY 2014. Post commissioning, HSIL will move one notch higher in the pecking order --- from being the third largest to the second largest faucet player in India. In the Container Glass Division, we have ventured into the manufacture of various coloured glass bottles, chemical bottles and lightweight bottles. The foray into coloured glass and lightweight bottles will drive higher margins.

We are not just manufacturing futuristic solutions and services, but are also expanding the market. We have one of the largest retail penetrations in the industry. HSIL products are currently available in every town with over 1 lakh population and aim to touch more locations with even 75,000 people. Therefore, the big picture at HSIL is consistent momentum, driven by our dedicated team.

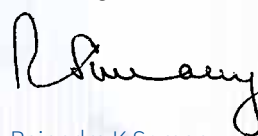
The HSIL Team always remains responsive to client's evolving aspirations, and I am confident

that we have capable people who can steer the organisation forward. We nurture our pool of talent with leadership qualities, responsibilities, values and freedom of work. Various programmes on competence building and leadership are being conducted at our facilities to motivate the workforce.

The pursuit of value in uncertain times will require ability, agility and acumen to transform consistently. I believe we have a fundamentally strong business model, which can deliver value to all stakeholders in both good times and bad.

With the wholehearted participation and support of all stakeholders — Directors, associates, shareowners, bankers, financial institutions, the Government of India and State Governments and employees — we can build a future-ready enterprise.

Warm Regards



Rajendra K Somany
Chairman and Managing
Director

OUR 'WOW
PRODUCTS' ARE
THE RESULT
OF RIGOROUS
RESEARCH AND
SEASONED MARKET
INSIGHT ACROSS
BOTH DIVISIONS.

JMD'S INSIGHT



DEAR SHAREOWNERS,

Enhancing 'Customer Experience' is the new normal for businesses in a challenging and slow-growth operating environment. Smart customers are now compelling businesses to go back to the drawing board, think afresh and chart out a new course for an emerging era of 'customer assertiveness'. At HSIL, we listen to customer aspirations and deliver customer-centric products and services. We keep a close watch on global trends and revisit our strategies with changing times.

2012-13 IN RETROSPECT

During the year under review our consolidated revenue increased to ₹ 1,765 crore, while EBITDA and net profit stood at ₹ 286 crore and ₹ 82 crore, respectively. Sales volumes for the Building Products Division increased considerably. However, production cost in the Container Glass Division segment increased due to high prices of power and fuel. Interest and depreciation costs also escalated on account of ₹ 350 crore capex, incurred for capacity expansion, during the year.

ENRICHING PRODUCT PORTFOLIO

India's sanitaryware and container glass markets offer significant opportunities for growth. HSIL is rapidly progressing and embracing these opportunities. Our products reflect our innovations and constant endeavour to sustain growth and move towards a higher growth trajectory. Our STAR-RATED, water-efficient closets, certified by the International Association of Plumbing and Mechanical Officials (IAPMO), demonstrate our continuous efforts to enhance quality and help the environment.

HSIL has unveiled a modern experiential retail outlet in Chennai - Hindware Arcade. Spread across 5,000 square feet, this retail outlet will house premium bath fittings and faucets from our renowned brands, such as Benelave, hindware Italian collection and our luxury brand QUEO. We have also opened another outlet, Hindware Emporio, at Gurgaon. The Emporio showroom allows people to have an immersive experience of brands before deciding to buy.

The reception of our products in terms of design, quality and aesthetics has been encouraging from the dealer community. QUEO also plans to aggressively target the top 10 Indian cities. Besides, it also aims to spread its footprint in Tier-II cities.

We are also penetrating into India's Tier-III cities, targeting small towns and semi-urban locations. At present, we are expanding our faucet capacity. Phase I of the expansion is expected to be commissioned by the third quarter of 2013-14. This Phase will help to achieve consolidated capacities of 3 million pieces per annum. Once the entire capacity is in place, we would be the second largest player in the faucet industry. Our brownfield expansion at Bahadurgarh of 0.3 million pieces has commenced operations since October, 2012.

COUNTERING HEADWINDS

Our R&D team is constantly working hard to mitigate major industry challenges, such as cost escalation in power, fuel and raw materials. The R&D initiatives helped us upgrade our furnaces, minimise process wastage and enhance operational excellence. These initiatives helped us successfully reduce per unit energy consumption and achieve cost efficiencies.

We have in place a team of 35 designers, along with four heads each at Bahadurgarh and Bibinagar plants. This has helped us to reduce time and be proactive in innovating product designs to exceed consumer expectations.

FORWARD FOCUS

The sanitaryware industry, growing at 15%, is likely to touch a market value of ₹ 3,200 crore in 2014-15. The premium segment is likely to grow by 20-25% annually, offering significant potential for HSIL. We are steadily enhancing focus on the premium and super-premium segments, which drive higher margins and greater recall across both Divisions.

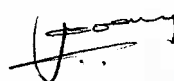
Today, HSIL has a strong brand recall and a durable consumer-branded business in place. This has helped us retain market share, despite price escalation. Our customer profile is also well balanced. No particular customer accounts for over 2% of our revenues in Building Products Division. Only 28% of our revenues come from institutional sales, while the rest is derived through our strong retail network. For the Building Products Division, we continue to focus on sustaining margins. Our plants are running at near full capacity, keeping our product portfolio updated, in line with changing times.

For the Container Glass segment, we would be focussing more on sales volume to utilise our new added capacity. Once the volume grows, the scenario will improve.

ROAD AHEAD

Our objective is to strengthen long-term value proposition by implementing futuristic ideas, operational efficiencies and prudent cost rationalisation in an environment-friendly manner. We have a fundamentally strong business that can adapt and create value in a dynamic macro-economic environment. Our drive for sustainable profitable growth makes us look beyond financial performance to the positive impact of our business on society and the environment. Our business decisions serve the best interests of all stakeholders.

Best Regards



Sandip Somany
Joint Managing Director

20%

INCREASE IN
CONSOLIDATED
REVENUES IN 2012-13
COMPARED TO 2011-12

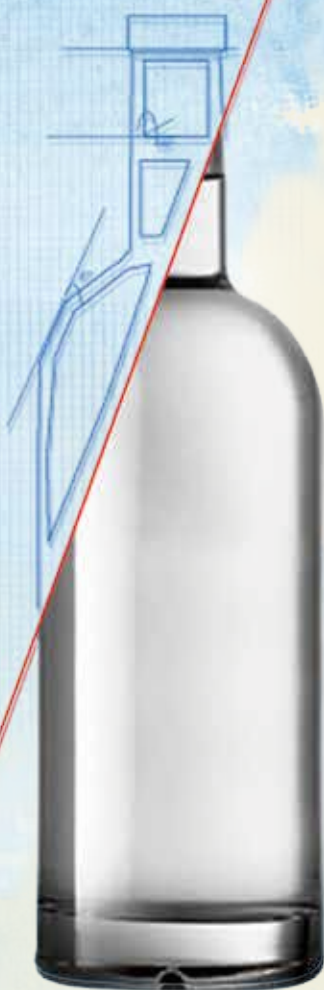
1:3

RATIO OF INSTITUTIONAL
AND RETAIL SALES FOR
THE SANITARYWARE
MARKET

₹400

CRORE OF EXPECTED
REVENUE GENERATION
FROM THE FAUCET
BUSINESS IN THE NEXT
3-4 YEARS

WHERE IS THE
NEXT BIG IDEA?



AT HSIL, WE CONSTANTLY ASK OURSELVES THIS SIMPLE QUESTION. TO DRIVE CONSISTENT INNOVATION, IMPROVE OPERATIONAL EFFICIENCY AND KEEP PACE WITH EVOLVING CUSTOMER ASPIRATIONS AND LIFESTYLES.

Our innovative solutions have helped elevate the quality of life of people in more ways than one. We are enhancing our technology investments and managing our resources with prudence to touch the next high level of product-process innovation.

DRIVING INNOVATION

EFFICIENT PLANT OPERATIONS

We have initiated measures to reduce energy consumption in our furnaces, focusing on optimal energy use. We have also diminished process wastage, resulting in better cost efficiencies.

RAW MATERIAL SUBSTITUTE

To counter raw material price escalation, our R&D team

is focusing on various raw material substitutes without compromising on quality. The team also provides technical inputs on the optimum utilisation of raw materials.

AESTHETICS

The R&D and design team has been able to develop an enduring shine on sanitaryware products, in line with international standards.

INVESTMENT IN TECHNOLOGY

We are now producing bottles, in special colours (dead leaf, dark green and dark blue) with the aid of German technology. At present, HSIL is the only producer of special coloured bottles for customers in India. These products fetch higher realisations and also act as an import substitution.

LIGHTWEIGHT BOTTLES

Our research team has developed a cutting-edge technology to reduce the weight of the bottles. We have been able to produce light-weight bottles for the liquor industry, which earlier was dependent on imports from Europe and China.



NOTEWORTHY ACHIEVEMENTS

- ☐ Vitreous china technology
- ☐ Battery casting technology
- ☐ Computer-controlled, open-flame tunnel-kiln technology
- ☐ First dual flush concept and the 1.5 litre water per flush technology
- ☐ Hot and cold end coating technology, which aids to maintain the strength of container glass, despite weight reduction

MIND SHARE TO MARKET SHARE

CUSTOMERS EMBRACE A BRAND WHEN THEY DERIVE SIGNIFICANT VALUE FROM IT, NOT JUST INTERMITTENTLY BUT CONSISTENTLY. OUR OBJECTIVE IS TO REACH MORE CUSTOMERS (RETAIL AND INSTITUTIONAL) AND CREATE AN UNBEATABLE MINDSHARE BY PROVIDING EXCEPTIONAL VALUE.

At HSIL, we are strengthening our presence by expanding the dealer network, focusing on advertising and promoting our products and brands.

Not only are we bringing the right products to market at the right time, but also at the right outlet. We have maintained a healthy balance between our retail and institutional clients.

16,000+

NETWORK OF
RETAILERS

2,500+

DEALERS



WIDENING PRESENCE

Currently, HSIL is present in all the towns with a population of above 1 lac. We are intending to grow our distribution network by 8-10% every year, so that we can have at least one retailer in towns with 75,000 people

ENHANCING CUSTOMER EXPERIENCE

We are upgrading showrooms at regular intervals to improve product display and enhance shelf space

INVESTING IN PROMOTIONS

Extensive promotion at dealer's level in educating them about the new products, specifications and so on through various campaigns and print media solutions

BUSINESS DEVELOPMENT

We are constantly strengthening our business development team, coordinating with the architect's requirements and updating about the new products launches.

REPOSITIONING THE BRAND

HSIL has repositioned its brand this year through media campaign 'Designs to Desire'

CALL CENTRES

Customer service centres across India available 24x7 with a quick response time.

225+

CERTIFIED PRODUCT TECHNICIANS

18

SERVICE CENTRES
ACROSS INDIA
COVERING 92% OF THE
TOTAL SALES BASE

65

HINDWARE
BOUTIQUES

650+

HINDWARE
SHOP-IN-SHOP

60%

OF PAN-INDIA
DISTRIBUTORS STOCK
HSIL'S BRANDED
PRODUCTS

AWARDS AND ACCOLADES



- ❑ Consumer Superbrand Award for brand hindware by Superbrands, London.
- ❑ Powerbrand Award for the most recognised brand, hindware.
- ❑ Master Brand Award from CMO Asia for excellence in branding & marketing.
- ❑ Best Bathroom Fixtures Award in the first edition of Good Home Awards beating leading faucet brands in the category.
- ❑ Best Smart Bathroom Product Award for tech-smart, 'Automate' at Waves Expo.
- ❑ FICCI Water Award for Innovation of 'Aquafree' waterless urinals.
- ❑ Mr. Rajendra K Somany, Chairman & Managing Director, HSIL Limited is awarded the Corporate Icon of the year Award by Indian Power Brand. He also received the Lifetime Achievement Award from Washroom & Beyond for his enormous contribution to the industry.
- ❑ Market leader brand, hindware became the first in its category to receive 'STAR-RATED Water Efficient Product (WEP- 1) certification' for a range of 13 water closets from International Association of Plumbing and Mechanical Officials (IAPMO).



BOARD OF DIRECTORS

RAJENDRA K SOMANY

Chairman and Managing Director
Since: 09.01.1988



- ❑ Commerce graduate from St. Xavier's College, Calcutta University
- ❑ Provides strategic direction and vision to the Company
- ❑ Extensive 58-year work experience
- ❑ Assisted the Bureau of Indian Standards to develop quality standards for the Sanitaryware Industry
- ❑ Has been instrumental in aligning the Indian Standards with their European counterparts
- ❑ 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
- ❑ Is also the Emeritus Member of the American Ceramic Society, Fellow of the Chartered Institute of UK (FCMI) and Member of the Institute of Materials, Minerals and Mining, UK (IOM³)
- ❑ Chairman of Indian Plumbing Skills Council

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
- ❑ A 28-year work experience in the ceramics and glass industry
- ❑ Former President of PHD Chamber of Commerce and Industry (PHDCCI)
- ❑ Chairman of Indian Council of Sanitaryware Manufacturers (INCOSAMA)
- ❑ Member of the Executive Committee of FICCI and Member of Managing Committee of ASSOCHAM
- ❑ Member of the Governing Council of All India Glass Manufacturer's Association
- ❑ Member of the Delhi Chapter of the Young Presidents' Organisation (YPO) and Delhi Achievers Round Table
- ❑ Member of various committees of the Bureau of Indian Standards

ASHOK JAIPURIA

Independent Director
Since: 15.05.2004



- ▣ Qualified in Business Administration and Marketing Sciences
- ▣ Chairman & Managing Director of Cosmo Films Limited, an Indian MNC, which is into manufacture and export of Biaxially Oriented Polypropylene (BOPP) Films
- ▣ Chairman of Cosmo Ferrites Limited
- ▣ Member of the Board of Governors of the Indian Institute of Technology, Indore, The Institute of Liver & Biliary Sciences and Delhi Public School, Gurgaon

G. L. SULTANIA

Independent Director
Since: 09.01.2006



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

N.G. KHAITAN

Independent Director

Since: 29.06.1996



- ▣ Attorney-At-Law and a Notary Public appointed by the Government of India
- ▣ Practices in the Calcutta High Court and in the Supreme Court of India
- ▣ Senior partner at Khaitan & 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 the Indian Council of Arbitration, New Delhi
- ▣ Committee member of the Bharat Chamber of Commerce, Calcutta
- ▣ Director to various companies
- ▣ Chairman of the Company's Shareholders'/ Investors' Grievance Committee
- ▣ Member of Audit Committee and Remuneration Committee of the Company

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
- ▣ Is a Doctorate and has a degree in Business Administration from St. Gallen University, Switzerland
- ▣ Owner of Birch Court 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 faucet business in the world), Continental AG and Keiper-Recaro and others
- ▣ Chairman of the Supervisory Board of Joyou AG Hamburg, Nan'an China
- ▣ Member of the Board of Uponor OY Helsinki Finland, SARA Holdings Ltd., Beirut, Haikui AG Hamburg, Dongshan China and Lecico Egypt S.A.E.

V. K. BHANDARI

Independent Director
Since: 17.01.2004



- ▣ An FCA with over 33 years of experience in the Banking Industry
- ▣ Former General Manager of the 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 the Company's Audit Committee and Remuneration Committee
- ▣ Member of Shareholders'/Investors' Grievance Committee of the Company

SALIL BHANDARI

Independent Director
Since: 29.05.2012



- ▣ An 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 and Managing Partner of BGJC, a well-respected audit and management consulting firm based in New Delhi
- ▣ Counseling top management in strategy implementation, scaling up of business, organisational development and management
- ▣ Was the President of the PHD Chamber of Commerce and Industry in 2011
- ▣ Served as the Chairperson of Society for Integrated Development of Himalayas (SIDH) from 1989 to 2006 and Child Fund India from 2005-09
- ▣ Was the member of Task Force – Commission on Centre State Relations, Govt. of India in 2008
- ▣ Was a Managing Committee member at ASSOCHAM from 2005 to 2011
- ▣ Was a member of the Advisory Committee, Dept. of Company Affairs, Govt. of India from 2003 to 2005
- ▣ Is currently on the Board of the Indian Institute of Management (IIM), Indore, Shyamlal College (Delhi University)
- ▣ Member of Audit Committee, Shareholders'/Investors' Grievance Committee and Remuneration Committee of the Company

FINANCIAL HIGHLIGHTS

BALANCE SHEET

₹ in lacs

	2008-09	2009-10	2010-11	2011-12	2012-13
Equity Share Capital	1,100.55	1,100.55	1,320.97	1,320.97	1,320.97
Reserve and Surplus	17,111.97	31,067.14	37,883.32	46,590.40	54,184.51
Share Premium	6,840.63	6,840.63	21,144.82	21,144.82	21,144.82
Business Reconstruction Reserve	0.00	9,767.37	9,767.37	32,267.37	32,267.37
Secured Loans	43,150.54	31,026.64	33,719.37	59,153.30	69,192.40
Unsecured Loans	3,754.82	17,889.11	5,646.79	25,648.31	31,897.26
Deferred Tax Liability	4,230.94	5,411.85	7,311.84	7,382.86	11,008.86
Total Liabilities	76,189.45	1,03,103.29	1,16,794.48	1,93,508.03	2,21,016.20
Gross Block	62,677.29	1,01,191.13	1,06,205.69	1,39,809.21	1,80,209.52
Less: Depreciation	22,353.71	26,611.70	28,220.58	33,611.36	41,886.93
Net Block	40,323.58	74,579.43	77,985.11	1,06,197.85	1,38,322.59
Capital Work-in-Progress	12,515.10	779.26	5,621.24	36,859.02	9437.29
Investments	4,275.26	5,540.70	10,038.23	18,646.72	19,706.93
Current Assets					
Inventories	14,699.64	15,658.67	20,698.96	27,327.53	36,206.83
Sundry Debtors	10,277.30	13,973.72	16,148.08	22,471.22	35,109.80
Cash & Bank	7,927.19	1,621.12	2,538.44	7,656.66	8,030.66
Loans & Advances	4,030.82	7,224.12	5,234.41	6,761.48	7,695.84
Other Current Assets	83.23	44.99	41.05	133.59	173.16
Current Liabilities					
Sundry Creditors	12,511.46	10,272.93	12,454.44	20,720.82	19,375.33
Provisions	1,533.16	1,729.60	2,452.51	3,058.36	2,895.97
Other Liabilities	3,898.05	4,316.19	6,604.11	8,766.86	11,395.60
Net Current Assets (Working Capital)	19,075.51	22,203.90	23,149.90	31,804.44	53,549.39
Total Assets	76,189.45	1,03,103.29	1,16,794.48	1,93,508.03	2,21,016.20

STATEMENT OF PROFIT & LOSS

₹ in lacs

	2008-09	2009-10	2010-11	2011-12	2012-13
Gross Turnover	66,145.74	83,572.71	1,10,632.50	14,2214.52	1,68,189.20
Less: Excise Duty	5,081.39	4,699.20	7,395.55	9,929.88	13,161.18
Net Turnover	61,064.35	78,873.51	1,03,236.95	1,32,284.64	1,55,028.02
Other Income	914.53	1,391.71	2,344.88	2,201.35	2,806.21
Stock Variation	424.44	1871.81	2843.50	3295.54	7646.94
Total Income	62,403.32	82,137.03	1,08,425.33	1,37,781.53	1,65,481.17
Goods Purchased for Resale	9,541.84	10,798.68	15,855.94	21,274.04	22,524.97
Power & Fuel	12,336.84	16,687.09	19,904.74	27,269.87	39,654.64
Manufacturing, Administrative & Other Expenses	22,830.74	30,931.87	39,496.45	49,391.97	61,058.37
Employee Cost	6,415.06	8,239.30	11,508.78	14,017.79	15,832.76
Total Expenses	51,124.48	66,656.94	86,765.91	1,11,953.67	1,39,070.74
EBITDA	11,278.84	15,480.09	21,659.42	25,827.86	26,410.43
Interest	1,663.64	4,008.67	3,563.27	3,891.21	6,394.16
Gross Profit	9,615.20	11,471.42	18,096.15	21,936.65	20,016.27
Depreciation & Amortisation	2,784.27	4,903.81	5,349.81	5,670.28	8,507.78
PBT before Exceptional Items	6,830.93	6,567.61	12,746.34	16,266.37	11,508.49
Exceptional Items	(1,153.26)	0.00	0.00	0.00	2,366.30
Profit after Exceptional Items	5,677.67	6,567.61	12,746.34	16,266.37	13,874.79
Income Tax	841.28	144.00	2,111.15	5,185.45	336.54
Deferred Tax	821.19	1,180.90	1,899.99	71.02	3,626.00
Profit After Tax	4,015.20	5,242.71	8,735.20	11,009.90	9,912.24
Cash Profit	7,620.66	11,327.42	15,985.00	16,751.20	22,046.03

RATIO ANALYSIS

KEY PERFORMANCE INDICATORS

₹ in lacs

	2008-09	2009-10	2010-11	2011-12	2012-13
Networth *	25,053.15	39,008.32	60,349.11	69,056.19	76,650.30
Capital Employed **	76,189.45	1,03,103.29	1,16,794.48	1,93,508.03	2,21,016.20
Average Capital Employed	60,926.67	89,646.37	1,09,948.89	1,55,151.25	2,07,262.11
Average Loan Funds	33,545.76	47,910.56	44,140.96	62,083.89	92,945.64
Cash Profit	7620.66	11327.42	15985.00	16751.20	22,046.03
Net Domestic Turnover	54,997.96	73,298.27	96,732.96	1,24,806.72	1,45,693.81
Export Turnover	6,066.39	5,575.24	6,503.99	7,477.92	9,334.21
Dividend (%)	80.00	100.00	125.00	150.00	150.00
Market Price - (₹) (End of year at NSE)	28.50	78.85	132.65	143.65	91.05
Total Dividend Payout(including Dividend Tax)	1,030.04	1,287.54	1,919.02	2,302.82	2,318.13
Retained Earnings	2,985.16	3,955.17	6,816.18	8,707.08	7,594.11

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

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

BALANCE SHEET RATIOS

	2008-09	2009-10	2010-11	2011-12	2012-13
Return on Networth (%)	16.03	13.44	14.47	15.94	12.93
Return on Average Capital Employed (%)	12.05	11.80	14.83	12.99	9.78
Debt Equity Ratio	1.87	1.25	0.65	1.23	1.32
Debtors Cycle (Days)	57	61	53	58	76
Creditors Cycle (Days)	75	48	44	57	46
Inventory Cycle (Days)	81	68	68	70	79
Net Current Assets Turnover (Days)	114	103	82	88	126
Turnover/Net Current Assets	3.20	3.55	4.46	4.16	2.90
Turnover/Inventory	4.50	5.34	5.34	5.20	4.65
Turnover/Capital Employed	0.87	0.81	0.95	0.73	0.76
Turnover/Net Block	1.64	1.12	1.42	1.34	1.22
Net Block/Capital Employed	0.53	0.72	0.67	0.55	0.63
Working Capital/Capital Employed	0.25	0.22	0.20	0.16	0.24

STATEMENT OF PROFIT & LOSS RATIOS

	2008-09	2009-2010	2010-11	2011-12	2012-13
Domestic Sales/Turnover	90.07	92.93	93.70	94.35	93.98
Export Sales/Turnover	9.93	7.07	6.30	5.65	6.02
Excise/Turnover	8.32	5.96	7.16	7.51	8.49
MARGINS (%)					
EBITDA Margin	18.47	19.63	20.98	19.52	17.04
Gross Profit Margin	15.75	14.54	17.53	16.58	12.91
Pre Tax Profit Margin	9.30	8.33	12.35	12.30	7.42
PAT Margin	6.58	6.65	8.46	8.32	6.39
EXPENSES					
Goods Purchased for Resale/Total Expenses	18.66	16.20	18.27	19.00	16.20
Power & Fuel/Total Expenses	24.13	25.03	22.94	24.36	28.51
Manufacturing, Administrative & Other Expenses/Total Expenses	44.66	46.40	45.52	44.12	43.90
Employee Cost/Total Expenses	12.55	12.36	13.26	12.52	11.38
Interest Cover (times)	6.78	3.86	6.08	6.64	4.13
Cost of Debt (%)	4.96	8.37	8.07	6.27	6.88
PER SHARE DATA (₹)					
EPS (Face Value ₹ 2/-)	7.30	9.53	14.47	16.67	15.01
CEPS (Face Value ₹ 2/-)	13.85	20.59	26.48	25.36	33.38
Book Value	45.53	70.89	91.37	104.56	116.06

Note: As per new schedule VI of Companies Act some of the heads like current assets, current liabilities, loan fund etc. have been classified differently. In the balance sheet for the year 2010-11, 2011-12 and 2012-13 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 believe transformation is crucial for long-term sustainability. The paradigms of performance and product excellence for both the Building Products Division and Container Glass Division are never the same. They change with customer aspirations, emerging technologies and new demands being created as lifestyles evolve. The natural consequence of such a scenario is consistent innovation in product design to explore new product lines and embrace opportunities on the horizon. It also means seeking new approaches of doing business and engaging better with customers. We try to anticipate socio-economic trends that alter lifestyles and attune our responses accordingly.

We have been transformational since inception. Our transformation is apparent in our conscious shift in the value chain from the basic segment to premium and super-premium and luxury segments, launch of new product lines and brands and above all, in our R&D capabilities. At HSIL, when the levers of innovation and transformation move, progression happens. Progression in brand recall, geographical penetration and stakeholder value creation.

THE BUILDING PRODUCTS DIVISION

The Division has witnessed extensive transformation and innovation since the very early days. Interestingly, this transformation was driven by a combination of external realities and an internal impulse to evolve.

HSIL provides an array of building products ranging from sanitaryware, wellness products and faucets to kitchen appliances and ceramic tiles. We are well equipped with superior technologies and provide finest quality products.

India's burgeoning population and growing urbanisation have escalated the demand for building products. The country's per capita income (in real terms), a gauge for measuring living standards have risen to ₹ 39,168 in 2012-13 from ₹ 38,037 in 2011-12. A strong appetite for better lifestyles and high disposable income has enhanced industry optimism.

Sanitaryware

Industry structure and developments

With evolving lifestyles, the role of sanitary products has gained significant prominence. India, home to the world's second largest population, has only 40% sanitation coverage (*Source: Angel Broking*). This has influenced the spending structure on the basic amenities. The industry is pegged at ₹ 2,400 crore growing at 14-16% within which premium segment is growing faster at 20-25% per annum due to rapid urbanisation, improving living standard and rising awareness (*Source: Company, SBI Cap Securities, November, 2012*).

₹ 15,260 crore

ALLOCATED IN UNION BUDGET 2013-14 BY THE
GOVERNMENT OF INDIA FOR THE COUNTRY'S
WATER AND SANITATION FACILITIES

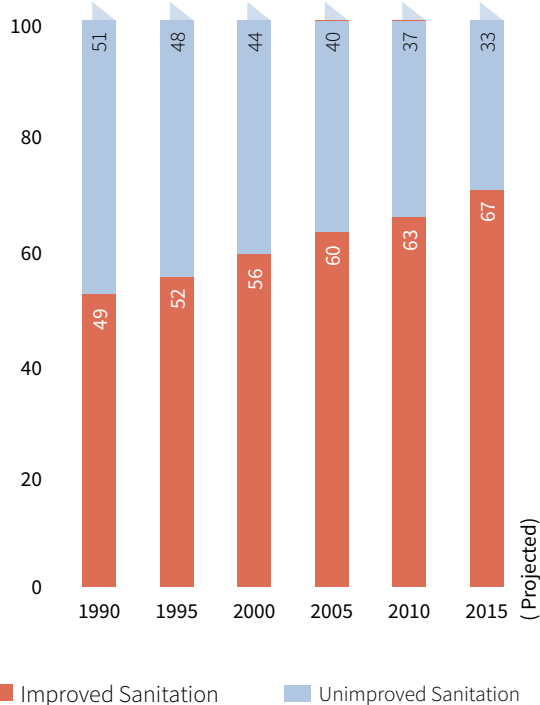
638 million

PEOPLE IN INDIA LACK PROPER
SANITATION FACILITIES

(Source: UNICEF)

TREND IN GLOBAL SANITATION

%



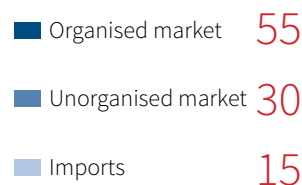
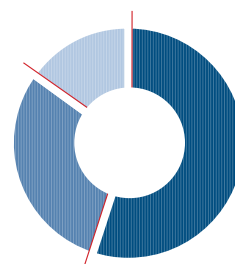
(Source: UNICEF)

Market segment

India has emerged as the second largest sanitaryware market by volume in Asia Pacific. As much as 55% of India's sanitaryware market is organised, of which HSIL commands largest market share; on the other hand 30% of market, which is unorganised, consists of many small unbranded players, mostly located in Gujarat, making low-end sanitaryware. The organised sector is value driven and caters to middle and premium segments with quality products. The unorganised sector, however, is volume driven and offers primarily inferior quality products to the lower end of the social pyramid.

STRUCTURE OF INDIA'S SANITARYWARE MARKET

%



Consumer aspirations and preferences are experiencing gradual shift. At HSIL, we are in tune with the changing shift in consumer demands and trends. The luxury segment, estimated to be around ₹ 250 crore, is growing at 25% annually - a much higher rate compared to the mid-segment. We had already anticipated this trend and entered into the luxury segment with our brand, QUEO.

2nd largest

RANK OF INDIA IN SANITARYWARE MARKET
BY VOLUME IN ASIA PACIFIC REGION

Customer category

At HSIL, customers are classified under two categories - business to business (B2B) and business to consumer (B2C). The former refers to institutional clients, while the latter addresses retail customers.

Demand

In sharp contrast to the developed economies, where 80% of the demand for sanitaryware arises from the replacement market, 92% of India's sanitaryware industry demand is driven by new customers. However, the trend is gradually shifting towards increase in replacement demand, owing to the consumer awareness.

The sanitaryware industry demand trends	New demand (%)	Replacement demand (%)
Developed markets	20	80
India	92	8

(Source: Angel Broking)

Industry optimism

Elevating lifestyles

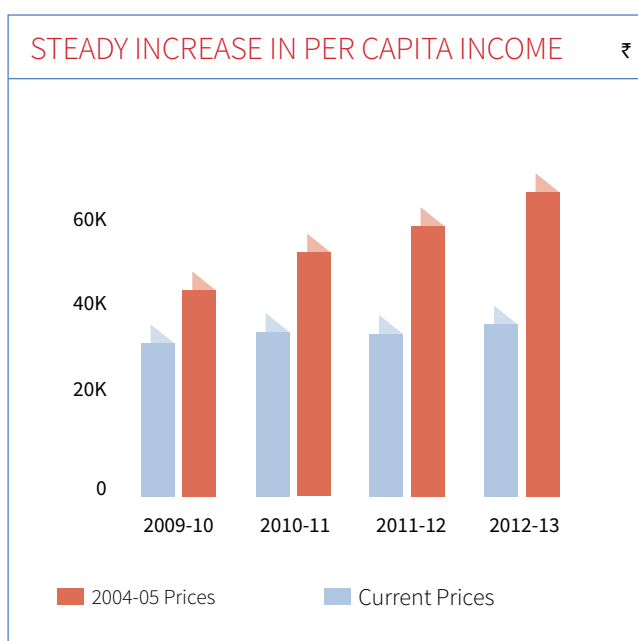
Conspicuous consumption is gradually rising in India, driven by enhanced earnings and aspirations for a better quality of life. Discerning customers are embracing the culture of premiumisation, as general preferences are also shifting from unbranded to branded products. New luxury home buyers are spending a considerable amount on the beauty quotient of bathrooms and kitchens.

High replacement demand

Following the trend of developed countries, the sanitaryware industry in India is also reducing its dependence on real estate growth due to shortening product replacement cycle.

Rise in affluence

Increasing disposable income and migration of people from the middle class to the high-income level are fuelling the demand for quality products. These trends augur well for HSIL's Building Products Division.



(Source: Ministry of Statistics and Programme implementation)

Urbanisation

The global urban population rose from 27% in 2002 to 31% in 2012, while the total number of towns also surged to 7,800 from 5,100 during the same period. Projections show India's urban population



soaring from 340 million in 2008 to 590 million in 2030. And this urban expansion will happen at a speed quite unlike anything India has seen before. It took India nearly 40 years (between 1971 and 2008) for the urban population to rise by nearly 230 million. It will take only half the time to add the next 250 million.

Increasing organised market share

For the past 10 years, India's organised sanitaryware market has been steadily capturing 2-3% market share of its unorganised counterpart every year. This has been driven by constant increased demand for better products by consumer and enhanced branding and advertisements, which, in turn, is creating consumer awareness.

Emergence of concept bathrooms

Concepts of bathrooms have evolved from primitive utility to that of a complete modern perception. Today's bathrooms are equipped with a range of solutions, comprising Air pool Whirlpool Systems, electronically operated toilets, high-tech shower systems, electronic faucets, designer tiles and more.

Customised solutions

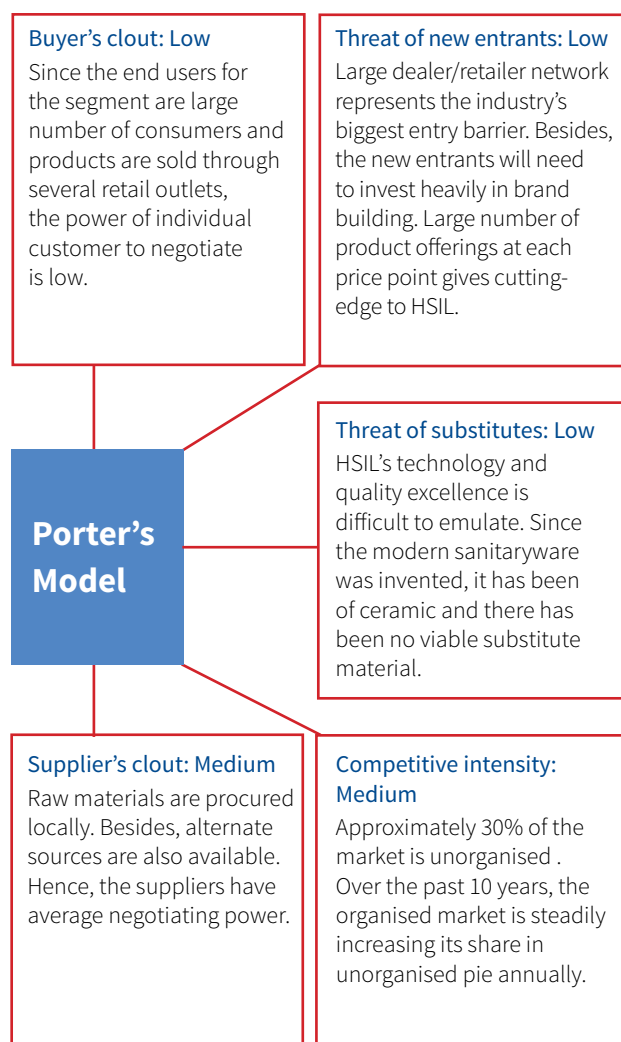
Apart from increasing capacities, the industry is also equipped with cutting-edge technology and provides customised products for diverse customer segments.

Green initiatives

HSIL is manufacturing large range of closets which reduce water consumption to 4-2 litres from 6-3 litres per flush earlier.

Rising awareness

Awareness about sanitary conditions, especially in semi-urban and rural India, is increasing significantly. With economic empowerment, rural India is also responding to market developments for the sanitaryware industry.

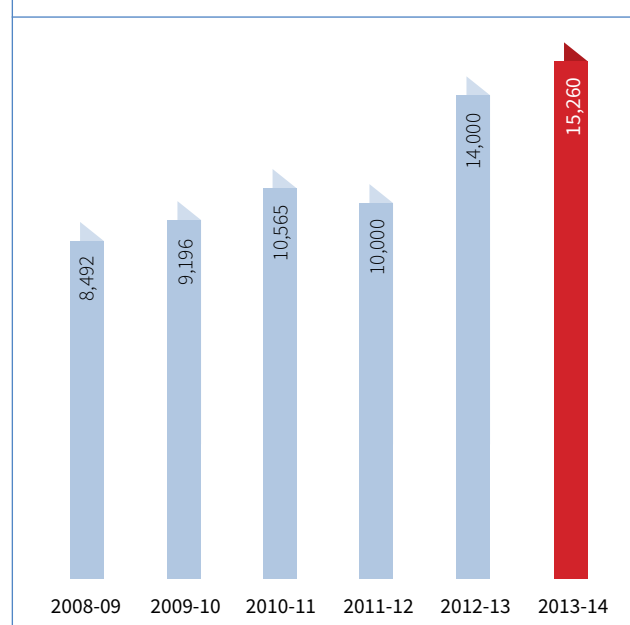


Total sanitation campaign (TSC) | 6.6% annual growth in sanitation access

TSC is a demand-driven campaign implemented in 607 rural districts of the country. It has been resulting in continuous improvement in sanitation access. Access to sanitation has increased by 6.6% annually over the past decade. Under the Nirmal Bharat Abhiyan, the Government aims to provide 100% rural sanitation coverage by 2022, thus driving sanitaryware products demand.

GOVERNMENT ALLOCATIONS FOR WATER SUPPLY AND SANITATION

₹ in crore



Key to the future

Urbanisation | 87 metropolitan areas by 2031

India's rapid urbanisation has been a major growth driver of the country's housing sector. The number of urban cities and towns has also increased from 5,161 in 2001 to 7,935 in 2011. The number of 1 million plus cities has grown from 35 in 2001 to 53 in 2011 (Source: Planning Commission, Government of India).

Government spend on infra | USD 1 trillion infra spends

The Government of India has allotted an amount of USD 1 trillion over the next five years over 2012-17. It has offered additional deduction of interest up to ₹ 1 lac, on loan size of ₹ 25 lacs, for a person taking first home loan up to ₹ 25 lacs during FY14. Moreover, an allocation of ₹ 20 billion for urban housing funds will enhance housing demand and, in turn, drive the demand for building products.

FDI in township | 100% Foreign direct investment

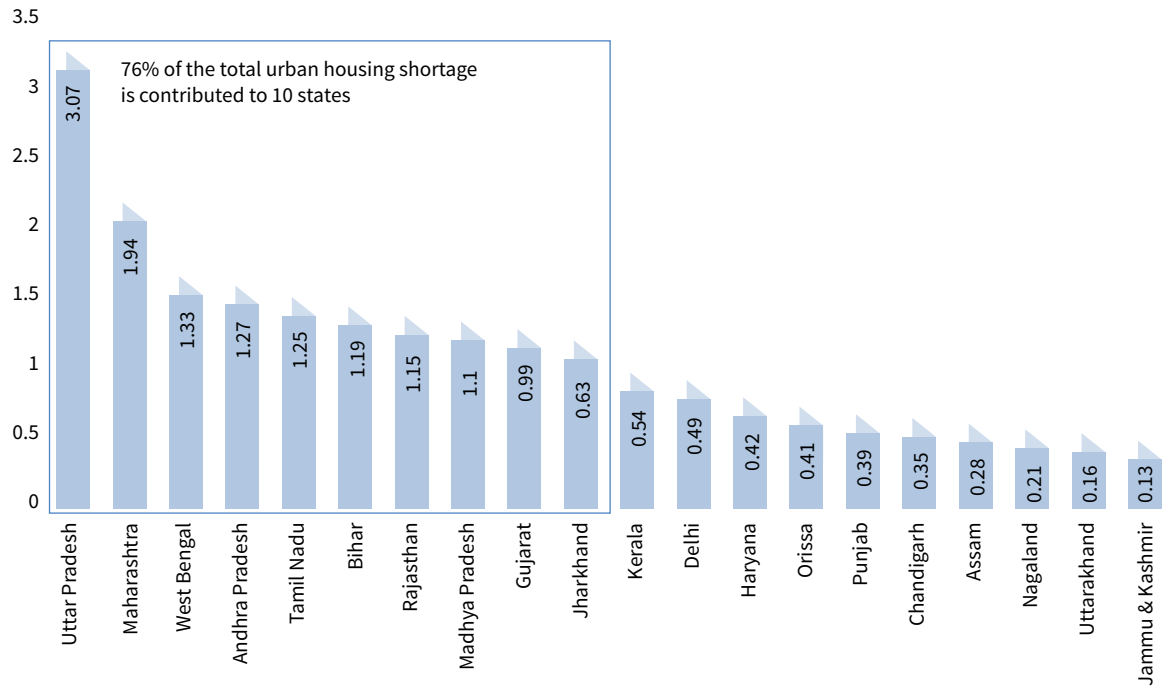
The government's decision to allow 100% foreign direct investment in the township sector is expected to boost that industry's growth. This, in turn, will help the sanitaryware industry grow.

Growth in the housing sector | 21.7 million shortage of housing units

There is a close correlation between the housing sector demand and sanitaryware. Housing sector's growth impacts 92% of India's total sanitaryware demand. Increasing urbanisation, accompanied by high disposable income, shift from semi-permanent to permanent homes and declining interest rates are driving the sector's demand. As per census 2011, India is currently facing close to 19 million housing shortage in urban areas. Despite large number of houses being built, the urban housing shortage is expected to reach 21.7 million units by the end of 2014.

STATE-WISE HOUSING SHORTAGE IN 2012

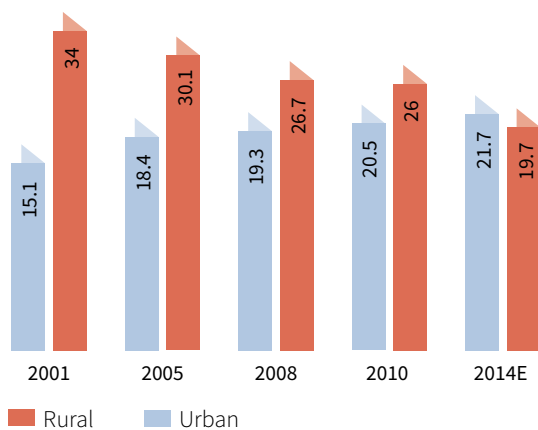
Fig in million



(Source: KPMG)

HOUSING SHORTAGE IN INDIA

Fig in million



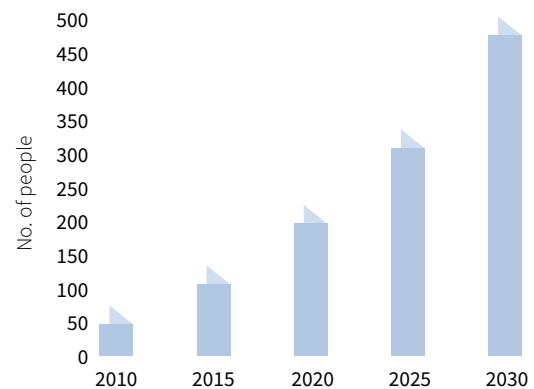
(Source: IBEF)

Growth in India's global middle class | 475 million

Around 50 million people make up India's global middle class population which is rising rapidly. These people are moving in step with global trends and preferences, and their exposure to international products is driving the demand for branded building products in India.

INDIA'S GLOBAL MIDDLE CLASS

Fig in million



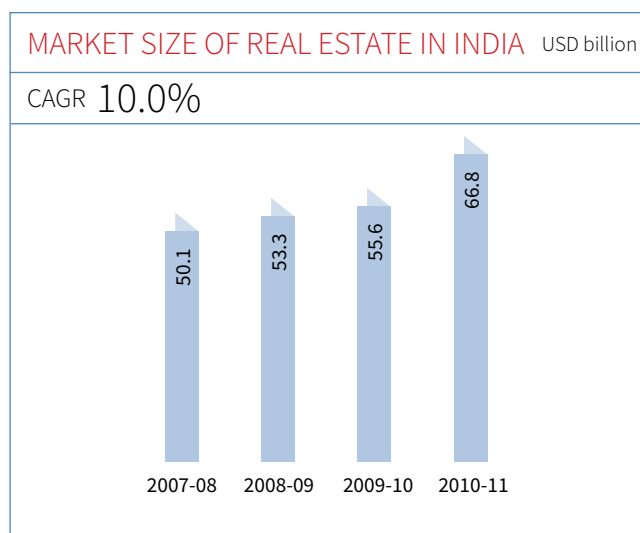
India's global middle class, meanwhile, is much smaller at around 50 million, or 5% of its population. We project that this group will grow steadily over the next decade, reaching 200 million by 2020. After this, we expect India's middle-class growth to really accelerate, reaching 475 million people by 2030 and adding more people than the Chinese to the global middle class worldwide after 2027.

(Source: IEMS)



Untapped real estate market | Expected market size USD 180 billion by 2020

Compared to the expansion in Tier-I cities, growth in their Tier-II and Tier-III counterparts are expected to remain robust. Industry leaders are significantly expanding their dealer network to tap market potential. Moreover, rapid new launches and pre-sales have also been driving market growth.



(Source : BMI, Aranca Research)

Snapshot of faucets, kitchen appliances and tiles

Faucets	Kitchen appliances	Tiles
Market size: ₹ 4,500 crore	Market size: ₹ 2,000 crore	Market size: ₹ 18,000 crore
Market structure: 45:55 (organised: unorganised)	Market structure: 60:40 (organised: unorganised)	Market structure: 60:40 (organised: unorganised)

Key differentiators

Front-runner: HSIL, with the largest market share, is the pioneer in India's organised sanitaryware industry.

Rising product portfolio: HSIL provides an extensive bandwidth of products across the value chain, comprising sanitaryware, faucets, kitchen appliances, ceramic tiles and wellness products. It also offers new products regularly to meet changing customer aspirations.

Excellent network: Enjoys industry's largest distribution network, enabling higher penetration in Tier-I, Tier-II and Tier-III cities.

Backward integration: Owns backward integration facilities at Haryana and Andhra Pradesh.

Capacities: Expands its capacities strategically to fulfil growing customer requirements.

Cost efficiency: Adopted various measures, such as waste heat utilisation, control on process losses, and has ensured optimum resource utilisation.

Capacity utilisation: All plants are running at around 90-95% capacity utilisation.

Design capability: Deployed design software facility; comprises more than 35 design engineers, working vigorously towards providing advanced, sophisticated and exclusive product range to suit dynamic customer requirements.

Advertising: Undertaken rigorous brand promotion activities through above-the-line and below-the-line strategies to strengthen brand image.

Customer centricity: First in the domestic industry to launch a 24x7 customer service division to address any issue within 48 hours of complaint registration.

Star rated closets: Launched the country's first certified, STAR-RATED, water-efficient closets.

Cutting-edge technology: Among the top-three global organisations to possess sophisticated technology to produce vacuum-operated ceramic closets used in ships, hospitals, sports stadia.

THE CONTAINER GLASS DIVISION

The Division has also witnessed considerable transformation and innovation, driven by market demand, technological shifts and HSIL's continuous focus to elevate performance to the next level.

Emerging markets are becoming growth centres for the global packaging glass industry. Led by changing demographics, increasing population and rising disposable income, these markets are rising as major consumer hubs of beverages, food, healthcare and pharmaceutical products.

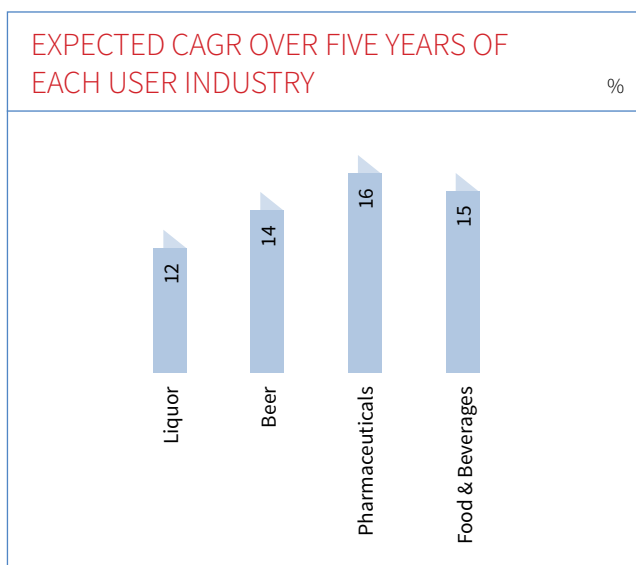
HSIL, India's second-largest container glass producer, commands a pan-India market share of 18%. It is the biggest player in South India's container glass market with 62% share. We manufacture container glass under the brand AGI, catering to industries like soft drinks, pharmaceuticals, food, beer and liquor, among others.

Container glass

Industry structure and developments

The global packaging industry is likely to reach USD 597 billion by 2014. India's packaging industry, worth USD 14 billion, has been growing at 15% over the past few years. India's container glass industry constitutes around 5.6% of the packaging industry valued at ₹ 4,400 crore and growing at the rate of 10-12% per annum.

The glass industry can be divided into four major segments, namely container glass, specialty glass, flat glass and fibreglass. Container glass is the second largest segment comprising glass packaging for consumer goods and pharmaceuticals (Source: Capital Market).



Despite India's low per capita glass consumption, the container glass industry is driven by rising hygienic packaging demand, burgeoning population and increasing per capita income of average Indian. The country's per capita glass consumption for the year stood at 1.5 kg, compared to China's 5.9 kg and USA's 27.5 kg (Source: Phillip Capital, India Equity Research). Hence, there is immense scope for penetration.

Industry optimism

Capacity expansion

Major glass manufacturers have expanded their capacities in recent past expecting strong growth ahead.

Capital-intensive industry

The highly capital-intensive container glass industry creates entry barriers and poses a viability threat to new entrants.

Automation

Industry players are emphasising on improving product quality, achieving operational efficiencies and increasing automation.

Exports

India has witnessed sustainable export demand led by strong growth from the end-user industry.

Care for the environment

Rising ecological concerns are driving manufacturers to adopt environment-friendly ways like glass packaging, which is recyclable.

Key to the future

Burgeoning population | 1.5 billion by 2100

The population of India is expected to surpass that of China around 2028, when both countries will have populations of around 1.45 billion. Thereafter, India's population will continue to grow for several decades to around 1.6 billion and then decline slowly to 1.5 billion in 2100. (Source: United Nations Population Fund report).

Rapid growth of the alcobev industry | Average consumption-1.7 litres of beer a year

India's liquor and beer industry is the largest consumer of container glass. In the last 5 years, the total beer market has seen a 10% CAGR. An average Indian drinker consumes -1.7 litres of beer a year. (Hong Kong-22 litres, China-37 litres, US-74 litres) (Source: *The Economic Times*, Feb 2013).

The rising social acceptance of beer consumption with a shift from country liquor to Indian-made foreign liquor (IMFL), will help surge the country's container glass demand.

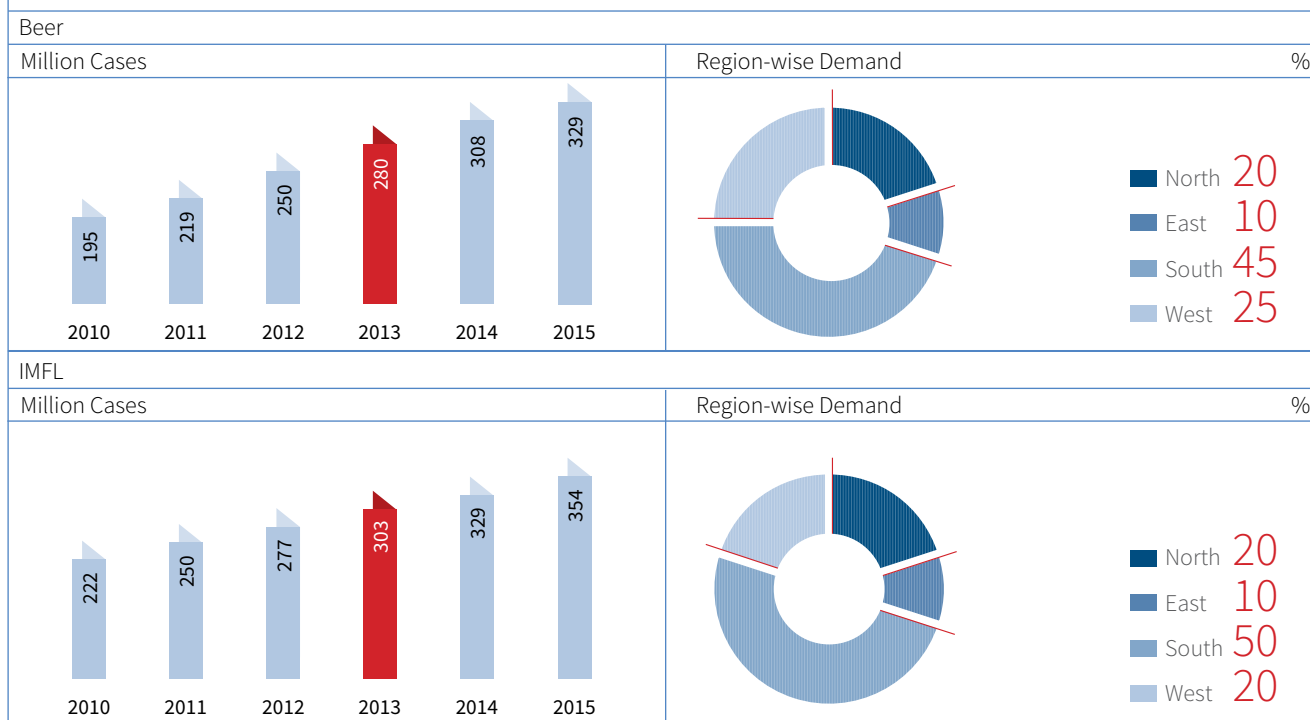
Robust growth in pharmaceutical industry | Market value of USD 35 billion by 2016

India's pharmaceutical industry, another major consumer of container glass, reached a market value of USD 35 billion in 2013. India accounts for over 10% of global pharmaceutical production. Low cost of production and R&D will boost efficiency of Indian pharma companies.

Strong growth in packaged food | USD 30 billion industry size by 2015

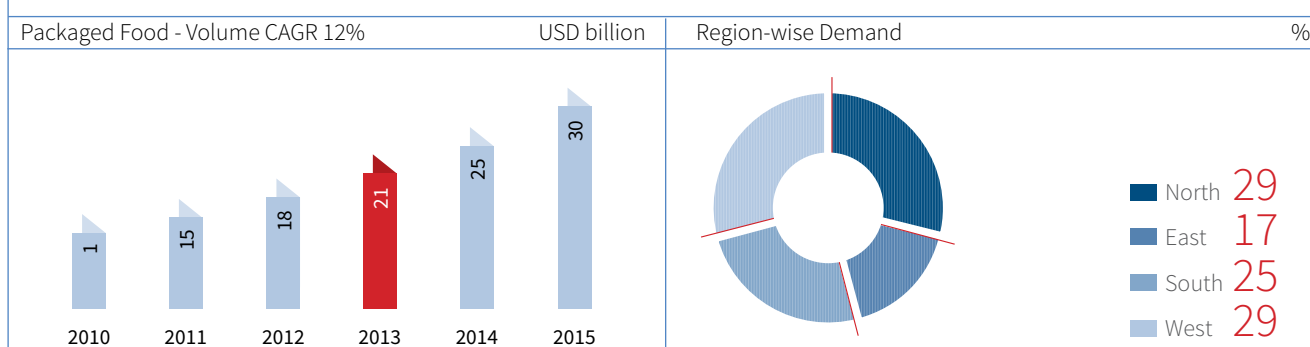
India's packaged food industry, demonstrating strong growth trends, is growing at 12% from 2010 to 2015. Only 10-12% of food and beverages are packed in glass containers, compared to 40-50% in the developed countries.

GROWING TRENDS IN LIQUOR BOTTLE VOLUMES



(Source: Datamonitor, Capital Markets)

TREND IN PACKAGED FOOD



(Source: ASSOCHAM)



Key differentiators

India's second largest player: HSIL commands a market share of 18% in India's container glass industry. It has 62% market share in the markets it serves.

Asia's largest furnace: Operates one of Asia's largest end-fired container glass furnaces at Bhongir.

Backward integration: Possesses backward integrated manufacturing facilities, accompanied by in-house mould-making and raw material mines, facilitating cost efficiencies.

Cost efficient: Fine-tuned its furnaces to optimise energy consumption, which helped to reduce energy cost per unit of production considerably.

Coloured bottles: Deployed sophisticated colouring forehearth technology to emerge as India's sole manufacturers of speciality coloured bottles as a cost-effective solution for range of premium containers.

Wide portfolio and strong clientele: Portfolio includes around 600 glass bottle variants that we offer to our strong clientele base.

2012-13, A SNEAK PEEK

At HSIL, product developments are based on comprehensive insight into the evolving needs of consumers. We anticipate future trends and accelerate relevant transformation to achieve excellence in the domains that we serve. Throughout last year, we witnessed considerable activity across both the Divisions. In the Building Products Division we are expanding capacities and regularly launching new products.

In the Container Glass Division we have adopted a special technology to manufacture speciality coloured bottles, light-weight bottles and bottles meant for chemicals. These would create an import substitution for user industries.

Building Products Division

Operational review

Capacity expansion

- ❑ Bahadurgarh brownfield expansion project (sanitaryware) of 0.3 million pieces has become operational from October 2012.
- ❑ Work is in progress for greenfield plant for faucets of 2.5 million pieces at Kaharani, Bhiwadi extension, Bhiwadi, Rajasthan.

Product launches

- ❑ Amore wellness range
- ❑ 15 sanitaryware products
- ❑ 3D tiles
- ❑ 16 kitchen appliances

New brand: Introduced Amore in the wellness range - a complete range of wellness bath collection - under brand hindware. We also commercialised our brand QUEO and launched F-series of luxury products under the sanitaryware segment.

Retail outlets: Launched Hindware Arcade, a 5,000 square feet retail outlet in Chennai, to display premium bath fittings and faucets from hindware, Amore and QUEO. We have also opened QUEO Emporio in Gurgaon.

Financial review, 2012-13

- ❑ Gross revenue increased 21% to ₹ 78,844 lacs from ₹ 65,247 lacs
- ❑ EBIT improved 11% to ₹ 13,579 lacs from ₹ 12,218 lacs
- ❑ PBT increased 8% to ₹ 12,295 lacs from ₹ 11,362 lacs

Road ahead

Expansion of faucet capacity: Completion of phase I of greenfield faucets plant at Kaharani, Bhiwadi extension by Q4 FY14 to achieve consolidated capacities of 3 million pieces with enough infrastructure for future expansions.

Up-gradation: Regular up-gradation of dealer showrooms to improve customer experience while shopping

New products: New products inclusion to meet rising customer aspirations.

Business development: Strengthening the business development team, coordinating with the architects and updating them about the new products launches.

Container Glass Division

Operational review

Capacity expansion: A new 475 TPD furnace was commissioned in May 2012 on the existing capacity of 1,125 TPD, resulting in more than 42% capacity increase.

Special coloured bottles: HSIL has adopted high-end, cost-effective technology to emerge as India's sole special coloured bottle producer. Currently, it produces bottles in several colours.

Chemical and light-weight bottles: Upgraded technology for manufacturing chemical and light-weight bottles.

Capacity utilisation: Achieved average capacity utilisation of 82%.

Product launches: Launched 67 new products during the year.

Financial review, 2012-13

- Gross revenue increased 17% to ₹ 91,854 lacs from ₹ 78,842 lacs
- EBIT declined 34% to ₹ 7,132 lacs from ₹ 10,863 lacs
- PBT declined 77% to ₹ 1,682 lacs from ₹ 7,224 lacs

Road ahead

Coloured bottles: HSIL is India's sole producer of special coloured bottles. We have adopted special German technology and advanced machinery for producing different coloured bottles. Currently, we are producing dead leaf, green and blue bottles for our clients. These bottles act as an import substitution and fetch higher realisation.

Chemical bottles: HSIL's chemical bottle segment is growing rapidly. Most of the multinationals prepare the chemicals and package them in India in the speciality bottles.

Lightweight bottles: Our experience helped us develop cutting-edge technology to produce lightweight wine bottles, which were earlier imported from China and the European countries.

Expansion at Garden Polymers plants: This brownfield expansion will cater to multinational customers and HSIL's own brands. The first and the second phases of the expansion are likely to be completed by July-August 2013 and November 2013, respectively.

This expansion is expected to increase the PET container sales volume by 33% over the next fiscal.

RISK ANALYSIS AND MITIGATION

At HSIL, our corporate mindset to transform, innovate and progress is also reflected in the manner in which we analyse potential business risks and formulate a time-critical response. Risk analysis requires a comprehensive knowledge of the global market scenario and industry performance at a macro level.

Corporate Level

Economic volatility

The economy is witnessing a sluggish growth, led by various factors like high inflation, infrastructure constraints and weakening rupee, among others.

Mitigation strategy

A combination of rising consumerism, higher allocation of funds to sanitation and increasing awareness levels will drive the consumer demand for HSIL's products. Besides, its penetration in Tier-II and Tier-III cities, through its strong network, will further catalyse growth.

Industrial under-performance

A demand decline can impact the business.

Mitigation strategy

Increasing disposable income, rapid urbanisation and changing preference to branded aesthetic products will fuel the demand for HSIL's products. Moreover, HSIL is present across the value chain to cater to customer requirements, right from the mass segment to the super premium segment at all price points.

Peer pressure

Rising competition from organised and unorganised competitors can impact profitability.

Mitigation strategy

HSIL has a strong presence across the entire value chain with affordable to super premium products. Besides, HSIL is the only company in its sector to introduce 18 customer care centres. It has the ability to serve large section of country's population within 48 hours of customer calls. We sell unique, customer-centric products under established brands across a wide price range. Besides, we also concentrate on promoting our brands in innovative ways and building long-term customer relationships through exclusive services.

Retaining talent

Difficulty in retaining skilled and unskilled talent

Mitigation strategy

HSIL aims to provide industry-relevant training to its employees and help unleash their latent potential. The Company has introduced E-Learning programmes for management, online aptitude and psychometric assessments for grooming talent. From leadership to competence development, HSIL regularly conducts training programmes across the organisation.

Building Products Division

Slowdown in real estate

The economy is witnessing a sluggish growth, led by various factors like high inflation, infrastructure constraints and weakening rupee, among others. This has hit the real estate sector the most, as a result of which institutional sales are slowing down.

Mitigation strategy

At HSIL, we have strategically chosen our sales mix. Only 28% of our revenues come from institutional segment and 72% from our retail channel. In addition, we have the most extensive distribution network and superior brand recall. Our penetration in Tier-II and Tier-III cities will further catalyse growth.

Cost risk

High costs due to rising fuel costs are posing a risk for the industry.

Mitigation strategy

Fuel costs have risen significantly; the Company was earlier producing captive power through diesel generators, which implied cost of ₹ 14-15 per unit. The Company has now shifted to buying power from the power exchanges, at comparatively cheaper rates.

Raw material risk

Inadequate availability of key raw material might affect the business sustainability.

Mitigation strategy

To shield against raw material price escalation, our R&D team have formulated various raw material substitutes without hampering the quality. Apart from this, they have also provided technical inputs on the optimum utilisation of raw materials.

Design ability

The international players are constantly coming up with new innovations and designs and meeting customer aspiration.

Mitigation strategy

HSIL possesses the largest portfolio of sanitaryware in India. We have been on a continuous innovation drive that has enabled us to develop high-end products with reduced water usage and innovative aesthetics and helps create enduring consumer recall. We have a dedicated team of 35 designers on board, which are working efficiently and deciphering customer desires with the aid of state-of-the-art design software.

Quality

Quality creates and sustains brand loyalty. Any deterioration in quality will hamper Company's business.

Mitigation strategy

Our quality standards are at par with international quality. It far surpasses the Bureau of Indian Standards, and are closely aligned to the European standards. HSIL's plants are accredited with ISO:9001, ISO:14001 and OHSAS:18001 certification.

Customer attrition

Able to decipher the need of the customer and cater to their requirements

Mitigation strategy

At HSIL, we do not have any customer with more than 2% of sales. Besides, we keep on upgrading our showrooms at regular intervals to enhance customer experience and help create an enduring consumer recall.

Container Glass Division

High raw material costs

Due to anti-dumping duty, the price of soda ash had significantly risen.

Mitigation strategy

HSIL has renegotiated the prices with the existing suppliers and developed new suppliers to minimise the impact of anti dumping duty.

Low realisations and volumes

Peer competition and slowdown in the economy have impacted the off take of container glasses. Amid the currently adverse economic scenario, it is very difficult to pass the cost increases to the end users.

Mitigation strategy

We have adopted special technology and currently are the sole producers of special coloured bottles in India. Our R&D has also aided in producing ultra lightweight bottles. The foray into these special bottles will improve realisations on one hand and act as import substitution on the other.

Quality

Inconsistency in quality will lead to reduction in volumes and impede growth.

Mitigation strategy

Our Container Glass Division is accredited with ISO9001, ISO 14001 and OHSAS 18001. We emerged first in India to get accreditation to ISO 15378 for Quality Management System Standard valid for manufacturing of containers for pharmaceutical application and FSSC 22000 for Food Safety System, including ISO 22000 and PAS 223 requirements. HSIL's production lines are equipped with automatic computerised inspection machines to check critical quality parameters followed by rigorous visual inspection. As a result, reputed clients like AstraZeneca, Coca Cola, Continental Coffee, Dr. Reddy's Laboratories, Hindustan Unilever, Pepsi, Pfizer, Ranbaxy, Reckitt Benckiser, SABMiller and United Breweries prefer our brand.

Product substitution

Threat of alternative packaging solutions like rigid plastic bottles, sachets and cans can reduce the market for container glass

Mitigation strategy

Growing awareness of glass on account of its environment-

friendly properties, and recyclable nature will increase demand. Additionally glass which is chemically inert does not react with food and beverages. Hence, it is the best packaging solution which maintains hygiene check and preserves the product for a longer duration.

A HUMAN(E) ENTERPRISE

Our people move the levers that set the pace of transformation, innovation and progression at HSIL. We try to align individual career aspirations of people with our corporate vision.

We are empowering our talent pool with leadership qualities, well calibrated responsibilities, values and freedom of work. Various pan-organisational programmes, from leadership to competence and from functional to technical trainings, are conducted throughout the year. As a part of our recruitment strategy, we hire from IIMs and other reputed B-schools across India to ensure excellent talent acquisition.

Developments in 2012-13

To groom, retain and unleash the full potential and motivate people towards better productivity, we conducted the following training programmes:

- ❑ Online learning programme with soft skills
- ❑ Optimisation and decision making through spreadsheet/advance MS Excel
- ❑ Workshops on winning and retaining customers
- ❑ Efficient team cooperation and collaboration
- ❑ Self-defence training for women employees
- ❑ Fire safety and ergonomics
- ❑ Regular training of workers

Future plans

- ❑ Introduction of balance score card for performance evaluation linking strategy, business and results
- ❑ Automation of HR processes to improve productivity, enhance efficiency and reduce human errors
- ❑ Talent management for career progression of high performers, succession planning for key roles and talent pool creation for better business results
- ❑ Knowledge management to identify, create, distribute and enable adoption of our insights and industry experiences

CORPORATE SOCIAL RESPONSIBILITY

Water is a scarce resource, which requires to be used judiciously. Erratic monsoons and declining water tables are driving the need for water conservation.

At HSIL, we are undertaking constant measures to minimise water use as a part of our environment and sustainability initiatives. Our continuous R&D initiatives, over the years, have helped reduce water consumption from 15 litres per flush to 1.5 litres per flush. Hindware is the first in India to have launched its certified, STAR-RATED water-efficient closets. Besides, our strict adherence to environment conservation benchmarks is reflected in the ISO 14001 and OHSAS 18001 certifications. We will continue with our water conservation drive and strengthen our green commitment.

INTERNAL CONTROL SYSTEMS

HSIL's adequate internal controls for safeguarding its assets ensure that transactions are in accordance with our policies. These transactions need to be duly authorised, recorded and reported to prevent possibilities of frauds or other irregularities. In addition to our internal audit department it is strengthened by outsourcing to BDO Consulting Pvt. Ltd. We are strengthening internal audit systems and concentrating on risk assessment and mitigation. The annual audit plan is reviewed by the Audit Committee and major findings and actions taken/proposed are also reported.

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 the 53rd Annual Report and Audited Financial Statements of your Company for the year ended 31 March 2013.

FINANCIAL RESULTS AT A GLANCE

Parameters	2012-13	2011-12
	₹ in lacs	
Gross revenue	1,70,996	1,44,416
Less: Excise duty	13,161	9,930
Net revenue	1,57,835	1,34,486
EBITDA	26,411	25,828
Profit before taxation, exceptional and extraordinary items	11,509	16,266
Add: Exceptional item	2,366	-
Profit before taxation	13,875	16,266
Less: provision for taxation	3,963	5,256
Profit after taxation	9,912	11,010
Add: balance brought forward	27,526	20,819
Amount available for appropriation	37,438	31,829
Appropriations:		
Transferred to general reserve	2,000	2,000
Proposed dividend on equity shares	1,981	1,981
Corporate dividend tax	337	322
Balance carried forward	33,120	27,526

PERFORMANCE ANALYSIS

The Company's revenues surged to ₹ 1,70,995.41 lacs in 2012-13 from ₹ 1,44,415.87 lacs in 2011-12, up 18.40%. EBITDA increased by 2.26%, to ₹ 26,410.43 lacs from ₹ 25,827.86 lacs in 2011-12. The Company experienced an improvement in cash profit to ₹ 22,046.02 lacs in 2012-13 from ₹ 16,751.20 lacs in 2011-12. However, profits dipped by 9.97% for the same period, plummeting to ₹ 9,912.24 lacs from ₹ 11,009.90 lacs. The gross revenues from the container glass division rose to ₹ 91,854.03 lacs in 2012-13 from ₹ 78,842.27 lacs in 2011-12, an increase of 16.50%. The gross revenues for the Building Products Division grew to ₹ 78,843.63 lacs in 2012-13 by 20.84%, from ₹ 65,246.65 lacs in the previous year.

The Company witnessed a marginal decline in PAT and EBITDA, owing to higher costs of raw material, logistics and fuel. The Company's excellent operational efficiencies were key contributors for the overall reduction of impact on the margins.

BUSINESS DIVISION REVIEW

Performance of the building products division

Net sales for the building products division grew by 20.13% in 2012-13, driven by volume growth, better product mix and launch of several products under the luxury brand QUEO and hindware Italian collection.

Major initiatives

HSIL undertook several major initiatives during the year. In retrospect, some of these are discussed below.

- ❑ Launched India's first International Association of Plumbing and Mechanical Officials (IAPMO) certified STAR-RATED water efficient closets in a wide range.
- ❑ Commercialised QUEO during the year by launching an array of products under sanitaryware and faucets.
- ❑ Launched QUEO Emporio in Gurgaon and Delhi to display complete range of QUEO.
- ❑ Launched Hindware Arcade in Chennai to display brands hindware, Amore and Vents.
- ❑ Introduced a new brand, Amore for range of wellness products.
- ❑ Launched 3D Travertino HD tiles, having 3D structure and visual effect with high-definition quality.
- ❑ Commissioned brownfield expansion adding 0.3 million pieces capacity at Bahadurgarh plant.

Performance of the container glass division

Net sales for HSIL's container glass division increased by 15.22% on account of commissioning of new furnace and adopting technologies to produce special coloured, chemical and lightweight bottles.

Major initiatives

- ❑ Adopted special German technology and advanced machinery to manufacture special coloured bottles, a new product in the domestic market; the Company currently produces dead leaf, dark green and dark blue bottles
- ❑ Increased chemical bottles manufacturing
- ❑ Commenced producing lightweight wine bottles, which are import substitutes

DIVIDEND

Your Directors recommend a dividend of ₹ 3.00 per share (previous year ₹ 3.00 per share) on equity shares of ₹ 2.00 each, for the year ended 31 March 2013, for consideration of the Members at the ensuing Annual General Meeting. Total outgo on this account, including tax thereon, will be ₹ 2,318.13 lacs.

APPROPRIATIONS

A sum of ₹ 2,000 lacs has been transferred to the Company's General Reserve account and the balance of ₹ 33,120.07 lacs has been carried to surplus in statement of profit and loss.

MANAGEMENT FOCUS

HSIL continues to lead India's sanitaryware industry and occupies the second position in the container glass industry. Your Company is a 53 years young organisation. It continues to progress by constantly innovating and launching new products under both sanitaryware and container glass divisions to meet dynamic consumer requirements. HSIL has the widest distribution network in the industry. It launches new products regularly in each segment, which helps enhance its brand portfolio and presence across the entire value chain and at all price points. There were impetus to improve design engineering and production efficiencies. The Company's efficient service delivery model will boost the prospects of its long-term growth.

The management endeavours to implement good governance and fiscal discipline practices, in accordance with the best relevant globally.

DISINVESTMENT IN EQUITY SHARES OF WHOLLY OWNED SUBSIDIARY

The Company disinvested the entire investment held in the equity shares of AGI Glasspack Limited on 25 March 2013. Consequently, the said Company ceased to be HSIL's subsidiary, with effect from the mentioned date.

SCHEME OF AMALGAMATION

At the meeting held on 25 September 2012, the Company's Board of Directors approved the proposal for the amalgamation of Garden Polymers Private Limited, the Company's wholly owned subsidiary, with effect from 1 April 2012, the appointed date. The Scheme of Amalgamation, was approved by the Company's

Members at their meeting held on 1 March 2013 in terms of the Order dated 22 January 2013, of the Hon'ble High Court, Calcutta.

The final order of the Hon'ble High Court, Calcutta, to the said Scheme of Amalgamation is awaited.

DIRECTORS

In accordance with the applicable provisions of the Companies Act, 1956, read with the Company's Articles of Association, Mr. G. L. Sultania and Mr. Ashok Jaipuria, HSIL's Directors, retire by rotation at the ensuing Annual General Meeting. Mr. Sultania and Mr. Jaipuria, being eligible, offer themselves for re-appointment.

Mr. S. B. Budhiraja and Mr. Binay Kumar retired by rotation at the Annual General Meeting held on 19 September 2012.

Mr. Salil Kumar Bhandari was appointed as an Additional Director on 29 May 2012 and was regularised as a Director at the Company's Annual General Meeting held on 19 September 2012.

Consequent upon the sale/disposal of entire shareholding by HPC (Mauritius) Limited in the Company, Mr. Vishal Marwaha, nominee Director of HPC (Mauritius) Limited, resigned from the Board with effect from 8 January 2013.

Dr. Rainer Siegfried Simon was appointed as the Company's regular Director by the Shareholders in their meeting held on 19 September 2011. The Company obtained necessary approvals from the Ministry of Corporate Affairs for the payment of remuneration not exceeding €50,000 (equivalent to ₹ 32,15,000) per annum, with effect from 1 June 2011 for a period of two years i.e upto 31 May 2013 to Dr. Simon for providing services regarding international market to the Company.

In view of the vast experience and strong credentials of Dr. Simon in the global sanitaryware and faucet business, the Company intends to continue availing his services for a further period of two years, with effect from 1 June 2013. His remuneration shall be €50,000 (equivalent to ₹ 35,97,075/-) per annum, subject, however, to the approvals of the Company's Members, at their ensuing Annual General Meeting, and the Ministry of Corporate Affairs.

CORPORATE GOVERNANCE

A detailed report on the Corporate Governance Code and the Company's practices, along with a certificate from the Company's Auditors 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.

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

STATEMENT REGARDING WHOLLY OWNED SUBSIDIARIES UNDER SECTION 212(3) OF THE COMPANIES ACT, 1956

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 2013 is annexed hereto and forms a part of this Report.

COMPLIANCE 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 Company's Balance Sheet, as required under Section 212 (8) of the Companies Act, 1956. These documents will be made available upon receipt of request from the Company's shareholders 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 a 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 the financial information of its Subsidiaries.

EMPLOYEES

Your Company considers its employees as the most valuable resources and recognised their potential to provide competitive advantage. HSIL has achieved its present level of excellence by investing in its human resources, which drive its every activity, technology and innovation. It continued its thrust to achieve higher growth, coupled with optimal manpower utilisation. People development continues to be a key focus area at HSIL. Your Company continues to work to develop capabilities and help its people realise their best potential. Your Company takes great pride in the commitment, competence and vigour shown by its workforce across all business realms.

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 a 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 to prepare the annual accounts, applicable accounting standards were followed, along with proper explanation relating to material departures, if any.

Your Directors selected such accounting policies, applied them consistently, and judged and estimated reasonably and prudently to give a true and fair view of your Company's state of affairs and its profit at the end of the financial year.

Your Directors took proper and sufficient care to maintain adequate accounting records, in accordance with the provisions of this Act, for safeguarding your Company's assets, 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 Company's Statutory Auditors, M/s Walker, Chandio & Co., Chartered Accountants, retire at the ensuing Annual General Meeting. They 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, Chandio & Co. as the Company's Statutory Auditors from the conclusion of the ensuing Annual General Meeting to the end of the next one.

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

The Company has appointed M/s Narasimha Murthy & Co., Cost Accountants, Hyderabad, in compliance with Order F. No. 52/26/CAB-2010 issued by the Government of India, Ministry of Corporate Affairs, for auditing the cost accounting records of the Company's Glass Division for the financial year 2012-13.

Further, in pursuance of said Order F. No. 52/26/CAB-2010 issued by the Government of India, Ministry of Corporate Affairs, dated 30 June 2011 and 6 November 2012, M/s Narasimha Murthy & Co., Cost Accountants, Hyderabad, has been re-appointed as Cost Auditors for 2013-14 to audit the cost accounting records of the Company's Glass Division. Besides, they have also been appointed as the Cost Auditors of the Company's Building Products Division (Sanitaryware and Faucets Divisions) for 2013-14.

INTERNAL AUDIT

The Company has in place adequate internal control systems, commensurate with its size and nature of business and complexity of its operations. These are tested by Internal Auditors on a regular basis and cover all offices, factories and key business areas. These systems provide reasonable assurance in respect of offering internal control over financial reporting and operational information, compliance with applicable statutes, policies and procedures, and safeguarding the Company's assets.

The Internal Auditors directly report to the Board's Audit Committee, thus ensuring the independence of the process. The Committee reviews the adequacy and effectiveness of the Company's internal control environment. It also monitors the implementation of audit recommendations, including those relating to strengthening the Company's risk management policies and systems. HSIL's manufacturing facilities endorse the highest health, safety, security and environmental standards.

APPRECIATION

Your Directors place on record their deep appreciation to employees at all levels for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have helped the Company remain at the industry's forefront.

The Board places on record their appreciation for the valuable support and cooperation received from bankers, business associates, financial institutions, shareholders, various Government departments and other stakeholders during the year under review.

The Directors also take this opportunity to thank all investors, vendors, banks, regulatory and government authorities and stock exchanges, for their continued support.

For and on behalf of the Board of Directors

Rajendra K Somany

Chairman and Managing Director

Place: Gurgaon

Date: 24 May 2013

ANNEXURE TO DIRECTORS' REPORT

A. CONSERVATION OF ENERGY

a) Energy conservation measures taken:

- i. Replaced conventional lighting fixtures with CFLs and LEDs.
- ii. Projects undertaken to maximise use of VFDs.
- iii. Modified compressors from two stage to three stage and used in high pressure line.
- iv. Replaced RC fan with motor in annealing lehr with energy efficient option.
- v. Installed energy-efficient pumps in Pump House.
- vi. Optimised the water pump load and used lower HP motor for Compressor and Dryer.
- vii. Reduced the heating temperature of LPG vaporiser.
- viii. Installed additional APFC panels to improve power factor.
- ix. Installed low pressure blower for conveyor cooling.
- x. Increased the furnace regenerator area to recover heat from flue gas.
- xi. Installed high energy-efficient lehrs resulting in LPG saving.
- xii. Replaced low-efficiency pumps with their high-efficiency ones.

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

- i. Replace conventional lighting fixtures with CFLs and LEDs.
- ii. Replace burners by new-generation, energy-efficient burners.

- iii. Utilise waste heat better and help drying through natural cross ventilation.
- iv. Improve loading density in ware dryers.
- v. Change RC fan in annealing lehr.
- vi. Replace evaporators in dryers to reduce pressure drop.
- vii. Replace existing electrical motors with high energy-efficient motors.
- viii. Replace inefficient annealing lehr with energy-efficient.
- ix. Ensure waste heat recovery from various stages of process and reuse in process.
- x. Improve power factor by HT APFC.
- xi. Segregate HP and LP air lines for bottle forming machines.
- xii. Replace low energy-efficient pumps with high energy efficient ones.

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

Bahadurgarh plant: Energy consumption reduction of 3.0% approximately.

Bibinagar plant: Energy consumption reduction of 2.0% approximately.

Glass plant: Energy consumption reduction of 2.0% approximately.

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	2012-13	2011-12
A.	Energy consumption		
1	a) Electricity (purchased) :		
	Units (KWH)	12,89,05,859	12,09,72,769
	Total amount (₹)	70,70,18,429	44,41,60,176
	Rate/Unit	5.48	3.67
	b) Own generation :		
	Units (KWH)	61,70,645	60,07,095
	Units per LT of fuel oils	4.47	4.43
	Rate/Unit	9.97	9.49
	c) Total (a + b):		
	Units (KWH)	13,50,76,504	12,69,79,864
	Total amount (₹)	76,85,69,488	50,11,93,236
	Rate/Unit	5.69	3.95
2	Fuels (HSD, LPG & LSHS)		
	Quantity in MT	57,606	44,603
	Value (₹)	2,55,94,64,182	1,83,72,80,053
	Rate/MT	44,430	41,191
B.	Consumption per million units of production		
	Glass bottles (production in million pieces)	1,820.74	1,533.84
	Electricity (KWH)	74,188	82,786
	Fuels (HSD, LPG & LSHS) (MT)	32	29

Form B

B. TECHNOLOGY ABSORPTION

Research & Development (R&D)

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

- ☐ Reuse of process rejection pitcher in body
- ☐ Development of Green Crack repair mix for improving product yields
- ☐ Reduction of cost of glaze with lower use of costly inputs
- ☐ Trials for various combinations of different qualities of POP to optimise the mould life
- ☐ Commissioning of coloured forehearth to produce specialty coloured bottles
- ☐ Increases the regenerator size of new furnace

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

- ☐ Recycling and using pitcher helped improve input output ratios and reduced waste disposal
- ☐ Green Crack repair mix helped improve product yields
- ☐ Trials on POP helped optimise the mould life
- ☐ Catalyst to develop new business as well as save energy cost

3. Future plan of action

- ☐ Use of higher pitcher body to substitute raw material in sanitaryware body preparation
- ☐ Enhance plant capacity utilisation to 3.8 million pieces of both sanitaryware plants

- ❑ Work upon continuous efficiency improvement
- ❑ Optimise resource utilisation
- ❑ Improve product realisation by enhancing production of high value-added products
- ❑ Commission new automated POP plant at CD II to reap the benefits of increased mould life
- ❑ Create energy cell to closely monitor fuel and power consumption and work on innovative solutions to reduce power and fuel costs
- ❑ Develop automatic packing machines to pack bottles

4. Expenditure on R&D

	₹ in lacs	
	2012-13	2011-12
Capital expenditure	-	-
Recurring expenditure	57.28	42.86
Total	57.28	42.86
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 directly driven large Ball Mills for better productivity and grinding cost reduction
- ❑ Introduction of automatic temperature control for mould dryers for better control on mould drying
- ❑ Installation of programmable timers for Agitators
- ❑ Replacement of old obsolete logic card burner control system by new PLC-based direct spark controller, modular system

- ❑ Automation of POP plant
- ❑ Reduction of power costs by converting from conventional lighting fixtures to CFL and LED lights
- ❑ Installation of VFDs
- ❑ Training over 20 managers in organisational development programme during 2012-13
- ❑ Successful commissioning of NNPB and GIA technology for automatic weight control

2. Benefits derived as a result of the above efforts

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

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 Southeast Asia and other developed countries. Better strategies were formulated for more aggressive development of international opportunities.

	₹ in lacs	
	2012-13	2011-12
Earning in foreign currency	3,399.59	3,241.61
Outgo of foreign currency	22,598.78	28,451.41
- Raw material, spare part and others	19,575.95	17,290.06
- Capital Equipment	3,022.83	11,161.35

For and on behalf of the Board of Directors

Rajendra K Somany

Chairman and Managing Director

Place: Gurgaon

Date: 24 May 2013

INFORMATION AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2013

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 (Years)	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	58	1 October 1965	76	8,80,46,903	-
Mr. Sandip Somany	Joint Managing Director (Contractual)	B.Com., Diploma in Ceramics (USA)	28	1 October 1985	50	8,41,67,363	-
Mr. Ram Babu Kabra	President - BPD	FCA, ACS	32	7 September 1981	55	1,27,21,200	Hyderabad Asbestos Limited- Chief Accountant
Mr. Santosh Nema	President - BPD	PGDBM (IIM - A)	30	21 September 2009	54	1,13,00,000	Cera Sanitaryware Limited- CEO & Director
Mr. Arun Kumar D	President – Glass Division	B.E.(Mechanical)	41	2 December 1996	66	1,47,96,797	Nagarjuna Acqua Ltd. - President
Mr. J K Somani	Sr. Vice President- BPD	B. Com., ACS	35	16 June 1977	56	69,50,235	-
Mr. Anil Chandani	Sr. Vice President (Corporate Finance)	FCA, FCS, AICWA, DBF (ICFAI)	23	21 April 2008	46	62,96,069	GHCL Limited- General Manager (Corporate Finance)

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 the Company's wholtime employees according to the organisation'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 the Company's promoters 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. The Company's contributions to provident fund, employee pension scheme, gratuity fund and provision of car are valued as perquisites in accordance with rules under the Income Tax Act, 1961.

For and on behalf of the Board of Directors

Rajendra K Somany

Chairman and Managing Director

Place: Gurgaon
Date: 24 May 2013

CORPORATE GOVERNANCE REPORT



COMPANY PHILOSOPHY

The Company believes that Corporate Governance is not just limited to creating checks and balances. It is more about creating organisational excellence, leading to increasing employee and customer satisfaction and shareholders' value. The Company feels that it must leverage its human and capital resources to translate opportunities into reality, create awareness of corporate vision and spark dynamism and entrepreneurship at all levels. The primary objective of Corporate Governance is to create and adhere to a corporate culture of conscience and consciousness, transparency and openness, to develop capabilities and identify opportunities that best create value. The Company firmly believes that Corporate Governance is a powerful tool to subserve its long-term growth and continues to give high priority to the principles and practices of Corporate Governance. It has accordingly benchmarked its practices with the existing guidelines of Corporate Governance, as laid down in the Listing Agreement. The Company ensures transparent disclosures and reporting that confirms fully to laws, regulations and guidelines, and to promote ethical conduct throughout the organisation with the primary objective of enhancing shareholders' value, while being a responsible corporate citizen.

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 2013, the Board of Directors consisted of eight 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 Chairman of more than five Committees nor a member of more than 10 Committees. All the Directors have made necessary disclosures regarding their Directorship and Chairmanship/Committee Membership 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 Chairman and Managing Director and Joint Managing Director including the tenure and terms of remuneration, are approved by the members at their general meetings.

Six Board meetings were held during 2012-13 and the gap between two meetings did not exceed four months. The dates, on which the Board meetings were held, are as follows:

29 May 2012, 20 July 2012, 25 September 2012, 30 October 2012, 31 January 2013 and 20 March 2013.

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. The Company undertakes steps 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 2013, 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 tenure	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)	5	No	6	Nil	Nil	29,04,028
Non-executive and Independent						
Mr. Ashok Jaipuria	3	No	2	Nil	Nil	18,000
Mr. G. L. Sultania	6	Yes	11	4	3	6,705
Mr. N. G. Khaitan	5	Yes	8	1	5	832
Dr. Rainer Siegfried Simon	4	No	Nil	Nil	Nil	Nil
Mr. V. K. Bhandari	5	Yes	6	1	1	Nil
Mr. Salil Bhandari [#]	4	No	6	2	2	Nil
Mr. S.B. Budhiraja [§]	2	No	N.A.	N.A.	N.A.	N.A.
Mr. Binay Kumar [§]	2	No	N.A.	N.A.	N.A.	N.A.
Mr. Vishal Marwaha [£]	3	No	N.A.	N.A.	N.A.	N.A.

*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 as an Additional Director, with effect from 29 May 2012, and his appointment was regularised at the Annual General Meeting held on 19 September 2012

§ Director up to 19 September 2012

£ Director up to 8 January 2013

B. COMMITTEES OF THE BOARD

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

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

As on 31 March 2013, the Committee comprises three 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 the 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 the 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 29 May 2012, 20 July 2012, 30 October 2012 and 31 January 2013.

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

The following table summarises attendance of Audit Committee members during the year under review:

Name of Members	Status	No. of meetings held during the tenure	No. of meetings attended
Mr. V. K. Bhandari	Chairman	4	4
Mr. Binay Kumar*	Member	2	2
Mr. N. G. Khaitan	Member	4	4
Mr. S. B. Budhiraja*	Member	2	2
Mr. Vishal Marwaha**	Member	3	3
Mr. Salil Bhandari***	Member	2	2

*Members up to 19 September 2012

**Member up to 8 January 2013

***Appointed as a member with effect from 19 September 2012

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 with powers 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;
- Approving 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, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Reviewing, with the management, the performance of Statutory and Internal Auditors and adequacy of the 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 discussing 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;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- 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;
- 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;
- Reviewing the Management Discussion and Analysis of financial condition and results of operation;

- o) Reviewing the statement of significant related-party transactions;
- p) Reviewing the Management letters/letters of internal control weaknesses issued by the Statutory Auditors.

Mr. Rajendra K Somany, Chairman and Managing Director of the Company, is Chairman of the Committee. The Company Secretary acts as the Secretary to the Committee.

Meetings and Attendance

The Corporate Affairs Committee met on seven occasions during 2012-13, on 28 May 2012, 9 August 2012, 8 October 2012, 26 October 2012, 10 November 2012, 22 November 2012 and 28 February 2013.

II. Corporate Affairs Committee

Composition

The Company's Corporate Affairs Committee comprises two Executive Directors and two Non-executive Directors.

The following table summarises the attendance details of the Corporate Affairs Committee members:

Name of Members	Status	No. of meetings attended
Mr. R. K. Somany	Chairman	7
Mr. Sandip Somany	Member	7
Mr. G. L. Sultania	Member	Nil
Mr. Salil Bhandari*	Member	Nil
Mr. Binay Kumar **	Member	Nil

*Appointed as a member of the Committee with effect from 19 September 2012

** Member up to 19 September 2012

Scope of the Corporate Affairs Committee

The Corporate Affairs Committee's terms of reference include providing authorisation to the Company's Executives on account of banking operations, taxation, corporate and financial management issues arising in the Company's day-to-day operations. The Committee's powers are revised from time to time by the Board of Directors to facilitate seamless operations.

III. Remuneration Committee

Composition

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

The Chairman of the Committee is Mr. V.K. Bhandari. The Company Secretary acts as the Secretary to the Committee.

Meetings and Attendance

During the year, the Remuneration Committee met on 31 January 2013. The following table summarises the attendance details of the Remuneration Committee members:

Name of Members	Status	No. of meetings held during the tenure	No. of meetings attended
Mr. V. K. Bhandari §	Chairman	1	1
Mr. N. G. Khaitan	Member	1	1
Mr. Salil Bhandari*	Member	1	1
Mr. S. B. Budhiraja **	Chairman	Nil	Nil

* Appointed as a member with effect from 19 September 2012

** Chairman up to 19 September 2012

§ Chairman for the meetings held after 19 September 2012

Scope of the Remuneration Committee

The Remuneration Committee is empowered to review and recommend to the Board of Directors, remuneration and commission of the Company's Executive Directors 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 the Company's performance and industry benchmarks. It is decided by the Board of Directors within the limits approved by the Company Members by way of passing special resolution at the respective General Meetings. The Company pays remuneration by way of salary, perquisites, allowances and commission on net profits of the Company, 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 at 1% of the Company's net profits for each financial year computed in accordance with Section 309 of the Companies Act, 1956, as approved by the Company's shareholders by way of special resolution passed at their 48th Annual General Meeting held on 4 September 2008, for five years, with effect from 1 April 2008.

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

Detail of Remuneration of Directors

The table below provides the details of the remuneration paid to the Directors during the financial year 2012-13:

Name of Directors	Basic	Perquisites	Commission (for the year 2011-12)	Contribution to PF	Sitting Fee	Amount in ₹
						Total
Mr. Rajendra K Somany	1,37,48,387	1,68,950	7,24,79,760	16,49,806	-	8,80,46,903
Mr. Sandip Somany	1,00,00,000	4,87,603	7,24,79,760	12,00,000	-	8,41,67,363
Mr. V. K. Bhandari	-	-	23,13,184	-	21,500	23,34,684
Mr. S. B. Budhiraja*	-	-	23,13,184	-	9,000	23,22,184
Mr. Ashok Jaipuria [#]	-	-	23,13,184	-	-	23,13,184
Mr. N. G. Khaitan	-	-	23,13,184	-	21,500	23,34,684
Mr. Binay Kumar*	-	-	23,13,184	-	7,000	23,20,184
Mr. Vishal Marwaha**	-	-	23,13,184	-	10,500	23,23,684
Mr. G. L. Sultania	-	-	23,13,183	-	19,000	23,32,183
Dr. Rainer S. Simon	-	-	19,27,653	-	-	19,27,653
Mr. Salil Bhandari***	-	-	-	-	12,500	12,500
TOTAL	2,37,48,387	6,56,553	16,30,79,460	28,49,806	1,01,000	19,04,35,206

* Director up to 19 September 2012

** Director up to 8 January 2013

***Appointed as an Additional Director with effect from 29 May 2012 and regularised his appointment as Director at the Annual General Meeting held on 19 September 2012.

[#] Mr. Ashok Jaipuria relinquished his entitlement of the sitting fee.

The Company has not issued any stock option 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.37 to Annual Accounts, as stipulated under Accounting Standard 18 (AS-18). Apart from related party transactions furnished in note no. 37, there are no transactions of material nature with Directors or their relatives and others, which may have potential conflict with the Company's interest. 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 the 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. During the year, Dr. Rainer Siegfried Simon, Independent Director, was paid remuneration of ₹ 26,79,167 (including Director's commission ₹ 19,27,653) within the overall approval of ₹50,000 (equivalent to ₹ 32,15,000) of Ministry of Corporate Affairs, Government of India, which is also not to be constructed as a material transaction.

IV. Shareholders'/Investors' Grievance Committee

Composition

The Committee comprises four members, all of them being Non-executive Independent Directors. The Chairman of the Committee is Mr. N. G. Khaitan. The Company Secretary acts as the Secretary to the Committee and is also the Company's Compliance Officer.

Meetings and Attendance

During the year, four meetings of the Committee were held on 29 May 2012, 20 July 2012, 30 October 2012 and 31 January 2013.

The following table summarises the attendance details of the Shareholders'/Investors' Grievance Committee members:

Name of Members	Status	No. of meetings held during the tenure	No. of meetings attended
Mr. N. G. Khaitan §	Chairman	4	4
Mr. S. B. Budhiraja*	Chairman	2	2
Mr. V. K. Bhandari	Member	4	4
Mr. G. L. Sultania	Member	4	4
Mr. Salil Bhandari**	Member	2	2

§ Member up to 19 September 2012 and appointed as the Chairman for the meetings held after 19 September 2012

* Chairman up to 19 September 2012

** Appointed as a member with effect from 19 September 2012

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, 53 complaints were received and duly resolved by the Company.

V. Share Transfer Committee

Composition

The Committee comprises three members. The Chairman of the Committee is Mr. G. L. Sultania, who is a

Non-executive Director, and the other two members are the Company's Executives.

Meetings and Attendance

The Committee conducts monthly meetings for the approval of transfer of shares lodged with the Company. As on date, no request for transfer of shares was pending. The Committee met 12 times during the year under review and all the members were present at the meetings.

Scope of the Share Transfer Committee

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

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 with the agenda of the Board meeting to the Company's Board of Directors.

2. Particulars of Directors seeking re-appointment

All the Directors of the Company, except the Chairman and Managing Director and the Joint Managing Director, are liable to retire by rotation, of which one-third retire every year. They are eligible for re-appointment in accordance with relevant provisions under the Companies Act, 1956, read with the Articles of Association of the Company.

Accordingly, Mr. G. L. Sultania and Mr. Ashok Jaipuria, the Company's Directors, will retire by rotation at the ensuing

Annual General Meeting. Mr. Sultania and Mr. Jaipuria, being eligible, offer themselves for re-appointment.

During the year, Mr. S. B. Budhiraja and Mr. Binay Kumar retired by rotation at the Annual General Meeting held on 19 September 2012.

Mr. Salil Bhandari was appointed as an Additional Director on the Board with effect from 29 May 2012 and, thereafter, was appointed regular Director, liable to retire by rotation, at the Company's Annual General Meeting held on 19 September 2012.

Consequent upon sale/disposition of entire shareholding by HPC (Mauritius) Limited in the Company's share capital, Mr. Vishal Marwaha, Nominee Director of HPC (Mauritius) Limited, resigned with effect from 8 January 2013.

For detailed particulars on the Directors seeking appointment/re-appointment, please refer to Explanatory Statement to the Notice of the Annual General Meeting, scheduled to be held on 30 September 2013.

3. General Body Meetings

The last three Annual General Meetings were held as under:

Financial Year	Date	Time	Venue
2011-12	19 September 2012	2.30 p.m.	Somany Conference Hall MCC Chamber of Commerce & Industry, 15-B, Hemanta Basu Sarani, Kolkata – 700 001
2010-11	19 September 2011	11.30 a.m.	Same as above
2009-10	22 September 2010	11.30 a.m.	Same as above

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

Date of Annual General Meeting	No. of Special Resolution passed	Particulars
19 September 2012	NIL	—
19 September 2011	3	1. Re-appointment of Mr. Rajendra K Somany, as Chairman and Managing Director 2. Increase in Commission payable to Chairman and Managing Director and Joint Managing Director 3. Payment of Remuneration to Dr. Rainer Siegfried Simon
22 September 2010	1	1. Increase in borrowing limit from ₹ 500 crore to ₹ 1,000 crore.

During the financial year 2012-13, no Special Resolution was passed through Postal Ballot.

A meeting of equity shareholders was convened in terms of an order dated 22 January 2013, of the Hon'ble High Court at Calcutta, on Friday, 1 March 2013, at Somany Conference Hall, MCC Chamber of Commerce & Industry, 15-B, Hemanta Basu Sarani, Kolkata – 700 001, for the purpose of approving Scheme of Amalgamation of Garden Polymers Private Limited (a wholly owned subsidiary) with the Company.

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. It has formulated risk management in its procedures itself. It regularly analyses the risks and takes corrective actions for managing/mitigating the same. The internal control system provides support for the Company's risk management at various levels of operations of business. The Company has a 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 2012-13, the Company did not raise capital through public, rights and/or preferential 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 the Company's interests.

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 the press

release, are published within 48 hours in any prominent daily newspaper, such as The Economic Times/The Times of India/The Financial Express/Navbharat Times/Financial Times and Kalantar (vernacular newspaper). All vital information of the Company's performance, including Financial Results, Annual Reports of the last three years and Shareholding Pattern have been posted on the Company's website, www.hindwarehomes.com.

HSIL makes financial presentations to institutional investors, mutual funds and others who have invested or intends to invest in the Company's share capital.

6. HSI Code of Conduct for the Prevention of Insider Trading

The Company has formulated and implemented a Code of Conduct for the 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 Company's shares by employees, while in possession of Company's unpublished and price-sensitive information. The necessary procedures have been laid down for the Directors, designated employees, connected persons and people deemed to be connected for trading in the Company's securities.

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 the Remuneration Committee, which has been discussed in the earlier section of this Report.

D. SHAREHOLDER 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, Haryana – 124507
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 53rd Annual General Meeting is scheduled to be held on 30 September 2013, at 11:00 a.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 the end of the last quarter, as permitted under the Listing Agreement.

(vi) Date of Book Closure

24 September 2013 to 30 September 2013 (both days inclusive)

(vii) Dividend Payment Date

Latest by 7 October 2013

(viii) Listing on Stock Exchanges

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

National Stock Exchange of India Ltd. (NSE): HSIL
BSE Ltd. (BSE): 500187

International Securities Identification Number (ISIN) of the Company's equity shares, having face value of ₹ 2 each, is INE 415A 01038. Listing fees for the financial year 2013-14, has been paid to the Stock Exchanges.

(ix) Registrar and Transfer Agent

M/s. Maheshwari Datamatics Private Limited is the 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 a Share Transfer Committee to approve the transfer of securities. Share transfers, which are received in physical form, are processed and the share certificates returned within 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 the Company's high-and-low prices of equity shares during 2012-13 and their performance, in comparison with the broad-based index, comprise:

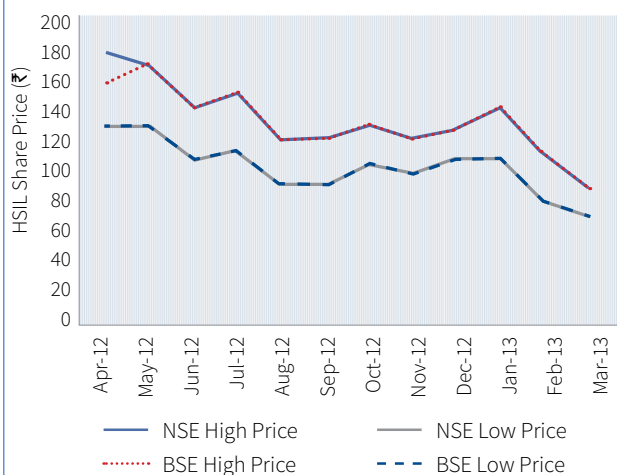
Monthly Stock Market Data

Month	NSE High ₹	NSE Low ₹	BSE High ₹	BSE Low ₹
April-12	190.05	141.35	169.90	143.50
May-12	180.80	141.60	181.10	141.50
June-12	155.50	121.25	155.70	120.80
July-12	163.50	126.60	161.00	126.50
August-12	134.30	105.00	134.00	105.60
September-12	135.90	104.10	135.90	104.00
October-12	142.35	118.60	142.40	118.80
November-12	136.00	113.80	136.00	113.80
December-12	141.80	122.20	141.85	123.00
January-13	154.50	122.50	154.40	122.50
February-13	125.00	96.05	124.00	96.00
March-13	103.00	84.90	104.00	84.80

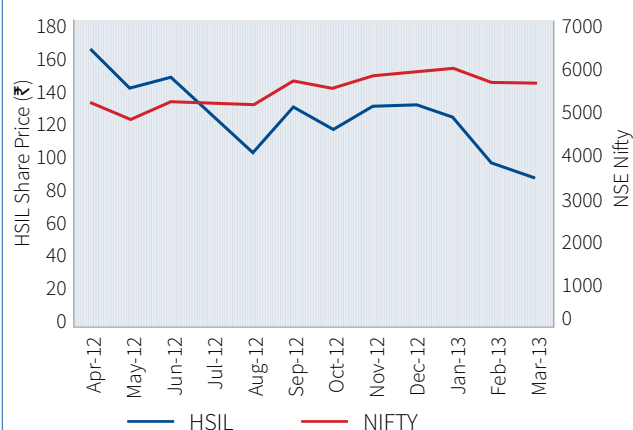
Performance comparison with broad-based index

Month	HSIL	NIFTY
April-12	166.60	5,248.15
May-12	144.05	4,924.25
June-12	149.50	5,278.90
July-12	129.60	5,229.00
August-12	105.85	5,258.50
September-12	132.50	5,703.30
October-12	119.35	5,619.70
November-12	132.85	5,879.85
December-12	134.65	5,905.10
January-13	125.55	6,034.75
February-13	97.95	5,693.05
March-13	91.05	5,682.55

MONTHLY NSE AND BSE PRICES OF EQUITY SHARES



MONTHLY CLOSING PRICES OF HSIL AND NSE NIFTY



Above prices are monthly closing prices on NSE and NSE Nifty

(xii) Distribution of Shareholding as on 31 March 2013

Number of Shares held

	Shareholders		Shares	
	Number	% of Total	Number	% of Total
Up to 500	14,549	77.48	21,19,943	3.21
501-1,000	2,258	12.03	17,65,880	2.67
1,001-2,000	982	5.23	14,52,405	2.20
2,001-3,000	306	1.63	7,68,365	1.16
3,001-4,000	160	0.85	5,62,533	0.85
4,001-5,000	103	0.55	4,82,050	0.74
5,001-10,000	215	1.15	15,91,272	2.41
10,001 and above	204	1.08	5,73,03,947	86.76
Total	18,777	100.00	6,60,46,395	100.00

(xiii) Category of Shareholders as on 31 March 2013

Category	No. of Shares of ₹ 2 each	% of Total
Promoter, Directors and Relatives	3,40,87,786	51.61
Mutual Fund/UTI	57,25,478	8.67
Financial Institutions/Banks	30,240	0.05
Insurance Companies	500	0.00
Foreign Institutional Investors	1,22,42,873	18.54
Foreign Companies	Nil	0.00
Domestic Companies/Bodies Corporate	23,43,696	3.55
Non-resident Individual	4,28,039	0.65
Others	1,11,87,783	16.93
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 2013.

Particulars of Shares	Shares of ₹ 2 each		Shareholders	
	Number	% of Total	Number	% of Total
Dematerialised Form				
National Securities Depository Ltd. (NSDL)	6,22,98,670	94.33	11,064	58.92
Central Depository Services (India) Ltd. (CDSL)	24,19,536	3.66	5,110	27.21
Physical Form	13,28,189	2.01	2,603	13.87
Total	6,60,46,395	100.00	18,777	100.00

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

E. CODE OF CONDUCT

The Company's Board of Directors 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 Company's website. The Board members and Senior Management Personnel have affirmed their compliance with the Code of Conduct for 2012-13.

A declaration signed by the Company's Chairman and Managing Director 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 Senior 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 Company's Statutory Auditors, 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., the Company's Statutory Auditors, 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 the 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 31 March 2013.

Rajendra K Somany

Chairman and Managing Director

Place: Gurgaon

Date: 24 May 2013

CEO/CFO CERTIFICATION

To the Board of Directors

We hereby certify that:

- a) We have reviewed the financial statements of HSIL Limited ('the Company') for the period up to 31 March 2013 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-mentioned 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 Company's internal control systems; 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 undertaken or propose to undertake 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-mentioned period;
 - ii. Significant changes in accounting policies, if any, during the above-mentioned period and that the same have been disclosed in the notes to the financial statements;
 - 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

Sr. Vice President (Corporate Finance)

Rajendra K Somany

Chairman and Managing Director

Place : Gurgaon

Date : 24 May 2013

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 2013, 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 the said clause. It is neither an audit nor an expression of opinion on the Company's financial statements.

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 **Atul Seksaria**

Partner

Membership No.: 086370

Place: Gurgaon

Date: 24 May 2013

FINANCIAL STATEMENTS

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CONSOLIDATED

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INDEPENDENT AUDITORS' REPORT

To

The Members of HSIL Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of HSIL Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements 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:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2013;
 - (b) in the case of Statement of Profit and Loss, of the profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date

Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by Section 227(3) of the Act, 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 purpose 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. in our opinion, the financial statements comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act; and
 - e. on the basis of written representations received from the directors, as on 31 March 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

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

per **Atul Seksaria**

Partner

Place: Gurgaon
Date: 24 May 2013

Membership No.: 086370

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

of even date to the members of HSIL Limited, on the financial statements for the year ended 31 March 2013

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 one party covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year is ₹ 925 lacs and the year-end balance is ₹ 725 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.
- (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 books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act in respect of Company's products / services and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have 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 INDEPENDENT AUDITORS' REPORT

of even date to the members of HSIL Limited, on the financial statements for the year ended 31 March 2013

- (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 - 91	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 - 89	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	114.32	FY 1998-99 to 2009-10	Commissioner (Appeals), sales tax. Out of this demand, ₹ 36.37 lacs has been deposited by the Company and assessment for the year 1998-99 to 2004-05 involving disputed tax of ₹ 77.95 lacs has been remanded back to the Assessing Officer.
Income Tax Act, 1961	Excess claim of depreciation on Glass Furnace	283.60	AY 2009-10	Commissioner Income Tax (Appeals) Out of a total demand, ₹ 283.60 lacs, the Company has deposited ₹ 225 lacs against such demand.
APVAT Act	Duty on inter-unit 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.

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

of even date to the members of HSIL Limited, on the financial statements for the year ended 31 March 2013

- | | |
|---|--|
| <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(xvi) In our opinion, the Company has applied the term loans for the purpose for which these loans were obtained.</p> <p>(xvii) In our opinion, no funds raised on short-term basis have been used for long-term investment.</p> | <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(xxi) No fraud on or by the Company has been noticed or reported during the period covered by our audit.</p> |
|---|--|

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

Place: Gurgaon
Date: 24 May 2013

per **Atul Seksaria**
Partner
Membership No.: 086370

BALANCE SHEET

as at 31 March 2013

	Notes	As at 31 March 2013	₹ in lacs As at 31 March 2012
Equity and liabilities			
Shareholders' fund			
Share capital	3	1,320.97	1,320.97
Reserves and surplus	4	1,07,596.70	1,00,002.59
		1,08,917.67	1,01,323.56
Non-current liabilities			
Long-term borrowings	5	57,822.70	53,346.64
Deferred tax liabilities (net)	6	11,008.86	7,382.86
Other long term liabilities	7	1,397.61	1,262.46
Long-term provisions	8	393.11	293.79
		70,622.28	62,285.75
Current liabilities			
Short-term borrowings	9	32,555.07	23,213.09
Trade payables	10	13,166.92	10,625.97
Other current liabilities	11	26,918.30	25,841.13
Short-term provisions	12	2,502.85	2,764.57
		75,143.14	62,444.76
		2,54,683.09	2,26,054.07
Assets			
Non-current assets			
Fixed assets			
Tangible assets	13	1,38,176.10	1,06,030.31
Intangible assets	13	146.49	167.54
Capital work-in-progress		6,160.94	33,295.14
		1,44,483.53	1,39,492.99
Non-current investments	14	19,706.93	18,646.72
Long-term loans and advances	15	4,814.50	5,567.40
Other non-current assets	16	155.01	541.31
		1,69,159.97	1,64,248.42
Current assets			
Inventories	17	36,206.83	27,327.53
Trade receivables	18	35,109.80	22,471.22
Cash and bank balances	19	7,920.49	7,140.49
Short-term loans and advances	20	6,157.68	4,757.96
Other current assets	21	128.32	108.45
		85,523.12	61,805.65
		2,54,683.09	2,26,054.07

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, Chandio & Co**
Chartered Accountants

Sandip Somany
Joint Managing Director

Rajendra K Somany
Chairman and Managing Director

per **Atul Seksaria**
Partner
Place : Gurgaon
Date : 24 May 2013

Payal M. Puri
Company Secretary

V. K. Ajmera
Sr. Vice President (Corporate Finance)

STATEMENT OF PROFIT AND LOSS for the year ended 31 March 2013

	Notes	Year ended 31 March 2013	Year ended 31 March 2012
₹ in lacs			
Income			
Income from operations (gross)	22	1,70,540.46	1,43,862.99
Less: Excise duty on sale of goods		13,161.18	9,929.88
Income from operations (net)		1,57,379.28	1,33,933.11
Other income	23	454.95	552.88
		1,57,834.23	1,34,485.99
Expenses			
Cost of raw materials consumed	24	28,496.30	22,800.85
Purchases of traded goods	25	22,524.97	21,274.04
Changes in stock of finished goods and work in progress	26	(7,646.94)	(3,295.54)
Employee benefits expense	27	15,832.76	14,017.79
Other expenses	28	72,216.71	53,860.99
		1,31,423.80	1,08,658.13
Profits before finance costs, tax, depreciation, amortisation and exceptional items		26,410.43	25,827.86
Depreciation and amortisation expense	13	8,507.78	5,670.28
Finance costs	29	6,394.16	3,891.21
Profit before tax and exceptional items		11,508.49	16,266.37
Exceptional items (refer note 43)		2,366.30	-
Profit before tax		13,874.79	16,266.37
Tax expense			
Current tax		2,808.01	3,675.15
MAT credit (entitlement) / utilised		(2,471.46)	1,490.55
Deferred tax		3,626.00	71.02
		3,962.55	5,236.72
Profit after tax, before prior period adjustments		9,912.24	11,029.65
Tax adjustment for earlier years (refer note 47)		-	(19.75)
Profit for the year		9,912.24	11,009.90
Earnings per equity share (₹)	30		
Basic and diluted earning per share before prior period item		15.01	16.70
Basic and diluted earning per share after prior period item		15.01	16.67

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 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 **Atul Seksaria**
Partner
Place : Gurgaon
Date : 24 May 2013

Payal M. Puri
Company Secretary

V. K. Ajmera
Sr. Vice President (Corporate Finance)

CASH FLOW STATEMENT

for the year ended 31 March 2013

₹ in lacs

	Year ended 31 March 2013	Year ended 31 March 2012
A. Cash flow from operating activities		
Net profit before tax	13,874.79	16,266.37
Adjustments for:		
Depreciation and amortisation	8,507.78	5,670.28
Gain on disposal of fixed assets	(93.97)	(203.48)
Loss on disposal of fixed assets	4.28	2.80
Finance cost	6,394.16	3,891.21
Dividend income	-	(75.10)
Interest income	(288.69)	(212.65)
Loss on sale of current investments	-	24.82
Gain on sale of current investments	(6.60)	(0.02)
Profit on sale of shares held in subsidiary	(2,366.30)	-
Bad debts and provision for doubtful debts and advances	178.21	133.61
Sundry balances and liabilities no longer required written back	(477.32)	(163.80)
Operating profit before working capital changes	25,726.34	25,334.04
Adjustments for :		
Increase in inventories	(8,879.30)	(6,628.57)
Increase in trade / other receivables	(10,245.65)	(8,771.53)
Increase in trade / other payables	1,368.62	8,872.83
Cash generated from operations	7,970.01	18,806.77
Direct taxes paid	(3,150.00)	(3,505.00)
Net cash from operating activities	4,820.01	15,301.77
B. Cash flow from investing activities		
Purchase of fixed assets including capital work in progress	(11,218.66)	(41,818.77)
Proceeds from sale of fixed assets	239.82	294.73
Purchase of investments	(2,889.18)	(11,025.56)
Sale proceeds of investments(net)	4,201.87	2,392.27
Movement in restricted cash	(254.42)	(6.05)
Interest received	250.59	180.79
Dividend received	-	75.10
Net cash used in investing activities	(9,669.98)	(49,907.49)

₹ in lacs

Year ended
31 March 2012Year ended
31 March 2013**C. Cash flow from financing activities**

Proceeds from long term borrowings	11,139.27	34,036.95
Repayment of long term borrowings	(6,622.96)	(6,834.64)
Movement in short term borrowings (net)	9,341.98	18,087.80
Interest paid	(6,191.54)	(3,661.63)
Dividend paid	(1,969.76)	(1,642.72)
Taxes on dividend paid	(321.43)	(267.86)
Net cash (used in) from financing activities	5,375.56	39,717.90
Net increase in cash and cash balances	525.59	5,112.18
Cash and cash balances at the beginning of the year	6,854.36	1,742.18
Cash and cash balances at the close of the year	7,379.95	6,854.36

Note:**Cash and cash balances include:**

Cash, cheques in hand, remittances in transit and fixed deposits	6,956.96	6,629.17
Balances in current account with bank	422.99	225.19
Cash and cash balances	7,379.95	6,854.36
Balances in fixed deposit accounts - pledged	473.38	230.26
Balances in unpaid dividend accounts	66.86	55.23
Bonus fraction 2005 account	-	0.34
Share split fraction 2006 account	0.30	0.30
Balance with bank not considered as cash balances	540.54	286.13
Cash and bank balances as per balance sheet	7,920.49	7,140.49

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**Sandip Somany**
Joint Managing Director**Rajendra K Somany**
Chairman and Managing Directorper **Atul Seksaria**
Partner
Place : Gurgaon
Date : 24 May 2013**Payal M. Puri**
Company Secretary**V. K. Ajmera**
Sr. Vice President (Corporate Finance)

NOTES to the financial statements for the year ended 31 March 2013

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 Companies (Accounting Standards) Rules, 2006 issued by the Central Government in exercise of the power conferred under sub-section (l)(a) of section 642 and the relevant provisions of the Companies Act, 1956 (the 'Act'), except as specifically stated in note 48 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

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of goods

Revenue from sale of goods is recognised when all the significant risks and rewards in respect of ownership of the goods are transferred to the customer and the Company retains no effective control of the goods transferred to the buyer 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 and insurance claims 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 (other than those which have been revalued) 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.

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.

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 and the cost of the asset can be measured reliably in accordance with Accounting Standard-26.

Capital work-in-progress

Capital work-in-progress includes assets under erection / installation comprising of direct cost and related incidental expenses.

NOTES to the financial statements for the year ended 31 March 2013

Capital work-in-progress is stated at cost and not depreciated. Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

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;
- ii) on furnaces (included in plant and machinery) having a cost of ₹ 19,890.76 lacs (previous year ₹ 12,054.82 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 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 shorter.
- iv) all individual assets costing ₹ 5,000 or less are depreciated in full in the year of purchase.

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 three 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 Comapany (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.

NOTES to the financial statements for the year ended 31 March 2013

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.

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 in process

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

NOTES to the financial statements for the year ended 31 March 2013

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.

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 2013

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; and
- present obligation, where a reliable estimate cannot be made.

Particulars	As at 31 March 2013		As at 31 March 2012	
	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 2013		31 March 2012	
	No.	₹ in lacs	No.	₹ in lacs
Equity shares outstanding at the beginning of the year	6,60,46,395	1,320.93	6,60,46,395	1,320.93
Equity shares outstanding at the end of the year	6,60,46,395	1,320.93	6,60,46,395	1,320.93

(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 2013, the amount of per share dividend is recognised as distribution to equity shareholder as ₹ 3 per share (previous year ₹ 3 per share)

The dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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 2013

- (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 2013		31 March 2012	
	No. of equity shares held	% of holding	No. of equity shares held	% of holding
Paco Exports Limited	2,06,64,530	31.29	2,06,64,530	31.29
Soma Investments Limited	40,00,000	6.06	40,00,000	6.06
New Delhi Industrial Promoters & Investors Limited	36,50,000	5.53	36,50,000	5.53
HPC (Mauritius) Limited	-	-	58,12,600	8.80
T. Rowe Price International Discovery Fund	35,96,728	5.45	-	-

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)}				
	2012-13	2011-12	2010-11	2009-10	2008-09
	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).**

NOTES to the financial statements for the year ended 31 March 2013

Particulars	₹ in lacs	
	As at 31 March 2013	As at 31 March 2012
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	21,144.82	21,144.82
d. Central subsidy reserve*	25.00	25.00
e. Business reconstruction reserve **		
Opening balance	32,267.37	9,767.37
Add : Revaluation of land during the year	-	22,500.00
Closing balance	32,267.37	32,267.37
f. General reserve		
Opening balance	18,903.64	16,903.64
Add: Transfer from surplus in the statement of profit and loss for the year	2,000.00	2,000.00
Closing balance	20,903.64	18,903.64
<i>General reserve includes ₹ 10,000 lacs transferred from Business Reconstruction Reserve which cannot be used for issue of bonus shares and payment of dividend.</i>		
g. Surplus in the statement of profit and loss		
Opening balance	27,525.96	20,818.88
Add: Net profit for the current year	9,912.24	11,009.90
Appropriations :		
Proposed dividends including corporate dividend tax of ₹ 336.74 lacs (previous year ₹ 321.43 lacs)	(2,318.13)	(2,302.82)
Transfer to general reserve	(2,000.00)	(2,000.00)
Closing balance	33,120.07	27,525.96
	1,07,596.70	1,00,002.59

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

** Refer note 48

There was no movement in capital reserve, capital redemption reserve, securities premium account, central subsidy reserve and business reconstruction reserve during the year.

NOTES to the financial statements for the year ended 31 March 2013

Particulars	₹ in lacs	
	As at 31 March 2013	As at 31 March 2012
Note 5 Long-term borrowings		
Secured		
Term loans from banks		
Foreign currency loans	48,809.66	46,625.32
Rupee loans	3,937.50	2,000.00
Car finance loans	-	40.70
	52,747.16	48,666.02
Unsecured		
Deferred payment liabilities	5,075.54	4,680.62
	5,075.54	4,680.62
	57,822.70	53,346.64

Notes:

1. Foreign currency loans comprises of :

- 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.
- 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.
- 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

NOTES to the financial statements for the year ended 31 March 2013

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) External commercial borrowings (ECB) of USD 20 million from The Hongkong and Shanghai Banking Corporation Limited carrying interest @ 6 months LIBOR + 300 bps, is repayable in 35 installments ranging from USD 0.57 million to USD 0.15 million starting from November 2014 and are secured by first pari-passu charge over all present and future movable and immoveable fixed assets of Sanitaryware plant located at Bahadurgarh, District Jhajjar, Haryana.

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) DBS Bank Ltd. : Term loan of ₹ 5,000 lacs carrying interest @ 9.75% p.a., is repayable in 48 quarterly installments ranging from ₹ 62.50 lacs to ₹ 125.00 lacs starting from February, 2014 and is secured by first pari-passu charge on immovable and movable fixed assets located at the company's sanitaryware plant at Bahadurgarh, District Jhajjar, Haryana.
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 lac starting from April 2011 and is secured by hypothecation of vehicles finance out of the proceed of such loan.
 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 2012-13, is repayable by the end of financial year 31 March 2027 is secured against the movable 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 ₹ 9,543.23 lacs (previous year ₹ 7,197.57 lacs) are included under the head 'Other current liabilities'.

NOTES to the financial statements for the year ended 31 March 2013

Particulars	₹ in lacs	
	As at 31 March 2013	As at 31 March 2012
Note 6 Deferred taxes (net)		
Deferred tax liability		
Impact of difference between tax depreciation and depreciation charged for the financial year	13,272.85	8,095.44
	13,272.85	8,095.44
Deferred tax assets		
Provision for doubtful debts, loans and advances	165.21	112.11
Disallowance under section 43 B	65.46	62.40
Employee benefits	187.48	143.79
Forex adjustments on ECB	1,845.84	384.46
Tax impact of other expenses charged in the financial statement but allowable as deductions in future years under income-tax	-	9.82
	2,263.99	712.58
Deferred tax liability (net)	11,008.86	7,382.86

Particulars	₹ in lacs	
	As at 31 March 2013	As at 31 March 2012
Note 7 Other long-term liabilities		
Trade deposits from dealers*	1,168.66	1,044.31
Others		
Earnest money deposits	23.20	54.78
Vehicle loan deposits from employees	160.30	138.22
Security deposits / retention money payable	40.29	20.03
Other liabilities	5.16	5.12
	1,397.61	1,262.46

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

Particulars	₹ in lacs	
	As at 31 March 2013	As at 31 March 2012
Note 8 Long-term provisions		
Provision for employee benefits		
Compensated absences (refer note 35)	393.11	293.79
	393.11	293.79

NOTES to the financial statements for the year ended 31 March 2013

Particulars	₹ in lacs	
	As at 31 March 2013	As at 31 March 2012
Note 9 Short-term borrowings		
Secured		
Cash credit facilities from banks	2,008.04	2,253.36
Short term loans from banks	2,250.00	-
Buyer's credit facilities from banks	2,704.61	1,036.35
	6,962.65	3,289.71
Unsecured		
Buyer's credit facilities from banks	3,392.42	3,423.38
Short term loans from banks	13,700.00	500.00
Commercial papers	8,500.00	16,000.00
	25,592.42	19,923.38
	32,555.07	23,213.09

Notes:

- Buyer's credit facilities from Citibank N.A., Standard Chartered Bank, Andhra Bank, The Hongkong and Shanghai Banking Corporation Limited carrying rate of interest ranging between 1.53% - 2.29% p.a. is 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 of 13.25% p.a. 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 12% p.a. 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 DBS Bank Limited carrying rate of interest 12.5% p.a. 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 Andhra Bank carrying rate of interest 13.5% p.a. 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 12.75% p.a. 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 secured loan from DBS Bank Limited amounting to ₹ 1,200 lacs (previous year ₹ Nil) carrying interest rate ranging from 10% to 10.35% p.a. is repayable by April 2013.
- Short term secured loan from Standard Chartered Bank amounting to ₹ 400 lacs (previous year ₹ Nil) carrying interest rate of 10.90% p.a. is repayable by June 2013.
- Short term secured loan from The Hongkong and Shanghai Banking Corporation Limited amounting to ₹ 500 lacs (previous year ₹ Nil) carrying interest rate of 9.85% p.a. is repayable by April 2013.

NOTES to the financial statements for the year ended 31 March 2013

- j) Short term secured loan from The Hongkong and Shanghai Banking Corporation Limited amounting to ₹ 150 lacs (previous year ₹ Nil) carrying interest rate of 9.75% p.a. is repayable by June 2013.
- k) Short term unsecured commercial paper outstanding as at the year end ₹ 8,500 lacs (previous year ₹ 16,000 lacs) is issued by way of earmarking of working capital limit with banks is repayable as under:
- Commercial paper ₹ 3,500 lacs (discounted value ₹ 3,414.13 lacs) issued on 15 March 2013 discounted @ 10.20% p.a. repayable by June 2013
 - Commercial paper ₹ 5,000 lacs (discounted value ₹ 4,885.55 lacs) issued on 14 January 2013 discounted @ 9.50% p.a. repayable by April 2013
- l) Short term unsecured loan from HDFC Bank amounting to ₹ 5,000 lacs (previous year ₹ Nil) carrying interest rate of 9.95% p.a. is repayable by August 2013.
- m) Short term unsecured loan from Citi Bank amounting to ₹ 1,900 lacs (previous year ₹ Nil) carrying interest rate of 10.10% p.a. is repayable by February 2014.
- n) Short term unsecured loan from The Hongkong Shanghai Banking Corporation Limited amounting to ₹ 1,000 lacs (previous year ₹ Nil) carrying interest rate of 9.80% p.a. is repayable by July 2013.
- o) Short term unsecured loan from First Rand Bank amounting to ₹ 2,500 lacs (previous year ₹ Nil) carrying interest rate of 10.60% p.a. is repayable by June 2013.
- p) Short term unsecured loan from The Bank of Nova Scotia amounting to ₹ 3,300 lacs (previous year ₹ 500 lacs) carrying interest rate ranging from 9.75% p.a. to 11.75% p.a. is repayable by September 2013.
- q) Buyer's credit unsecured facilities from IDBI Bank carrying rate of interest ranging between 1.53% - 2.29% p.a. are repayable within 6 months from the origination.

Particulars	₹ in lacs	
	As at 31 March 2013	As at 31 March 2012
Note 10 Trade payables		
- Due to Micro, Small & Medium Enterprises (refer note 34)	17.92	152.12
- Total outstanding dues to units other than Micro, Small & Medium Enterprises	13,149.00	10,473.85
	13,166.92	10,625.97

NOTES to the financial statements for the year ended 31 March 2013

Particulars	₹ in lacs	
	As at 31 March 2013	As at 31 March 2012
Note 11 Other current liabilities		
Current maturities of long term borrowings	9,543.23	7,197.57
Interest accrued but not due on loans	680.88	478.26
Investor education and protection fund*		
- Unclaimed dividends	66.86	55.23
- Unclaimed share fraction 2006	0.30	0.30
- Unclaimed bonus fraction 2005	-	0.34
Gratuity payable (net of obligation) (refer note 35)	74.73	45.85
Other payables		
Advance from customers	1,411.23	1,358.20
Statutory liabilities	1,006.12	799.66
Payable to employees	1,077.13	927.63
Creditor for expenses	3,175.75	3,088.00
Commission payable to directors	1,143.15	1,643.95
Creditor for capital goods	588.59	4,222.24
Other liabilities**	8,150.33	6,023.90
	26,918.30	25,841.13

* Not due for deposit

** Including excise duty payable ₹ 2,544.88 lacs (previous year: ₹ 1,447.24 lacs) on finished goods lying at the Company's bonded warehouses.

Particulars	₹ in lacs	
	As at 31 March 2013	As at 31 March 2012
Note 12 Short-term provisions		
Provision for employee benefits		
Compensated absences (refer note 35)	184.72	149.39
	184.72	149.39
Other provisions:		
Provision for income tax	-	312.36
[net of advance payment including TDS of ₹ Nil (previous year ₹ 6,977.29 lacs)]		
Proposed dividend	1,981.39	1,981.39
Corporate dividend tax	336.74	321.43
	2,318.13	2,615.18
	2,502.85	2,764.57

NOTES to the financial statements for the year ended 31 March 2013

NOTE 13 FIXED ASSETS

Particulars	Gross block				Depreciation and amortisation				Net block			
	As at 1 April 2012	Additions	Other adjustments (borrowing cost and foreign exchange fluctuation)	Sales / adjustment	Revaluation	As at 31 March 2013	Up to 1 April 2012	For the year	Sales / adjustment	Up to 31 March 2013	As at 31 March 2013	As at 31 March 2012
₹ in lacs												
Tangible assets												
Land freehold	47,678.27	582.20	-	-	-	48,260.47	-	-	-	-	48,260.47	47,678.27
Leasehold land	241.77	-	-	16.77	-	225.00	5.76	1.19	-	6.95	218.05	236.01
Building	19,387.19	5,926.97	654.64	5.67	-	25,963.13	2,936.08	644.76	2.40	3,578.44	22,384.69	16,451.11
Plant and machinery	65,893.32	28,166.18	4,779.65	7.96	-	98,831.19	27,938.61	6,951.17	5.55	34,884.23	63,946.96	37,954.71
Vehicles	2,154.06	183.23	-	332.83	-	2,004.46	632.12	411.37	210.66	832.83	1,171.63	1,521.94
Office equipments	552.68	44.64	-	13.86	-	583.46	182.34	34.74	9.09	207.99	375.47	370.34
Computers (including software)	2,233.60	110.49	-	4.89	-	2,339.20	1,242.80	351.14	4.48	1,589.46	749.74	990.80
Furniture and fixtures	1,150.57	334.64	-	0.34	-	1,484.87	333.03	92.19	0.02	425.20	1,059.67	817.54
Leasehold improvements	10.44	-	-	-	-	10.44	0.85	0.17	-	1.02	9.42	9.59
											1,38,176.10	1,06,030.31
Intangible Assets												
Trade marks	300.00	-	-	-	-	300.00	300.00	-	-	300.00	-	-
Technical know how	207.30	-	-	-	-	207.30	39.76	21.05	-	60.81	146.49	167.54
											146.49	167.54
Total	1,39,809.20	35,348.35	5,434.29	382.32	-	1,80,209.52	33,611.35	8,507.78	232.20	41,886.93	1,38,322.59	1,06,197.85

- a) The borrowing cost capitalised during the year ended 31 March 2013 is ₹ 953.17 lacs (previous year ₹ 29.18 lacs).
- b) The premium and foreign exchange loss amounting to ₹ 4,481.12 lacs has been capitalised during the year ended 31 March 2013 (previous year ₹ 2,427.01 lacs).
- c) Pursuant to the Scheme ('BRP'), the Company has revalued its freehold land by crediting ₹ Nil (previous year ₹ 22,500.00 lacs) to the Business Reconstruction Reserve during the year ended 31 March 2012. (Refer note 48)

NOTES to the financial statements for the year ended 31 March 2013

NOTE 13 FIXED ASSETS													₹ in lacs
As at 31 March 2012													
Particulars	Gross block				Depreciation and amortisation					Net block			
	As at 1 April 2011	Additions	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	300.00	-	-	-	-	300.00	300.00	-	-	300.00	-	-	
Trade marks													
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 2013

Particulars	₹ in lacs	
	As at 31 March 2013	As at 31 March 2012
Note 14 Non-current investments		
Trade investments (valued at cost unless stated otherwise)		
Equity shares (Unquoted)		
Investment in subsidiaries		
Nil (previous year 45,50,642) equity shares of ₹ 10 each fully paid-up in AGI Glasspack Limited (Refer note 43)	-	1,529.59
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 18,500) equity shares of ₹ 1,000 each fully paid-up in Garden Polymers Private Limited (refer note 42)	8,686.97	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
30,000 (previous year Nil) equity shares of ₹ 10 each fully paid-up in Indian Plumbing Skills Council	3.00	-
Preference shares (Unquoted)		
Investment in subsidiaries		
10,70,000 (previous year 5,40,000) preference shares of USD 1 each fully paid-up in Halis International Limited, Mauritius	563.60	266.99
42,90,000 (previous year 20,00,000) preference shares of ₹ 100 each fully paid-up in Hindware Home Retail Private Limited	4,290.00	2,000.00
	19,704.80	18,644.78
Non-trade investments (valued at cost unless stated otherwise)		
Unquoted government securities		
National Savings Certificates*	2.11	1.92
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
	2.13	1.94
	19,706.93	18,646.72
Aggregate amount of quoted investments (market value ₹ 0.02 lacs (previous year: ₹ 0.02 lacs))	0.02	0.02
Aggregate amount of unquoted investment	19,704.80	18,644.78
*Deposited with government authority	2.11	1.92

NOTES to the financial statements for the year ended 31 March 2013

Particulars	₹ in lacs	
	As at 31 March 2013	As at 31 March 2012
Note 15 Long-term loans and advances		
Capital advances - secured, considered good	3,276.35	3,563.88
Security deposits - unsecured, considered good	1,158.09	1,721.90
Other loans and advances		
Prepaid expenses	84.06	77.91
Others	296.00	203.71
	4,814.50	5,567.40

Particulars	₹ in lacs	
	As at 31 March 2013	As at 31 March 2012
Note 16 Other non-current assets		
Fixed deposits with banks whose original maturity is more than twelve months *	110.17	516.17
Interest accrued but not due on deposits	44.84	25.14
	155.01	541.31

* Fixed deposits includes margin money deposits amounting to ₹ 110.17 lacs (previous year: ₹ 515.67 lacs) pledged with banks against various bank guarantees / letter of credit issued by banks on behalf of the Company.

Particulars	₹ in lacs	
	As at 31 March 2013	As at 31 March 2012
Note 17 Inventories		
(As taken, valued and certified by the management)		
Raw materials and components	3,227.93	3,462.92
Work-in-progress	1,312.97	1,215.93
Finished goods (including traded goods)	27,413.13	17,249.86
Stores and spares	2,445.09	2,843.14
Add: Goods in transit	294.06	27.17
Loose tools	14.47	18.57
Packing material	730.13	712.00
Oils, fuels, lubricants and others	769.05	1,797.94
	36,206.83	27,327.53

NOTES to the financial statements for the year ended 31 March 2013

₹ in lacs

Particulars	As at 31 March 2013	As at 31 March 2012
Note 18 Trade receivables		
(Unsecured unless otherwise stated)		
Debts outstanding for a period exceeding six months from the date they are due for payment:		
- Considered doubtful	389.87	224.70
- Considered good	334.32	387.09
- Considered good- secured	27.58	33.33
	751.77	645.12
Less: Provision for doubtful debts	389.87	224.70
	361.90	420.42
Other debts		
- Considered good	34,287.01	21,650.94
- Considered good- secured	460.89	399.86
	34,747.90	22,050.80
Less: Provision for doubtful debts	-	-
	34,747.90	22,050.80
	35,109.80	22,471.22

Trade receivables includes:	As at 31 March 2013	As at 31 March 2012
	No. ₹ in lacs	No. ₹ in lacs
Due from a subsidiary company in which the Company's director is a director	- -	1 129.91

₹ in lacs

Particulars	As at 31 March 2013	As at 31 March 2012
Note 19 Cash and bank balances		
Cash and cash equivalents		
Balance with banks		
Current accounts	422.99	225.19
Cheques on hand	844.37	0.62
Cash on hand	72.96	87.06
Remittance in transit	589.63	1,065.14
Fixed deposits with original maturity of less than 3 months	5,450.00	5,476.35
	7,379.95	6,854.36
Earmarked balances with banks		
Unclaimed dividend accounts	66.86	55.23
Unclaimed bonus fraction account	-	0.34
Unclaimed share fraction account	0.30	0.30
Other bank balances		
Held as margin money in fixed deposits	471.31	230.26
Fixed deposits with maturity of less than twelve months	2.07	-
	7,920.49	7,140.49

NOTES to the financial statements for the year ended 31 March 2013

Particulars	₹ in lacs	
	As at 31 March 2013	As at 31 March 2012
Note 20 Short-term loans and advances		
Unsecured, considered good		
Advances to suppliers	623.94	1,780.38
Loans and advances to related parties		
- Inter corporate loan	725.00	900.00
- Interest accrued on inter corporate loan	6.10	7.57
Advances recoverable in cash or in kind or for value to be received	485.61	584.61
Balances with excise, sales tax and other authorities	1,697.86	1,440.22
Advance to employees	26.44	45.18
MAT credit entitlement	2,471.46	-
Advance income tax (net of provision of ₹ 11,535.13 lacs previous year ₹ Nil)	121.27	-
	6,157.68	4,757.96
Unsecured, considered doubtful		
Advances recoverable in cash or in kind or for value to be received	119.30	125.22
Less : Provision for doubtful loans and advances	119.30	125.22
	-	-
	6,157.68	4,757.96

Short-term loans and advances includes:	As at		As at	
	31 March 2013		31 March 2012	
	No.	₹ in lacs	No.	₹ in lacs
Loans and advances to related parties includes				
Due from a subsidiary Company	1	731.10	1	907.57

Particulars	₹ in lacs	
	As at 31 March 2013	As at 31 March 2012
Note 21 Other current assets		
Interest accrued but not due on deposits	128.32	108.45
	128.32	108.45

NOTES to the financial statements for the year ended 31 March 2013

Particulars	₹ in lacs	
	Year ended 31 March 2013	Year ended 31 March 2012
Note 22 Income from operations		
Sales of products		
Finished goods	1,68,189.20	1,42,214.52
Other operating income		
Export incentives	81.65	282.39
Sundry balances and liabilities no longer required written back	451.32	155.30
Gain on foreign exchange fluctuations	384.50	304.27
Maintenance service income	66.59	69.21
Insurance claims received	418.32	156.43
Scrap sales	392.09	351.40
Miscellaneous receipts	556.79	325.08
Provision for doubtful debts written back	-	4.39
	1,70,540.46	1,43,862.99
Detail of products sold		
Sanitaryware, fittings and other allied products	77,161.37	64,221.81
Glass bottles and containers	90,861.87	77,857.61
Others	165.96	135.10
	1,68,189.20	1,42,214.52

Particulars	₹ in lacs	
	Year ended 31 March 2013	Year ended 31 March 2012
Note 23 Other income		
Rent received	37.66	51.13
Dividend on investments	-	75.10
Interest received (gross) on		
-Loans to subsidiaries	94.23	65.04
-Loans to bodies corporate	2.82	3.87
-Deposits with banks	84.35	70.53
-Margin money with banks	49.72	36.74
-Advance to suppliers	4.12	-
-Other accounts	53.45	36.47
Excess balances and liabilities written back	26.00	8.50
Gain on disposal of fixed assets	93.97	203.48
Miscellaneous income	2.03	2.00
Gain on sale of current investments	6.60	0.02
	454.95	552.88

NOTES

to the financial statements for the year ended 31 March 2013

Particulars	₹ in lacs	
	Year ended 31 March 2013	Year ended 31 March 2012
Note 24 Cost of raw materials consumed		
Detail of raw materials and components consumed		
Clays	1,498.25	1,280.84
Soda Ash	12,681.26	8,406.08
Culets	5,183.21	3,817.45
Quartz / Feldsper	1,748.31	1,848.79
Others	7,385.27	7,447.69
	28,496.30	22,800.85
Closing stock of raw material and components		
Clays	135.62	124.12
Soda Ash	1,012.79	1,632.41
Culets	702.41	465.16
Quartz / Feldsper	97.77	78.88
Others	1,279.34	1,162.35
	3,227.93	3,462.92

Particulars	₹ in lacs	
	Year ended 31 March 2013	Year ended 31 March 2012
Note 25 Purchases of traded goods		
Sanitaryware and other products	22,524.97	21,274.04
	22,524.97	21,274.04

NOTES to the financial statements for the year ended 31 March 2013

Particulars	₹ in lacs	
	Year ended 31 March 2013	Year ended 31 March 2012
Note 26 Change in stock of finished goods and work in progress		
Opening stock		
Work in progress	1,215.93	760.10
Finished goods	17,249.86	14,257.67
	18,465.79	15,017.77
Less: Closing stock		
Work in progress	1,312.97	1,215.93
Finished goods	27,413.14	17,249.86
	28,726.11	18,465.79
Change in stocks	10,260.32	3,448.02
Excise duty on opening stock	1,354.40	1,201.92
Stock transferred from capital work in progress to finished goods on account of capitalisation of Furnace V	(1,422.85)	-
Less : Excise duty on closing stock	2,544.93	1,354.40
Change in excise duty on finished stocks	2,613.38	152.48
Change in stock of finished goods and work in progress	7,646.94	3,295.54
Details of inventory		
Work in progress		
Sanitaryware and other products	1,101.10	1,100.93
Glassware	211.87	115.00
	1,312.97	1,215.93
Finished goods		
Sanitaryware and other products	12,636.35	12,030.96
Glassware	14,776.79	5,218.90
	27,413.14	17,249.86

Particulars	₹ in lacs	
	Year ended 31 March 2013	Year ended 31 March 2012
Note 27 Employee benefit expense		
Salaries, wages and bonus	14,409.37	12,751.75
Contribution to provident and other funds	730.08	699.11
Staff welfare expenses	693.31	566.93
	15,832.76	14,017.79

NOTES to the financial statements for the year ended 31 March 2013

Particulars	₹ in lacs	
	Year ended 31 March 2013	Year ended 31 March 2012
Note 28 Other expenses		
Power and fuel	39,654.64	27,269.87
Stores and spares consumed	3,785.55	3,554.36
Packing material consumed	8,065.30	6,730.28
Loose tools consumed	73.55	58.19
Oil, fuel and lubricant consumed	319.24	198.73
Repairs and maintenance:		
-Buildings	308.90	258.33
-Plant and machinery	933.80	689.72
-Other assets	253.47	251.05
Rent (including hire charges)	662.48	535.42
Rates and taxes	429.17	285.95
Directors sitting fees	1.01	1.13
Expenditure on ceramic and applied research centre	57.28	42.86
Insurance	396.44	298.29
Travelling and conveyance	1,782.12	1,597.56
Discounts	3,577.99	2,717.16
Commission on sales	595.56	228.55
Expenses on exports	1,055.84	826.07
Advertisement and publicity	1,842.60	717.57
Other selling and distribution expenses	5,932.66	5,425.03
Provision for doubtful debts and advances	159.25	131.39
Bad debts written off	18.96	2.22
Charity and donation	60.00	61.31
Loss on sale of current investments	-	24.82
Loss on foreign exchange fluctuation	571.74	436.89
Loss on sale of fixed assets	4.28	2.80
Miscellaneous expenses	1,674.88	1,515.44
	72,216.71	53,860.99

Particulars	₹ in lacs	
	Year ended 31 March 2013	Year ended 31 March 2012
Note 29 Finance cost		
Interest on:		
- Fixed period loans	3,506.31	3,337.02
- others	2,819.20	507.07
Other borrowing costs	68.65	47.12
	6,394.16	3,891.21

NOTES to the financial statements for the year ended 31 March 2013

Particulars	₹ in lacs	
	Year ended 31 March 2013	Year ended 31 March 2012
Note 30 Earning per share		
a) Computation of profit		
Profit after tax before prior period item	9,912.24	11,029.65
Less: Prior period item	-	(19.75)
Profit attributable to equity shareholders after prior period	9,912.24	11,009.90
b) Computation of weighted average number of shares for		
Basic and diluted earnings per share (refer note 3)	6,60,46,395	6,60,46,395
c) Nominal value per share (₹)	2	2
d) Earnings per share – basic and diluted before prior period item (₹)	15.01	16.70
Earnings per share – basic and diluted after prior period item (₹)	15.01	16.67

Particulars	₹ in lacs	
	Year ended 31 March 2013	Year ended 31 March 2012
Note 31 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	306.22	302.89
b) Demands made by the sales tax authorities against which appeals have been filed	148.04	244.59
c) Demands raised by the income tax authorities against which appeals have been filed	283.60	-
d) Duty availed on imports against EPCG licenses	2,982.85	3,098.05
e) Bank guarantees outstanding	2,524.75	3,100.96
f) Corporate guarantees (Barwood Products Limited, Hindware Home Retail Private Limited and Garden Polymers Private Limited)	7,212.10	7,205.02
g) Claims against the Company not acknowledged as debts	2,119.60	2,029.54
2) Unfulfilled export obligation under EPCG license of EXIM Policy	23,862.82	24,784.42

Particulars	₹ in lacs	
	Year ended 31 March 2013	Year ended 31 March 2012
Note 32 Capital and other commitments		
Commitments relating to contracts remaining to be executed on capital account and other commitments not provided for.	7,582.73	28,084.24

NOTES to the financial statements for the year ended 31 March 2013

Particulars	₹ in lacs	
	Year ended 31 March 2013	Year ended 31 March 2012
Note 33 Miscellaneous expenses include payments to auditors for:		
a) Audit fee	16.85	15.73
b) Taxation matters	2.81	2.25
c) Other services	11.24	6.08
d) Reimbursement of expenses	6.24	4.68
Total	37.14	28.74

Particulars	₹ in lacs	
	Year ended 31 March 2013	Year ended 31 March 2012
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	17.92	152.12
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 (MSMED). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2013 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.

Particulars	₹ in lacs	
	Year ended 31 March 2013	Year ended 31 March 2012
Note 35 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 **	436.60	390.74
Employer's contribution to ESI	115.08	115.85

* included in contribution to provident and other funds (refer note 27)

** 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.

NOTES to the financial statements for the year ended 31 March 2013

Particulars	₹ in lacs	
	Year ended 31 March 2013 Gratuity funded	Year ended 31 March 2012 Gratuity funded
Note 35 Employee benefits (Contd.)		
b) Defined benefit plan		
Amount recognised in the balance sheet :		
Present value of obligations	1,329.84	1,210.32
Fair value of plan assets	1,255.11	1,130.54
(Assets) / liability recognised in the balance sheet	74.73	79.78
Less: Advances paid to employees and is recoverable from Birla Sun Life as on 31 March 2013	-	(33.93)
Net (assets) / liability recognised in the balance sheet (refer note 11)	74.73	45.85
Amounts recognised in the statement of profit and loss :		
Current service cost	119.88	105.12
Interest cost	91.16	82.72
Expected return on plan assets	(90.44)	(89.15)
Actuarial loss / (gain) (net)	14.12	94.63
Total included in 'Employee benefit expense' *	134.72	193.32
Actual return on plan assets	126.37	44.96
* Refer note 27		
Reconciliation of opening and closing balances of benefit obligations and plan assets		
Change in defined benefit obligation		
Opening defined benefit obligation	1,210.32	1,095.89
Interest cost	91.16	82.72
Current service cost	119.88	105.12
Benefits paid	(141.58)	(123.85)
Actuarial (gain) / loss	50.06	50.44
Closing defined benefit obligation	1,329.84	1,210.32
Changes in the fair value of plan assets		
Fair value of plan assets at the beginning of the year	1,130.54	1,114.43
Expected return on plan assets	90.44	89.15
Employer's contributions	139.78	95.00
Benefits paid	(141.58)	(123.85)
Actuarial gain / (loss)	35.93	(44.19)
Fair value of plan assets at the end of the year	1,255.11	1,130.54
Assumption used to determine the benefit obligations:		
Discounting 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 life of employees	17 years	17 years

NOTES to the financial statements for the year ended 31 March 2013

Amounts for the current and previous years are as follows:

₹ in lacs

Particulars	2012-13	2011-12	2010-11	2009-10	2008-09
Defined benefit plan – Gratuity					
Defined benefit obligation	(1,329.84)	(1,210.32)	(1,095.89)	(1,006.32)	(920.29)
Plan assets	1,255.11	1,130.54	1,114.43	1,072.59	865.06
Surplus / (deficit)	(74.73)	(79.78)	18.54	66.27	(55.23)

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.

₹ in lacs

Particulars	Year ended 31 March 2013 Compensated absences	Year ended 31 March 2012 Compensated absences
c) Other long term benefit plans		
Amount recognised in the balance sheet		
Present value of obligation	577.83	443.18
Fair value of plan assets	-	-
Funded status / difference	577.83	443.18
Unrecognised actuarial (gain) / loss	-	-
Net liability recognised in the balance sheet	577.83	443.18
Long term (Refer note 8)	393.11	293.79
Short term (Refer note 12)	184.72	149.39
Amounts recognised in the statement of profit and loss		
Current service cost	79.55	63.88
Interest cost	35.45	29.73
Actuarial loss	173.54	106.70
Total included in 'employee benefit expense' *	288.54	200.31
Actual return on plan assets	-	-
* Refer note 27		
Reconciliation of opening and closing balances of benefit obligations		
Change in benefit obligation		
Opening benefit obligation	443.18	349.76
Interest cost	35.45	29.73
Current service cost	79.55	63.88
Benefits paid	(153.89)	(106.89)
Actuarial loss	173.54	106.70
Closing benefit obligation	577.83	443.18
Assumptions used		
Discounting rate	8.00%	8.50%
Expected rate of increase in compensation levels	5.50%	6.00%
Expected average remaining working life of employees	21.77 years	21.20 years

NOTES to the financial statements for the year ended 31 March 2013

₹ in lacs

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Note 36 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		
Exports outstanding	700.27	1,042.32
Payables		
Payable on imports	1,312.16	2,541.21
Loans		
Buyer's credit facility	6,097.03	4,459.73
Term loan	32,412.69	31,693.98

Details of derivative instruments outstanding as on 31 March 2013

Particulars of hedged derivatives	31 March 2013	31 March 2012	Purpose
Sell (in USD)	60.00	-	Hedge of future receipts towards external commercial borrowings
Buy (in USD)	455.66	412.38	Hedge of future payments towards external commercial borrowings.

Note 37 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 the 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 (ceased to be subsidiary w.e.f. 25 March 2013) Hindware Home Retail Private Limited HSIL Associates Limited Garden Polymers Private Limited Halis International Limited, Mauritius Alchemy International Cooperatief U.A.(subsidiary of Halis International Limited) Haas International B.V.(subsidiary of Alchemy International Cooperatief U.A.) Barwood Products Limited (subsidiary of Haas International B.V.)
Entities where significant influence is exercised by KMP 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 Jugmug Projects Limited

NOTES to the financial statements for the year ended 31 March 2013

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 with the Company	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012	31 March 2013	31 March 2012
A. Transactions during the year						
a) Sale of goods						
Hindware Home Retail Private Limited	659.83	477.95	-	-	-	-
b) Purchase of trading goods						
Hindware Home Retail Private Limited	47.99	20.42	-	-	-	-
c) Purchase of capital goods						
Hindware Home Retail Private Limited	-	7.49	-	-	-	-
d) Expenses paid on behalf of subsidiary						
Hindware Home Retail Private Limited	28.46	8.87	-	-	-	-
e) Expenses paid by subsidiary on our behalf						
Hindware Home Retail Private Limited	16.01	-	-	-	-	-
f) Rent paid						
Hindware Home Retail Private Limited	18.05	11.42				
Rajendra K Somany	-	-	4.80	4.80	-	-
Textool Mercantile Private Limited	-	-	-	-	0.50	0.50
Paco Exports Limited	-	-	-	-	17.78	16.80
g) Interest income						
Garden Polymers Private Limited	94.23	52.62	-	-	-	-
Hindware Home Retail Private Limited	-	12.42	-	-	-	-
h) Sale of shares held in subsidiary						
Jugmug Projects Limited	-	-	-	-	4,195.27	-
i) Investment made						
Hindware Home Retail Private Limited	2,290.00	2,000.00	-	-	-	-
AGI Glasspack Limited	299.38	101.13	-	-	-	-
Halis International Limited	296.61	237.22	-	-	-	-
Garden Polymers Private Limited	-	8,686.97	-	-	-	-
j) Intercompany loan given						
Garden Polymers Private Limited	375.00	1,000.00	-	-	-	-
Hindware Home Retail Private Limited	-	500.00	-	-	-	-
k) Intercompany loan installment received						
Garden Polymers Private Limited	550.00	100.00	-	-	-	-
Hindware Home Retail Private Limited	-	500.00	-	-	-	-
l) Balance outstanding at the year end						
Hindware Home Retail Private Limited (payable)	-	6.63	-	-	-	-
Hindware Home Retail Private Limited (receivable)	-	129.91	-	-	-	-
Garden Polymers Private Limited (receivable)	731.10	907.57	-	-	-	-

NOTES to the financial statements for the year ended 31 March 2013

₹ in lacs

Particulars	Subsidiaries		Key management personnel and their relatives		Entities where significant influence is exercised by KMP and / or their relatives having transactions with the Company	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012	31 March 2013	31 March 2012
B. Director Remuneration						
Rajendra K Somany	-	-	649.41	876.21	-	-
Sandip Somany	-	-	636.41	826.36	-	-
Balance outstanding at the year end-payable						
Rajendra K Somany	-	-	493.74	724.80	-	-
Sandip Somany	-	-	519.53	724.80	-	-

₹ in lacs

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Note 38 Payment to directors*		
a) Salary	237.48	206.11
b) Contribution to provident fund	28.50	24.74
c) Leave encashment paid	-	16.78
d) Commission	1,143.15	1,643.95
e) Monetary value of perquisites	6.57	5.35
f) Directors' sitting fee	1.01	1.13
Total	1,416.71	1,898.06

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

₹ in lacs

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Note 39 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	9,513.62	7,781.35
Spares	1,299.67	1,023.03
Capital goods	3,022.83	11,161.35
Goods purchased for resale	6,052.53	6,912.01
Total	19,888.65	26,877.74

NOTES to the financial statements for the year ended 31 March 2013

₹ in lacs

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Note 39 Particulars relating to foreign exchange		
b) Expenditure in foreign currency (on accrual basis)		
Commission on exports	6.97	14.10
Travelling	271.48	352.53
Consultancy fee	474.17	290.53
Finance cost	1,928.32	910.15
Rent	5.03	5.91
Others	24.16	0.45
Total	2,710.13	1,573.67

₹ in lacs

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Note 39 Particulars relating to foreign exchange		
c) Earnings in foreign exchange (on accrual basis)		
FOB value of export of goods	3,399.59	3,241.61
Total	3,399.59	3,241.61

₹ in lacs

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Note 39 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	10,539.11 37	7,588.22 33
Indigenous	17,957.19 63	15,212.63 67
Total	28,496.30 100	22,800.85 100

Packing material, loose tools and oil, fuel and lubricants

₹ in lacs

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
	Value %	Value %
Imported	24.81 -	- -
Indigenous	8,433.28 100	6,987.20 100
Total	8,458.09 100	6,987.20 100

NOTES to the financial statements for the year ended 31 March 2013

Stores and spare parts

₹ in lacs

Particulars	Year ended 31 March 2013		Year ended 31 March 2012	
	Value	%	Value	%
Imported	741.21	20	599.12	17
Indigenous	3,044.34	80	2,955.24	83
Total	3,785.55	100	3,554.36	100

₹ in lacs

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
-------------	-----------------------------	-----------------------------

Note 40 Capital work in progress includes expenditure during construction period

Balance brought forward from previous year	3,721.89	-
Add:		
- Raw material consumed	1,063.61	394.46
- Packing material consumed	241.47	83.54
- Stores and spares consumed	272.31	154.51
- Power and fuel	1,519.57	652.49
- Insurance	-	12.58
- ECB loan processing charges	-	362.66
- Traveling and conveyance	10.05	77.96
- Rent and hiring charges	9.80	42.36
- Salary, wages and bonus	152.26	588.18
- Interest paid	246.94	706.22
- Foreign exchange fluctuation loss	25.81	2,021.41
- Mould job work charges	-	23.61
- Miscellaneous expenses	31.48	109.71
Total (A)	7,295.19	5,229.69
Less:		
- Sales	2,253.09	320.38
- Increase in stocks including excise duty	574.08	848.78
- Interest received	17.88	338.64
Total (B)	2,845.05	1,507.80
Total (A-B)	4,450.14	3,721.89
Allocated to fixed assets	4,450.14	-
Balance allocated to capital work-in-progress	-	3,721.89
Balance carried forward	-	-

NOTES to the financial statements for the year ended 31 March 2013

Particulars	₹ in lacs	
	Year ended 31 March 2013	Year ended 31 March 2012
Note 41 Expenditure on ceramic and applied research		
Salaries, wages and bonus	44.37	35.28
Contribution to provident and other funds	2.06	1.51
Stores and spares consumed	10.85	6.07
Total	57.28	42.86

Note 42 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	
	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	2,444.47	
Share of net assets acquired	3,250.74	
Net consideration paid	8,686.97	
Goodwill	5,436.23	

Note 43 Exceptional items

The Company has divested its entire investment held in equity shares of AGI Glasspack Limited, a wholly owned subsidiary of the Company at a total consideration of ₹ 4,195.27 lacs. Consequent to divestment, AGI Glasspack Limited has ceased to be a subsidiary of the Company w.e.f. 25 March 2013. Profit (before applicable taxes) on disposal of such non-current investment amounting to ₹ 2,366.30 lacs is classified under the head 'exceptional items' in the financial statements.

Note 44 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 45 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 46 Lease payments under cancelable operating leases amounting to ₹ 662.48 lacs (previous year ₹ 535.42 lacs) are recognised as an expense in the statement of profit and loss as rentals.

Note 47 Prior period item comprise of income tax adjustments of ₹ Nil (previous year ₹ 19.75 lacs)

Note 48 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 1 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 financial statements for the year ended 31 March 2013

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 Sanathnagar 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.

General reserve includes ₹ 10,000 lacs transferred from BRR which cannot be used for issue of bonus shares and payment of dividend.

Note 49 The Board of Directors of the Company in their meeting held on 25 September 2012 approved the Scheme of Amalgamation ('Scheme') involving merger of Garden Polymers Private Limited (a wholly owned subsidiary) with the Company, with appointed date as 1 April 2012 subject to further necessary approvals. Upon approval to the said scheme by shareholders of both the Company's at their respective meetings held on 1 March 2013 in terms of an order dated 22 January 2013 of Hon'ble High Court of Calcutta, a petition has been filed by the Company before the said High Court for final approval. The standalone financial statements of the Company do not include any impact of the said scheme.

Note 50 Previous year figures have been re-grouped / recast, wherever necessary to confirm the current year classification.

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 **Atul Seksaria**
Partner
Place : Gurgaon
Date : 24 May 2013

Payal M. Puri
Company Secretary

V. K. Ajmera
Sr. Vice President (Corporate Finance)

INDEPENDENT AUDITORS' REPORT

To

The Board of Directors of HSIL Limited

1. We have audited the accompanying consolidated financial statements of HSIL Limited ("the Company") and its subsidiaries (hereinafter collectively referred to as 'the Group') which comprises the Consolidated Balance Sheet as at 31 March 2013, and the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and the summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries, as noted below the consolidated financial statements - give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the -Group as at 31 March 2013;
 - (b) in the case of Consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
 - (c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date

Other Matter

7. We did not audit the financial statements of certain subsidiaries included in the consolidated financial statements, whose financial statements reflect total assets (after eliminating intra-group transactions) of ₹ 12,493 lacs as at 31 March 2013; total revenues (after eliminating intra-group transactions) of ₹ 11,762 lacs and net cash out flows aggregating to ₹ 32 lacs for the year then ended. These financial statements have been audited by other auditors whose audit reports have been furnished to us by the management, and our audit opinion on the consolidated financial statements of the Group for the year then ended to the extent they relate to the financial statements not audited by us as stated in this paragraph is based solely on the audit reports of the other auditors. Our opinion is not qualified in respect of this matter.

For **Walker, Chandiok & Co**

Chartered Accountants

Firm Registration No.: 001076N

per **Atul Seksaria**

Partner

Place: Gurgaon

Date: 24 May 2013

Membership No.: 086370

CONSOLIDATED BALANCE SHEET

as at 31 March 2013

	Notes	As at 31 March 2013	₹ in lacs As at 31 March 2012
Equity and liabilities			
Shareholders' fund			
Share capital	3	1,320.97	1,320.97
Reserves and surplus	4	1,01,307.84	95,418.50
		1,02,628.81	96,739.47
Non-current liabilities			
Long-term borrowings	5	58,655.56	54,178.72
Deferred tax liabilities (net)	6	11,411.55	7,817.86
Other long term liabilities	7	1,406.61	1,299.90
Long-term provisions	8	443.81	347.82
		71,917.53	63,644.30
Current liabilities			
Short-term borrowings	9	34,665.19	24,899.69
Trade payables	10	16,216.70	12,182.20
Other current liabilities	11	29,056.57	27,563.98
Short-term provisions	12	2,511.00	2,768.20
		82,449.46	67,414.07
		2,56,995.80	2,27,797.84
Assets			
Non-current assets			
Fixed assets			
Tangible assets	13	1,44,516.56	1,13,730.54
Intangible assets	13	157.33	167.54
Capital work-in-progress		6,219.29	33,327.90
		1,50,893.18	1,47,225.98
Goodwill on consolidation	13	5,783.79	5,783.79
Non-current investments	14	1,078.74	1,080.58
Long-term loans and advances	15	5,335.64	6,214.37
Other non-current assets	16	185.92	730.66
		1,63,277.27	1,61,035.38
Current assets			
Current investments	17	4.26	31.02
Inventories	18	40,667.89	30,592.54
Trade receivables	19	38,932.73	24,396.57
Cash and bank balances	20	8,196.66	7,348.61
Short-term loans and advances	21	5,782.84	4,285.27
Other current assets	22	134.15	108.45
		93,718.53	66,762.46
		2,56,995.80	2,27,797.84

Notes 1 to 48 form an integral part of the financial statements

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

For and on behalf of the Board of Directors

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

Sandip Somany
Joint Managing Director

Rajendra K Somany
Chairman and Managing Director

per **Atul Seksaria**
Partner
Place : Gurgaon
Date : 24 May 2013

Payal M. Puri
Company Secretary

V. K. Ajmera
Sr. Vice President (Corporate Finance)

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended 31 March 2013

	Notes	Year ended 31 March 2013	Year ended 31 March 2012
₹ in lacs			
Income			
Income from operations (gross)	23	1,90,220.47	1,56,653.19
Less: Excise duty on sale of goods		14,092.98	10,371.57
Income from operations (net)		1,76,127.49	1,46,281.62
Other income	24	383.39	508.16
		1,76,510.88	1,46,789.78
Expenses			
Cost of raw material consumed	25	34,270.64	26,135.07
Purchases of traded goods	26	28,623.40	25,831.15
Changes in stock of finished goods and work in progress	27	(8,615.69)	(4,559.11)
Employee benefits expense	28	18,222.26	15,906.86
Other expenses	29	77,757.03	57,985.91
		1,50,257.64	1,21,299.88
Profits before finance costs, tax, depreciation, amortisation and exceptional items		26,253.24	25,489.90
Depreciation and amortisation expense	13	9,321.25	6,506.56
Finance costs	30	6,939.07	4,195.22
Profit before tax and exceptional items		9,992.92	14,788.12
Exceptional items (refer note 45)		2,366.30	-
Profit before tax		12,359.22	14,788.12
Tax expense			
Current tax		3,032.10	3,897.66
MAT credit (entitlement) / utilised		(2,471.46)	1,490.55
Deferred tax		3,593.69	26.70
		4,154.33	5,414.91
Profit after tax, before prior period adjustments		8,204.89	9,373.21
Tax adjustment for earlier years (refer note 47)		-	(18.44)
Profit for the year		8,204.89	9,354.77
Earnings per equity share (₹)	31		
Basic and diluted earning per share before prior period item		12.42	14.19
Basic and diluted earning per share after prior period item		12.42	14.16

Notes 1 to 48 form an integral part of these 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, Chandiok & Co**
Chartered Accountants

Sandip Somany
Joint Managing Director

Rajendra K Somany
Chairman and Managing Director

per **Atul Seksaria**
Partner
Place : Gurgaon
Date : 24 May 2013

Payal M. Puri
Company Secretary

V. K. Ajmera
Sr. Vice President (Corporate Finance)

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2013

₹ in lacs

	Year ended 31 March 2013	Year ended 31 March 2012
A. Cash flow from operating activities		
Net Profit before tax	12,359.22	14,788.12
Adjustments for:		
Unrealised foreign exchange loss / (gain)	4.98	(11.21)
Depreciation and amortisation	9,321.25	6,506.56
Miscellaneous expenditure written off	0.06	0.06
Gain on disposal of fixed assets	(97.48)	(204.00)
Loss on disposal of fixed assets	4.28	16.64
Finance cost	6,939.07	4,195.22
Dividend income	(0.60)	(75.70)
Interest income	(198.64)	(157.53)
Loss on sale of current investments	-	24.82
Gain on sale of current investments	(14.26)	(9.31)
Profit on sale of shares held in subsidiary	(2,366.30)	-
Bad debts and provision for doubtful debts and advances	196.21	144.18
Sundry balances and liabilities no longer required written back	(535.83)	(184.62)
Operating profit before working capital changes	25,611.96	25,033.23
Adjustments for :		
Increase in inventories	(10,075.34)	(7,943.51)
Increase in trade / other receivables	(12,214.39)	(8,892.49)
Increase in trade / other payables	3,173.48	10,923.99
Cash generated from operations	6,495.71	19,121.22
Direct taxes paid	(3,433.94)	(3,757.35)
Net cash from operating activities	3,061.77	15,363.87
B. Cash flow from investing activities		
Purchase of fixed assets including capital work in progress	(12,044.69)	(51,730.85)
Proceeds from sale of fixed assets	299.92	312.79
Purchase of investments	(3.19)	(237.47)
Sale proceeds of investments(net)	4,219.11	2,449.10
Movement in restricted cash	(181.51)	(11.81)
Interest received	160.54	165.86
Dividend received	0.60	75.70
Net cash used in investing activities	(7,549.22)	(48,976.68)

₹ in lacs

Year ended
31 March 2012Year ended
31 March 2013**C. Cash flow from financing activities**

Proceeds from long term borrowings	11,354.57	34,415.45
Repayment of long term borrowings	(6,837.48)	(8,764.60)
Movement in short term borrowings (net)	9,586.96	19,016.82
Interest paid	(6,730.36)	(4,023.11)
Dividend paid	(1,969.76)	(1,642.72)
Taxes on dividend paid	(321.43)	(267.86)
Net cash (used in) from financing activities	5,082.50	38,733.98
Net increase in cash and cash balances	595.05	5,121.17
Cash and cash balances at the beginning of the year	7,062.49	1,941.32
Cash and cash balances at the close of the year	7,657.54	7,062.49

Note:**Cash and cash balances include:**

Cash, cheques in hand, remittances in transit and fixed deposits	7,174.52	6,629.17
Balances in current account with bank	483.02	433.32
Cash and cash balances	7,657.54	7,062.49
Balances in fixed deposit accounts - pledged	471.96	230.25
Balances in unpaid dividend accounts	66.86	55.23
Bonus fraction 2005 account	-	0.34
Share split fraction 2006 account	0.30	0.30
Balance with bank not considered as cash balances	539.12	286.12
Cash and bank balances as per balance sheet	8,196.66	7,348.61

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 Directorper **Atul Seksaria**
Partner
Place : Gurgaon
Date : 24 May 2013**Payal M. Puri**
Company Secretary**V. K. Ajmera**
Sr. Vice President (Corporate Finance)

NOTES to the consolidated financial statements for the year ended 31 March 2013

Note 1

i) 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, i.e. the Parent Company and its subsidiaries namely, AGI Glasspack Ltd.(upto 24 March 2013 since ceased to be subsidiary w.e.f. 25 March 2013), Hindware Home Retail Pvt. Ltd., HSIL Associates Ltd., Garden Polymers Pvt. Ltd., Halis International Ltd., Alchemy International Cooperatief U.A., Barwood Products Limited 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	Subsidiary w.e.f. from	Country of Incorporation	Percentage of shareholding
Hindware Home Retail Private Limited	9 September 2006	India	100%
AGI Glasspack Limited (upto 24 March 2013 since ceased to be subsidiary w.e.f. 25 March 2013)	29 May 2003	India	100%
HSIL Associates Limited	4 September 2008	India	100%
Garden Polymers Pvt. Limited	12 August 2011	India	100%
Halis International Limited	14 January 2009	Mauritius	100%
Alchemy International Cooperatief U.A. (Subsidiary of Halis International Limited)	24 April 2009	Netherlands	100%
Haas International B.V. (Subsidiary of Alchemy International Cooperatief U.A.)	8 July 2009	Netherlands	100%
Barwood Products Limited (Subsidiary of Haas International B.V.)	23 June 2010	U.K	100%

ii) 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 Companies (Accounting Standards) Rules, 2006 issued by the Central Government in exercise of the power conferred under sub-section (1)(a) of section 642 and the relevant provisions of the Companies Act, 1956 (the 'Act') , except as specifically stated in note 44 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 Group and are consistent with those used in the previous year.

Note 2 Summary of significant accounting policies

i. 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

NOTES to the consolidated financial statements for the year ended 31 March 2013

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 are recognised in the current and future periods.

ii. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of goods

Revenue from sale of goods is recognised when all the significant risks and rewards in respect of ownership of the goods are transferred to the customer and the Company retains no effective control of the goods transferred to the buyer 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 and insurance claims 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 (other than those which have been revalued) 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.

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.

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 and the cost of the asset can be measured reliably in accordance with Accounting Standard-26.

Capital work-in-progress

Capital work-in-progress includes assets under erection / installation comprising of direct cost and related incidental expenses. Capital work-in-progress is stated at cost and not depreciated. Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

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 consolidated financial statements for the year ended 31 March 2013

- ii. on furnaces (included in plant and machinery) having a cost of ₹ 19,890.76 lacs (previous year ₹ 12,054.82 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 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 shorter;
- iv. all individual assets costing ₹ 5,000 or less are depreciated in full in the year of purchase.

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 three 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 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.

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 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.

ix. 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

NOTES to the consolidated financial statements for the year ended 31 March 2013

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 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 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.

xi. 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.

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.

NOTES to the consolidated financial statements for the year ended 31 March 2013

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.

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

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.

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.

NOTES to the consolidated financial statements for the year ended 31 March 2013

xv. 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.

xvi. 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; and
- ☐ present obligation, where a reliable estimate cannot be made.

xvii. 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:

- a) Revenues and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment.
- b) 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.
- c) 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.

NOTES to the consolidated financial statements for the year ended 31 March 2013

Particulars	As at 31 March 2013		As at 31 March 2012	
	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 2013		31 March 2012	
	No.	₹ in lacs	No.	₹ in lacs
Equity shares outstanding at the beginning of the year	6,60,46,395	1,320.93	6,60,46,395	1,320.93
Equity shares outstanding at the end of the year	6,60,46,395	1,320.93	6,60,46,395	1,320.93

(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 2013, the amount of per share dividend is recognised as distribution to equity shareholder as ₹ 3 per share (previous year ₹ 3 per share)

The dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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 consolidated financial statements for the year ended 31 March 2013

		₹ in lacs	
Particulars	As at 31 March 2013	As at 31 March 2012	
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	
	120.80	121.06	
b. Capital redemption reserve	15.00	15.00	
c. Securities premium account	21,144.82	21,144.82	
d. Central subsidy reserve*	25.00	25.00	
e. Business reconstruction reserve **			
Opening balance	32,267.37	9,767.37	
Add : Revaluation of land during the year	-	22,500.00	
Closing balance	32,267.37	32,267.37	
f. General reserve			
Opening balance	18,903.64	16,903.64	
Add: Transfer from surplus in the statement of profit and loss for the year	2,000.00	2,000.00	
Closing balance	20,903.64	18,903.64	
<i>General reserve includes ₹ 10,000 lacs transferred from Business Reconstruction Reserve which cannot be used for issue of bonus shares and payment of dividend.</i>			
g. Foreign currency translation reserve			
Opening balance	23.68	23.26	
Add: During the year	4.52	0.42	
Closing balance	28.20	23.68	
h. Surplus in the statement of profit and loss			
Opening balance	22,917.93	17,866.81	
Add: Net profit for the current year	8,204.89	9,354.77	
Appropriations:			
Asset revaluation reserve	-	(0.83)	
Proposed dividends including corporate dividend tax of ₹ 336.74 lacs (previous year ₹ 321.43 lacs)	(2,318.13)	(2,302.82)	
Profit of a subsidiary company(ceased to be subsidiary w.e.f 25 March 2013)	(1.68)		
Transfer to general reserve	(2,000.00)	(2,000.00)	
Closing balance	26,803.01	22,917.93	
	1,01,307.84	95,418.50	

* 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 redemption reserve, securities premium account, central subsidy reserve and business reconstruction reserve during the year.

NOTES to the consolidated financial statements for the year ended 31 March 2013

₹ in lacs

Particulars	As at 31 March 2013	As at 31 March 2012
Note 5 Long-term borrowings		
Secured		
Term loans from banks		
Foreign currency loans	48,813.24	46,667.42
Rupee loans	4,766.78	2,789.98
Car finance loans	-	40.70
	53,580.02	49,498.10
Unsecured		
Deferred payment liabilities	5,075.54	4,680.62
	5,075.54	4,680.62
	58,655.56	54,178.72

Notes:

1. Foreign currency loans comprises of :

- 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.
- 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 + 225 bps, 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.
- 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,

NOTES to the consolidated financial statements for the year ended 31 March 2013

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) External commercial borrowings (ECB) of USD 20.00 million from The Hongkong and Shanghai Banking Corporation Limited carrying interest @ 6 months LIBOR + 300 bps, is repayable in 35 installments ranging from USD 0.57 million to USD 0.15 million starting from November 2014 and are secured by first pari-passu charge over all present and future movable and immoveable fixed assets of Sanitaryware plant located at Bahadurgarh, District Jhajjar, Haryana.
- i) Term loan of GBP 130,000 taken by Barwood Products Limited (UK) from HSBC Bank Plc, London is repayable in 33 equal installments of GBP 3,926.48 carrying interest rate 5% p.a. This loan is secured by hypothecation of stocks, book debts and fixed assets. Further HSIL Limited, the parent company, has given corporate guarantee to secure the same.

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) DBS Bank Ltd : Term loan of ₹ 5,000 lacs carrying interest @ 9.75% p.a., is repayable in 48 quarterly installments ranging from ₹ 62.50 lacs to ₹ 125.00 lacs starting from February, 2014 and is secured by first pari-passu charge on immovable and movable fixed assets located at the company's sanitaryware plant at Bahadurgarh, District Jhajjar, Haryana.
- c) i. Central Bank of India : Term loan-I of ₹ 880 lacs, carrying interest @ 14% p.a , is repayable in 8 quarterly installments of ₹ 44 lacs and remaining 8 quarterly installments of ₹ 66 lacs starting from Quarter 1 of 2011-12 and Quarter 1 of 2013-14 respectively.
ii. Term loan-II of ₹ 1,500 lacs, carrying interest @ 14% p.a , which is repayable in 16 equal quarterly installments of ₹ 93.75 lacs starting from Quarter 3 of 2013-14. Term Loan-I and Term Loan-II 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 HSIL Limited(Holding 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 lac starting from April 2011 and is secured by hypothecation of vehicles finance out of the proceed of such loan.
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 2012-2013, is repayable by the end of financial year 31 March 2027 is secured against the movable 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 ₹ 10,088.48 lacs (previous year ₹ 7,373.57 lacs) are included under the head 'Other current liabilities'.

NOTES

to the consolidated financial statements for the year ended 31 March 2013

Particulars	₹ in lacs	
	As at 31 March 2013	As at 31 March 2012
Note 6 Deferred taxes (net)		
Deferred tax liability		
Impact of difference between tax depreciation and depreciation charged for the financial year	13,680.18	8,529.24
	13,680.18	8,529.24
Deferred tax assets		
Provision for doubtful debts, loans and advances	172.41	114.52
Disallowance under section 43 B	65.46	62.40
Employee benefits	190.44	143.79
Forex adjustments on ECB	1,845.84	384.46
Tax impact of other expenses charged in the financial statement but allowable as deductions in future years under income-tax	(5.52)	6.21
	2,268.63	711.38
	11,411.55	7,817.86

Particulars	₹ in lacs	
	As at 31 March 2013	As at 31 March 2012
Note 7 Other long-term liabilities		
Trade deposits from dealers*	1,168.66	1,044.31
Others		
Earnest money deposits	23.20	54.78
Vehicle loan deposits from employees	169.30	174.26
Security deposits / retention money payable	40.29	20.03
Other liabilities	5.16	6.52
	1,406.61	1,299.90

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

Particulars	₹ in lacs	
	As at 31 March 2013	As at 31 March 2012
Note 8 Long-term provisions		
Provision for employee benefits		
Gratuity (refer note 36)	22.62	29.81
Compensated absences (refer note 36)	421.19	318.01
	443.81	347.82

NOTES

to the consolidated financial statements for the year ended 31 March 2013

Particulars	₹ in lacs	
	As at 31 March 2013	As at 31 March 2012
Note 9 Short-term borrowings		
Secured		
Cash credit facilities from banks	4,118.16	3,939.96
Short term loans from banks	2,250.00	-
Buyer's credit facilities from banks	2,704.61	1,036.35
	9,072.77	4,976.31
Unsecured		
Buyer's credit facilities from banks	3,392.42	3,423.38
Short term loan from banks	13,700.00	500.00
Commercial paper	8,500.00	16,000.00
	25,592.42	19,923.38
	34,665.19	24,899.69

Notes:

- Buyer's credit facilities from Citibank N.A., Standard Chartered Bank, Andhra Bank, The Hongkong Shanghai Banking Corporation Limited carrying rate of interest ranging between 1.53% - 2.29% p.a. are repayable within 6 months from the origination 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 of 13.25% p.a. is repayable on demand 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 12% p.a. is repayable on demand 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 DBS Bank Limited carrying rate of interest 12.50% p.a. is repayable on demand 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 Andhra Bank carrying rate of interest 13.50% p.a. is repayable on demand 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 12.75% p.a. is repayable on demand 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 facility from Central Bank of India carrying rate of Interest 14.25% p.a. is repayable on demand is secured by hypothecation against stocks, goods in transit, receivables, and all other current assets and also secured against a corporate guarantee provided by HSIL Limited, the holding company.
- Cash credit from HDFC Bank Ltd. carrying rate of interest 12.70% p.a. are repayable on demand is secured by hypothecation of stocks and book debts of GPPL and further secured by second charge on all the fixed assets of the company situated at Dharwad.
- Overdraft facility from HSBC Bank Plc, London carrying rate of interest 5% p.a is repayable on demand and is secured by hypothecation of stocks, book debts and fixed assets. Further HSIL Limited, the parent company, has given corporate guarantee to secure the same.

NOTES to the consolidated financial statements for the year ended 31 March 2013

- j) Short term secured loan from DBS Bank Limited amounting to ₹ 1,200 lacs (previous year ₹ Nil) carrying interest rate ranging from 10% to 10.35% p.a. is repayable by April 2013.
- k) Short term secured loan from Standard Chartered Bank amounting to ₹ 400 lacs (previous year ₹ Nil) carrying interest rate of 10.90% p.a. is repayable by June 2013.
- l) Short term secured loan from The Hongkong and Shanghai Banking Corporation Limited amounting to ₹ 500 lacs (previous year ₹ Nil) carrying interest rate of 9.85% p.a. is repayable by April 2013.
- m) Short term secured loan from The Hongkong and Shanghai Banking Corporation Limited amounting to ₹ 150 lacs (previous year ₹ Nil) carrying interest rate of 9.75% p.a. is repayable by June 2013.
- n) Short term unsecured commercial paper outstanding as at the year end ₹ 8,500 lacs (previous year ₹ 16,000 lacs) is issued by way of earmarking of working capital limit with banks is repayable as under:
- Commercial paper ₹ 3,500 lacs (discounted value ₹ 3,414.13 lacs) issued on 15 March 2013 discounted @ 10.20% p.a. repayable by June 2013
 - Commercial paper ₹ 5,000 lacs (discounted value ₹ 4,885.55 lacs) issued on 14 January 2013 discounted @ 9.50% p.a. repayable by April 2013
- o) Short term unsecured loan from HDFC Bank amounting to ₹ 5,000 lacs (previous year ₹ Nil) carrying interest rate of 9.95% p.a. is repayable by August 2013.
- p) Short term unsecured loan from Citi Bank amounting to ₹ 1,900 lacs (previous year ₹ Nil) carrying interest rate of 10.10% p.a. is repayable by February 2014.
- q) Short term unsecured loan from The Hongkong and Shanghai Banking Corporation Limited amounting to ₹ 1,000 lacs (previous year ₹ Nil) carrying interest rate of 9.80% p.a. is repayable by July 2013.
- r) Short term unsecured loan from First Rand Bank amounting to ₹ 2,500 lacs (previous year ₹ Nil) carrying interest rate of 10.60% p.a. is repayable by June 2013.
- s) Short term unsecured loan from The Bank of Nova Scotia amounting to ₹ 3,300 lacs (previous year ₹ 500 lacs) carrying interest rate ranging from 9.75% p.a. to 11.75% p.a. is repayable by September 2013.
- t) Buyer's credit unsecured facilities from IDBI Bank carrying rate of interest ranging between 1.53% - 2.29% p.a. are repayable within 6 months from the origination.

Particulars	₹ in lacs	
	As at 31 March 2013	As at 31 March 2012
Note 10 Trade payables		
- Due to Micro, Small & Medium Enterprises (refer note 34)	17.92	152.12
- Total outstanding dues to units other than Micro, Small & Medium Enterprises	16,198.78	12,030.08
	16,216.70	12,182.20

NOTES to the consolidated financial statements for the year ended 31 March 2013

₹ in lacs

Particulars	As at 31 March 2013	As at 31 March 2012
Note 11 Other current liabilities		
Current maturities of long term borrowings	10,088.48	7,373.57
Interest accrued but not due on loans	680.88	478.26
Investor education and protection fund*		
- Unclaimed dividends	66.86	55.23
- Unclaimed share fraction 2006	0.30	0.30
- Unclaimed bonus fraction 2005	-	0.34
Gratuity payable (net of obligation) (refer note 36)	74.73	45.85
Other payables		
Advance from customers	1,597.45	1,484.90
Statutory liabilities	1,177.57	955.70
Payable to employees	1,313.83	1,028.60
Creditor for expenses	3,885.77	3,782.50
Commission payable to directors	1,143.15	1,643.95
Creditor for capital goods	614.33	4,523.46
Other liabilities**	8,413.22	6,191.32
	29,056.57	27,563.98

* Not due for deposit

** Including excise duty payable ₹ 2,554.03 lacs (previous year: ₹ 1,464.69 lacs) on finished goods lying at the Company's bonded warehouses.

₹ in lacs

Particulars	As at 31 March 2013	As at 31 March 2012
Note 12 Short-term provisions		
Provision for employee benefits		
Gratuity (refer note 36)	5.23	0.21
Compensated absences (refer note 36)	187.64	150.50
	192.87	150.71
Other provisions		
Provision for income tax	-	314.67
[net of advance payment including TDS of ₹ Nil (previous year ₹ 7,781.34 lacs)]		
Proposed dividend	1,981.39	1,981.39
Corporate dividend tax	336.74	321.43
	2,318.13	2,617.49
	2,511.00	2,768.20

NOTES to the consolidated financial statements for the year ended 31 March 2013

NOTE 13 FIXED ASSETS

Particulars	As at 1 April 2012	Additions	Acquisition through business combinations	Gross block Other adjustments (Borrowing cost and foreign exchange fluctuation)	Sales/ adjustment	Revaluation	As at 31 March 2013	Depreciation and amortisation			Net block		₹ in lacs
								Upto 1 April 2012	For the year adjustment	Upto 31 March 2013	As at 31 March 2013	As at 31 March 2012	
Tangible assets													
Land freehold	49,211.98	582.20	-	-	1,275.70	-	48,518.48	-	-	-	48,518.48	49,211.98	
Building	19,883.12	5,922.94	-	654.64	5.67	-	26,455.03	2,949.71	665.66	3,613.63	22,841.40	16,933.41	
Plant & machinery	69,077.15	28,564.70	-	4,779.65	8.54	-	1,02,412.96	28,298.46	7,466.15	35,759.26	66,653.70	40,778.69	
Vehicles	2,238.16	215.60	-	-	402.86	-	2,050.90	670.04	418.11	839.12	1,211.78	1,568.12	
Office equipments	894.21	87.60	-	-	13.96	-	967.85	199.21	52.57	242.69	725.16	695.00	
Computers (including software)	2,549.41	176.03	-	-	4.89	-	2,720.55	1,353.04	499.47	1,848.03	872.52	1,196.37	
Furniture & fixtures	2,993.37	443.30	-	-	12.96	-	3,423.71	398.39	256.69	651.46	2,772.25	2,594.98	
Leasehold land	241.77	-	-	-	16.77	-	225.00	5.76	1.19	6.95	218.05	236.01	
Leasehold improvements	1,100.89	137.27	-	-	14.50	-	1,223.66	584.91	(59.64)	520.44	703.22	515.98	
											1,44,516.56	1,13,730.54	
Intangible Assets													
Trade mark	300.00	46.71	-	-	35.87	-	310.84	300.00	-	300.00	10.84	-	
Technical know how	207.30	-	-	-	-	-	207.30	39.76	21.05	60.81	146.49	167.54	
											157.33	167.54	
Goodwill on consolidation	5,784.02	-	-	-	-	-	5,784.02	0.23	-	0.23	5,783.79	5,783.79	
Total	1,54,481.38	36,176.35	-	5,434.29	1,791.72	-	1,94,300.30	34,799.51	9,321.25	278.14	43,842.62	1,50,457.68	1,19,681.87

- The borrowing cost capitalised during the year ended 31 March 2013 was ₹ 953.17 lacs (Previous year ₹ 29.18).
- The premium and foreign exchange loss of ₹ 4,481.12 lacs capitalised during the year ended 31 March 2013 (Previous year ₹ 2,427.01 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 2013

NOTE 13 FIXED ASSETS

Particulars	As at 1 April 2011	Gross block			Depreciation and amortisation			Net block		₹ in lacs
		Acquisition through business combinations	Other adjustments (Borrowing cost and foreign exchange fluctuation)	Sales/ adjustment	Revaluation	As at 31 March 2012	Upto 1 April 2011	For the year adjustment	Upto 31 March 2012	As at 31 March 2011
Tangible assets										
Land freehold	26,157.42	296.54	-	-	22,500.00	49,211.98	-	-	49,211.98	26,157.42
Building	16,624.47	2,300.74	490.56	-	-	19,883.12	2,488.49	461.22	2,949.71	14,135.98
Plant & machinery	59,320.43	4,843.39	1,965.63	73.61	-	69,077.15	23,577.06	4,783.84	28,298.46	35,743.37
Vehicles	1,533.80	1,031.14	-	343.58	-	2,238.16	549.23	352.00	670.04	984.57
Office equipments	672.77	175.29	-	1.46	-	894.21	150.24	49.63	199.21	522.53
Computers (including software)	1,924.53	622.05	-	3.10	-	2,549.41	978.90	376.09	1,353.04	945.63
Furniture & fixtures	1,345.75	1,631.92	-	-	-	2,993.37	282.12	116.27	398.39	1,063.63
Leasehold land	222.00	19.77	-	-	-	241.77	4.55	1.21	5.76	217.45
Leasehold improvements	1,100.89	-	-	-	-	1,100.89	239.45	345.46	584.91	861.44
									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	188.27
									167.54	188.27
Goodwill on consolidation	347.79	5,436.23	-	-	-	5,784.02	0.12	0.11	0.23	347.67
Total	1,09,757.15	16,357.07	2,456.19	421.75	22,500.00	1,54,481.38	28,589.19	6,506.56	34,799.51	81,167.96

NOTES to the consolidated financial statements for the year ended 31 March 2013

Particulars	₹ in lacs	
	As at 31 March 2013	As at 31 March 2012
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
30,000 (previous year Nil) equity shares of ₹ 10 each fully paid-up in Indian Plumbing Skills Council	3.00	-
Nil (previous year 20,100) equity shares of ₹ 25 each fully paid-up in Shamrao Vithal Co-op Bank Ltd.	-	5.03
	1,076.61	1,078.64
Non- trade investments (valued at cost unless stated otherwise)		
Unquoted Government securities		
National Savings Certificates*	2.11	1.92
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
	2.13	1.94
	1,078.74	1,080.58
Aggregate amount of quoted investments {market value ₹ 0.02 lacs (previous year: ₹ 0.02 lacs)}	0.02	0.02
Aggregate amount of unquoted investment	1,078.72	1,080.56
*Deposited with government authority	2.11	1.92

Particulars	₹ in lacs	
	As at 31 March 2013	As at 31 March 2012
Note 15 Long-term loans and advances		
Capital advances - secured, considered good	3,346.84	3,789.02
Security deposits - unsecured, considered good	1,606.84	2,140.96
Other loans and advances		
-Prepaid expenses	85.96	163.88
-Others	296.00	120.51
	5,335.64	6,214.37

NOTES to the consolidated financial statements for the year ended 31 March 2013

₹ in lacs

Particulars	As at 31 March 2013	As at 31 March 2012
Note 16 Other non-current assets		
Fixed deposits with banks whose original maturity is more than twelve months**	130.98	693.44
Interest accrued but not due on deposits	46.70	27.48
Others	8.24	9.68
Preliminary Expenses(to the extent not written off)	-	0.06
	185.92	730.66

** Fixed deposits includes margin money deposits amounting to ₹ 130.98 lacs (previous year: ₹ 693.44 lacs) pledged with banks against various bank guarantees / letter of credit issued by banks on behalf of the Company.

₹ in lacs

Particulars	As at 31 March 2013	As at 31 March 2012
Note 17 Current investments		
Unquoted Mutual funds		
Nil (previous year 1,05,576.977) units of ₹ 10 each fully paid in Reliance liquidfund-Treasury Growth Plan	-	26.61
2,483.569 (previous year 2,573.408) units of ₹ 10 each fully paid in HDFC Prudence fund-growth	4.26	4.41
	4.26	31.02
Aggregate amount of unquoted investments	4.26	31.02

₹ in lacs

Particulars	As at 31 March 2013	As at 31 March 2012
Note 18 Inventories		
(As taken, valued and certified by the management)		
Raw materials and components	3,378.01	3,545.11
Work-in-progress	1,314.41	1,216.84
Finished goods (including traded goods)	31,505.49	20,339.49
Stores and spares	2,491.26	2,876.85
Add: Goods in transit	423.94	62.03
Loose tools	14.47	18.57
Packing material	769.61	734.77
Oils, fuels & lubricants and others	770.70	1,798.88
	40,667.89	30,592.54

NOTES

to the consolidated financial statements for the year ended 31 March 2013

Particulars	₹ in lacs	
	As at 31 March 2013	As at 31 March 2012
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	490.52	232.13
- Considered good	390.30	480.30
- Considered good- secured	27.58	33.33
	908.40	745.76
Less: Provision for doubtful debts	490.52	232.13
	417.88	513.63
Other debts		
- Considered good	38,053.96	23,483.08
- Considered good- secured	460.89	399.86
	38,514.85	23,882.94
Less: Provision for doubtful debts	-	-
	38,514.85	23,882.94
	38,932.73	24,396.57

Particulars	₹ in lacs	
	As at 31 March 2013	As at 31 March 2012
Note 20 Cash and Bank balances		
Cash and cash equivalents		
Balances with Banks		
Current accounts	483.02	317.42
Fixed deposits with original maturity of less than 3 months	5,450.00	5,475.00
Cheques on hand	844.37	0.62
Cash on hand	167.24	127.69
Remittance in transit	710.84	1,115.40
	7,655.47	7,036.13
Earmarked balances with Banks		
Unclaimed dividend accounts	66.86	55.23
Unclaimed bonus fraction account	-	0.34
Unclaimed share fraction account	0.30	0.30
Other bank balances		
Held as margin money in fixed deposits	471.96	230.26
Fixed deposits with maturity of less than twelve months	2.07	26.35
	8,196.66	7,348.61

NOTES

to the consolidated financial statements for the year ended 31 March 2013

₹ in lacs

Particulars	As at 31 March 2013	As at 31 March 2012
Note 21 Short-term loans and advances		
Unsecured, considered good		
Advances recoverable in cash or in kind or for value to be received	556.01	650.55
Advances to suppliers	775.90	2,019.48
Balances with excise, sales tax and other authorities	1,772.71	1,570.06
MAT credit entitlement	2,471.46	-
Advance to employees	26.44	45.18
Advance income tax (net of provisions of ₹ 12,563.60 lacs previous year ₹ Nil)	180.32	-
	5,782.84	4,285.27
Unsecured, considered doubtful		
Advances recoverable in cash or in kind or for value to be received	119.30	125.22
Less : Provision for doubtful loans and advances	119.30	125.22
	-	-
	5,782.84	4,285.27

₹ in lacs

Particulars	As at 31 March 2013	As at 31 March 2012
Note 22 Other current assets		
Interest accrued but not due on deposits	134.15	108.45
	134.15	108.45

₹ in lacs

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Note 23 Income from operations		
Sales of products		
Finished goods	1,87,761.07	1,54,928.64
Other operating income		
Export incentives	81.65	282.39
Sundry balances and liabilities no longer required written back	509.83	176.12
Gain on foreign exchange fluctuations	395.95	346.85
Maintenance service income	66.59	69.21
Insurance claims received	421.40	157.48
Scrap sales	403.82	351.40
Provision for doubtful debts written back	-	4.39
Miscellaneous receipts	580.16	336.71
	1,90,220.47	1,56,653.19

NOTES to the consolidated financial statements for the year ended 31 March 2013

Particulars	₹ in lacs	
	Year ended 31 March 2013	Year ended 31 March 2012
Note 24 Other income		
Rent received	37.66	51.13
Dividend on investments	0.60	75.70
Interest received (gross) on		
-Loans to bodies corporate	2.82	3.87
-Deposits with banks	84.44	73.71
-Margin money with banks	53.81	43.47
-Advance to suppliers	4.12	-
-Other accounts	53.45	36.47
Gain on disposal of fixed assets	97.48	204.00
Excess balances and liabilities written back	26.00	8.50
Miscellaneous income	8.75	2.00
Gain on sale of current investments	14.26	9.31
	383.39	508.16

Particulars	₹ in lacs	
	Year ended 31 March 2013	Year ended 31 March 2012
Note 25 Cost of raw materials consumed		
Cost of raw materials consumed	34,270.64	26,135.07
	34,270.64	26,135.07

Particulars	₹ in lacs	
	Year ended 31 March 2013	Year ended 31 March 2012
Note 26 Purchases of traded goods		
Sanitaryware and others products	28,623.40	25,831.15
	28,623.40	25,831.15

NOTES to the consolidated financial statements for the year ended 31 March 2013

Particulars	₹ in lacs	
	Year ended 31 March 2013	Year ended 31 March 2012
Note 27 Change in stock of finished goods and work in progress		
Opening stock		
Work in progress	1,216.84	760.10
Finished goods	20,339.49	15,770.21
Add: Stock received pursuant to purchase of Garden Polymers Private Limited	-	249.78
	21,556.33	16,780.09
Less: Closing stock		
Work in progress	1,314.41	1,216.84
Finished goods	31,505.49	20,339.49
	32,819.90	21,556.33
Change in stocks	11,263.57	4,776.24
Excise duty on opening stock	1,419.05	1,201.92
Stock transferred from capital work in progress to finished goods on account of capitalisation of Furnace V	(1,422.85)	-
Less : Excise duty on closing stock	2,644.08	1,419.05
Change in excise duty on finished stocks	2,647.88	217.13
Change in stock of finished goods and work in progress	8,615.69	4,559.11

Particulars	₹ in lacs	
	Year ended 31 March 2013	Year ended 31 March 2012
Note 28 Employee benefit expenses		
Salaries, wages and bonus	16,693.57	14,545.44
Contribution to provident and other funds	792.04	744.82
Staff welfare expenses	736.65	616.60
	18,222.26	15,906.86

NOTES to the consolidated financial statements for the year ended 31 March 2013

Particulars	₹ in lacs	
	Year ended 31 March 2013	Year ended 31 March 2012
Note 29 Other expenses		
Power and fuel	40,367.26	27,658.88
Stores and spares consumed	3,909.00	3,572.79
Packing material consumed	8,424.21	6,940.42
Loose tools consumed	73.55	58.19
Oil, fuel and lubricant consumed	387.64	229.53
Repairs and maintenance:		
-Buildings	311.78	267.24
-Plant and machinery	940.45	737.26
-Other assets	317.54	301.94
Rent (including hire charges)	2,208.49	1,672.05
Rates and taxes	564.45	392.49
Directors sitting fees	1.15	1.13
Expenditure on ceramic and applied research centre	57.28	42.86
Insurance	429.49	340.00
Travelling and conveyance	1,987.75	1,770.53
Discounts	3,577.99	2,717.16
Commission on sales	693.98	301.37
Expenses on exports	1,055.84	826.07
Advertisement and publicity	2,302.32	1,114.81
Other selling and distribution expenses	6,648.76	6,332.23
Provision for doubtful debts and advances	159.26	138.81
Bad debts written off	36.95	5.37
Charity and donation	62.18	61.31
Loss on foreign exchange fluctuation	586.41	440.94
Loss on sale of current investments	-	24.82
Loss on sale of fixed assets	4.28	16.64
Miscellaneous expenses	2,649.02	2,021.07
	77,757.03	57,985.91

Particulars	₹ in lacs	
	Year ended 31 March 2013	Year ended 31 March 2012
Note 30 Finance cost		
Interest on		
- Fixed period loan	3,884.70	3,554.67
- Others	2,985.72	593.43
Other borrowing costs	68.65	47.12
	6,939.07	4,195.22

NOTES to the consolidated financial statements for the year ended 31 March 2013

Particulars	₹ in lacs	
	Year ended 31 March 2013	Year ended 31 March 2012
Note 31 Earning per share		
a) Computation of profit		
Profit after tax before prior period item	8,204.89	9,373.21
Less: Prior period item	-	(18.44)
Profit attributable to equity shareholders after prior period item	8,204.89	9,354.77
b) Computation of weighted average number of shares for		
Basic and diluted earnings per share (refer note 3)	6,60,46,395	6,60,46,395
c) Nominal value per share (₹)	2	2
d) Earnings per share – basic and diluted before prior period item(₹)	12.42	14.19
Earnings per share – basic and diluted after prior period item (₹)	12.42	14.16

Particulars	₹ in lacs	
	As at 31 March 2013	As at 31 March 2012
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	532.98	365.15
b) Demands raised by the income tax authorities against which appeals have been filed	283.60	-
c) Demands made by the sales tax authorities against which appeals have been filed	148.04	247.54
d) Service tax	91.71	85.97
e) Bank guarantees outstanding	2,610.03	3,168.54
f) Claims against the Group not acknowledged as debts	2,139.62	2,049.56
g) Duty availed on imports against EPCG licenses	2,982.85	3,098.05
h) Corporate guarantees (Barwood Products Limited, Hindware Home Retail Private Limited and Garden Polymers Private Limited)	7,212.10	7,205.02
2. Unfulfilled export obligation under EPCG license of EXIM Policy	23,862.82	24,784.42

Particulars	₹ in lacs	
	As at 31 March 2013	As at 31 March 2012
Note 33 Capital and other commitments		
Commitments relating to contracts remaining to be executed on capital account and other commitments not provided for.	7,724.58	28,084.24

NOTES to the consolidated financial statements for the year ended 31 March 2013

₹ in lacs

Particulars	As at 31 March 2013	As at 31 March 2012
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	17.92	152.12
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 (MSMED). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2013 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.

₹ in lacs

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Note 35 Miscellaneous expenses include payments to auditors of the Parent Company for :		
a) Audit fee	16.85	15.73
b) Taxation matters	2.81	2.25
c) Other services	11.24	6.08
d) Reimbursement of expenses	6.24	4.68
	37.14	28.74

₹ in lacs

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
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 **	482.12	426.99
Employer's contribution to ESI	129.93	130.52

* 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.

NOTES

to the consolidated financial statements for the year ended 31 March 2013

Particulars	₹ in lacs	
	Year ended 31 March 2013 Gratuity funded	Year ended 31 March 2012 Gratuity funded
Note 36 Employee benefits (contd.)		
b) Defined benefit plan		
Amount recognised in balance sheet		
Present value of obligation	1,369.93	1,243.09
Fair value of plan assets	1,267.36	1,133.30
Net Assets (liability) recognised in the balance sheet (refer note 11)	102.57	109.79
Amount recognised in the statement of profit and loss		
Current service cost	133.97	117.95
Interest cost	93.84	84.87
Expected return on plan assets	(90.67)	(89.85)
Actuarial loss / (gain)(net)	13.18	98.43
Total included in employee benefit expenses*	150.32	211.40
Actual return on plan assets	127.12	45.64
*Refer note 28		
Reconciliation of opening and closing balances of benefit obligations and plan assets		
Change in defined benefit obligation		
Opening defined benefit obligation	1,243.09	1,121.54
Interest cost	93.84	84.87
Current service cost	133.97	117.95
Benefits paid	(142.87)	(135.49)
Actuarial (gain) / loss	41.90	54.22
Closing defined benefit obligation	1,369.93	1,243.09
Changes in the fair value of plan assets		
Fair value of plan assets at the beginning of the year	1,133.30	1,122.90
Expected return on plan assets	90.67	89.85
Employer's contributions	149.80	100.25
Benefits paid	(142.86)	(135.49)
Actuarial (gain) / loss	36.45	(44.21)
Fair value of plan assets at the end of the year	1,267.36	1,133.30
Assumption used to determine the benefit obligations		
Discounting rate	8.0% - 8.5%	8.0% - 8.5%
Expected rate of increase in compensation levels	5.0% - 6.0%	5.0% - 6.0%
Expected rate of return on plan assets	8.0% - 8.7%	8.0% - 8.5%
Expected average remaining working life of employees	17 - 28.53 years	17 - 29.17 years

NOTES to the consolidated financial statements for the year ended 31 March 2013

Amounts for the current and previous periods are as follows:

Particulars	2012-13	2011-12	2010-11	2009-10	2008-09
Defined benefit plan – Gratuity					
Defined benefit obligation	(1,369.93)	(1,243.09)	(1,108.14)	(1,014.96)	(925.35)
Plan assets	1,267.36	1,133.30	1,114.44	1,072.59	865.06
Surplus / (deficit)	(102.57)	(109.79)	6.30	57.63	(60.29)

The parent Company made annual contribution to the Birla Sun Life Insurance Company Limited ('BSL') and one subsidiary made contribution to LIC of India, of an amount advised by the BSL & LIC. The Company was not informed by BSL & LIC 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 2013 Compensated absences	Year ended 31 March 2012 Compensated absences
c) Other long term benefit plans		
Amounts recognised in balance sheet		
Present value of obligation	608.83	468.51
Fair value of plan assets	-	-
Funded status / difference	608.83	468.51
Unrecognised actuarial (gains) / losses	-	-
Net liability recognised in balance sheet	(608.83)	(468.51)
Long term (Refer note 8)	421.19	318.01
Short term (Refer note 12)	187.64	150.50
Amounts recognised in the statement of profit and loss		
Current service cost	92.56	80.21
Interest cost	36.88	30.49
Actuarial loss	179.88	116.16
Total included in 'employee benefit expense' *	309.32	226.86
Actual return on plan assets	-	-
* Refer Note 28		
Reconciliation of opening and closing balances of benefit obligations		
Change in benefit obligation		
Opening benefit obligation	468.51	358.67
Interest cost	36.88	30.49
Current service cost	92.56	80.21
Benefits paid	(169.00)	(117.02)
Actuarial loss	179.88	116.16
Closing benefit obligation	608.83	468.51
Assumptions used		
Discounting rate	8.00%	8.50%
Expected rate of increase in compensation levels	5.5% - 6.0%	6.00%
Expected average remaining working life of employees	21 - 28.55 years	19 - 29.17 years

NOTES to the consolidated financial statements for the year ended 31 March 2013

₹ in lacs

Particulars	As at 31 March 2013	As at 31 March 2012
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		
Exports outstanding	716.84	1,101.40
Payables		
Payable on imports	1,321.70	2,542.41
Loans		
Buyer's credit facility	6,097.03	4,459.73
Term loan	32,412.69	31,736.08

Details of derivative instruments outstanding as on 31 March 2013

In lacs

Particulars of hedged derivatives	31 March 2013	31 March 2012	Purpose
Sell (in USD)	60.00	-	Hedge of future receipts towards external commercial borrowings
Buy (in USD)	455.66	412.38	Hedge of future payments towards external commercial borrowings.

₹ in lacs

Particulars	Year ended 31 March 2013	Year ended 31 March 2012
Note 38 Capital work in progress includes expenditure during construction period		
Balance brought forward from previous year	3,721.89	-
Add:		
- Raw material consumed	1,063.61	394.46
- Packing material consumed	241.47	83.54
- Stores and spares consumed	272.31	154.51
- Power and fuel	1,519.57	652.49
- Insurance	-	12.58
- ECB loan processing charges	-	362.66
- Traveling and conveyance	10.05	77.96
- Rent and hiring charges	9.80	42.36
- Salary, wages and bonus	152.26	588.18
- Interest paid	246.94	706.22
- Foreign exchange fluctuation loss	25.81	2,021.41
- Mould job work charges	-	23.61
- Miscellaneous expenses	31.48	109.71
Total (A)	7,295.19	5,229.69

NOTES to the consolidated financial statements for the year ended 31 March 2013

Particulars	(₹ in lacs)	
	Year ended 31 March 2013	Year ended 31 March 2012
Note 38 Capital work in progress includes expenditure during construction period (contd.)		
Less :		
-Sales	2253.09	320.38
-Increase in stocks including excise duty	574.08	848.78
-Interest received	17.88	338.64
Total (B)	2,845.05	1,507.80
Total (A-B)	4,450.14	3,721.89
Allocated to fixed assets	4,450.14	-
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. Building products and Container glass.

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)

Particulars	Building products	Container glass	Others	(₹ in lacs)
				Year ended 31 March 2013
Segment Revenue				
External Sales (net)	73,106.50	81,755.56	18,806.03	1,73,668.09
	(61,193.39)	(70,956.15)	(12,407.54)	(1,44,557.08)
Other Income	1,548.71	802.55	108.14	2,459.40
	(951.78)	(696.69)	(76.08)	(1,724.55)
Segment results	13,578.97	7,132.10	(804.92)	19,906.15
	(12,218.33)	(10,863.67)	(1,066.86)	(22,015.14)
Exceptional items				2,366.30
				-
Unallocated corporate expenses (net)				2,974.16
				(3,031.80)
Interest				6,939.07
				(4,195.22)

NOTES to the consolidated financial statements for the year ended 31 March 2013

Particulars	Building products	Container glass	Others	₹ in lacs
				Year ended 31 March 2013
Income Tax (including deferred tax)				4,154.33 (5,433.35)
Profit after tax				8,204.89 (9,354.77)
Other Information				
Segment assets	87,228.83 (72,957.24)	1,38,845.54 (1,28,912.45)	3,185.52 (2,681.58)	2,29,259.89 (2,04,551.27)
Unallocated corporate assets				27,735.91 (23,246.57)
Total Assets				2,56,995.80 (2,27,797.84)
Segment liabilities	36,514.78 (27,401.07)	1,01,988.11 (91,466.61)	8,602.57 (6,327.85)	1,47,105.46 (1,25,195.53)
Unallocated corporate liabilities				7,262.29 (5,862.84)
				1,54,367.75 (1,31,058.37)
Capital expenditure	3,503.78 (5,864.14)	37,147.84 (4,904.38)	959.02 (11,877.46)	41,610.64 (22,645.98)
Depreciation and amortisation	1,415.51 (1,158.79)	6,716.87 (4,244.74)	1,188.87 (1,103.03)	9,321.25 (6,506.56)
Other non-cash expenses				
Provision for doubtful debts and advances				159.26 (138.81)
Preliminary expenditure written off				0.06 (0.06)

NOTES to the consolidated financial statements for the year ended 31 March 2013

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 KMP 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 Jugmug Projects Limited

b) Summary of related party transactions

Particulars	₹ in lacs			
	Key management personnel and their relatives		Entities where significant influence is exercised by KMP and / or their relatives having transactions with the Company	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
A. Transactions during the year				
a) Rent paid				
Rajendra K Somany	4.80	4.80	-	-
Textool Mercantile Private Limited	-	-	0.50	0.50
Paco Exports Limited	-	-	17.78	16.80
b) Sale of shares held in subsidiary				
Jugmug Projects Limited	-	-	4,195.27	-
B. Director's remuneration				
Rajendra K Somany	649.41	876.21	-	-
Sandip Somany	636.41	826.36	-	-
Sumita Somany	30.80	23.79	-	-
Balance outstanding at the year end-payable				
Rajendra K Somany	493.74	724.80	-	-
Sandip Somany	519.53	724.80	-	-

NOTES to the consolidated financial statements for the year ended 31 March 2013

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 ₹ 2,208.49 lacs (previous year ₹ 1,672.05 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 2013 and 31 March 2012 are as follows:

	₹ in lacs	
Minimum lease Payments	Year ended 31 March 2013	Year ended 31 March 2012
Not later than one year	1,112.35	961.88
After one year but not later than five years	2,325.41	1,390.70
Later than five years	-	-
Total minimum lease payment	3,437.76	2,352.58

- 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:

	₹ in lacs
Particulars	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

- 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.

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.

NOTES to the consolidated financial statements for the year ended 31 March 2013

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 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 Rassi, 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.

General reserve includes ₹ 10,000 lacs transferred from BRR which cannot be used for issue of bonus shares and payment of dividend.

Note 45 Exceptional items

The Company has divested its entire investment held in equity shares of AGI Glasspack Limited, wholly owned subsidiary of the Company at a total consideration of ₹ 4,195.27 lacs. Consequent to divestment, AGI Glasspack Limited has ceased to be a subsidiary of the Company w.e.f. 25 March 2013. Profit (before applicable taxes) on disposal of such non-current investment amounting to ₹ 2,366.30 lacs is classified under the head 'exceptional items' in the consolidated financial statements.

Note 46 The Board of Directors of the Company in their meeting held on 25 September 2012 approved the Scheme of Amalgamation ('Scheme') involving merger of Garden Polymers Private Limited (a wholly owned subsidiary) with the Company, with appointed date as 1 April 2012 subject to further necessary approvals. Upon approval to the said scheme by shareholders of both the Company's at their respective meetings held on 1 March 2013 in terms of an order dated 22 January 2013 of Hon'ble High Court of Calcutta, a petition has been filed by the Company before the High Court for final approval. The consolidated financial statements of the Group do not include any impact of the said scheme.

Note 47 Prior period item comprise of income tax adjustments of ₹ Nil (previous year ₹ 18.44 lacs).

Note 48 Previous year figures have been re-grouped / recast, wherever necessary to confirm the current year classification.

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 **Atul Seksaria**
Partner
Place : Gurgaon
Date : 24 May 2013

Payal M. Puri
Company Secretary

V. K. Ajmera
Sr. Vice President (Corporate Finance)

NOTES to the consolidated financial statements for the year ended 31 March 2013

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 Polymers Pvt. Ltd.	Halis International Ltd.	Alchemy International Cooperatief U.A.	Haas International B.V.	Barwood Products Ltd.
	Relation	(Subsidiary of HSIL Ltd.) ceased to be subsidiary w.e.f 25 March 2013	(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 U.A.)	(Subsidiary of Haas International B.V.)
2.	Financial Year	24 March 2013	31 March 2013	31 March 2013	31 March 2013	31 March 2013	31 March 2013	31 March 2013	31 March 2013
3.	Holding Company's interest	100%	100%	100%	100%	100%	100%	100%	100%
4.	Shares held by holding Company in the subsidiary (Number) including pref. shares	48,50,026	50,000	2,62,90,000	18,500	27,75,000	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	1.99	-	-	-	-	-	-	-
	(a) Dealt with or provided for in the accounts of the holding Company	-	(0.21)	(1,869.55)	415.42	(5.84)	(7.20)	(22.28)	(189.24)
	(b) Not dealt with or provided for in the accounts of the holding Company	-	-	-	-	-	-	-	-
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	4.97	(0.21)	(1,702.96)	380.89	(5.22)	(4.08)	(0.95)	(327.06)
	(b) Not dealt with or provided for in the accounts of the holding Company	-	-	-	-	-	-	-	-

* This denotes member's contribution in Euro

NOTES

to the consolidated financial statements for the year ended 31 March 2013

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

1	Name of Subsidiaries	AGI Glasspack Ltd as on 24 March 2013	HSIL Associates Ltd.	Home Retail Pvt. Ltd.	Hindware Pvt. Ltd.	Garden Polymers Pvt. Ltd.	International Ltd.	Halis International Ltd.	Alchemy International Cooperatief U.A.	Haas International B.V.	Barwood Products Ltd.
											₹ in lacs
(a)	Capital	485.00	5.00	6,490.00	185.00	1,346.10	1,315.02	10.88			424.98
(b)	Reserves	1,345.62	(0.70)	(4,354.35)	3,859.84	(24.23)	(23.33)	1,277.25			(226.98)
(c)	Total Assets	1,833.63	4.36	7,263.43	7,895.82	1,322.69	1,308.07	1,291.09			671.36
(d)	Total Liabilities	1,833.63	4.36	7,263.43	7,895.82	1,322.69	1,308.07	1,291.09			671.36
(e)	Details of investments (except in case of investment in the subsidiaries)	22.21	4.26	-	-	-	-	-			-
(f)	Income from operations(net)	0.07	-	8,639.36	9,304.07	-	-	-			1,512.60
(g)	Profit/(Loss) before taxation	2.47	(0.21)	(1,869.55)	606.82	(5.84)	(7.20)	(22.28)			(189.34)
(h)	Provision for taxation	0.48	-	-	191.40	-	-	-			(0.10)
(i)	Profit/(Loss) after taxation	1.99	(0.21)	(1,869.55)	415.42	(5.84)	(7.20)	(22.28)			(189.24)
(j)	Proposed dividend	-	-	-	-	-	-	-			-

Sandip Somany
Joint Managing Director

Rajendra K Somany
Chairman and Managing Director

Payal M. Puri
Company Secretary

V. K. Ajmera
Sr. Vice President (Corporate Finance)

Place : Gurgaon
Date : 24 May 2013

NOTICE

Notice is hereby given that the 53rd Annual General Meeting of HSIL Limited will be held at Somany Conference Hall of MCC Chamber of Commerce and Industry, 15B, Hemanta Basu Sarani, Kolkata - 700 001 on Monday, the 30 September 2013 at 11:00 a.m. to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31 March 2013, 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 2013.
3. To appoint a Director in place of Mr. G. L. Sultania who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Ashok Jaipuria who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint M/s. Walker, Chandiok & 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

6. **Re-appointment of Mr. Sandip Somany as Joint Managing Director**

To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 & 311 and other applicable provisions, if any, read with Schedule XIII to the Companies Act, 1956 (the Act), and subject to such other approvals and/or sanctions as may be necessary, consent and/or approval of the Company be and is hereby accorded to the re-appointment of Mr. Sandip Somany (Mr. Somany) as Joint Managing Director of the Company for three year-term, commencing from 1 December 2013 till 30 November 2016 on terms and conditions including remuneration by way of salary, commission, perquisites and/or allowances as recommended by the Remuneration Committee, contained in the Agreement to be entered into between the Company and Mr. Somany, which Agreement is hereby specifically approved and sanctioned with liberty to the Board of Directors to alter, vary and modify the terms, conditions and stipulations of the said re-appointment provided, however, that the remuneration payable to Mr. Somany, shall not exceed the maximum limits for payment of managerial remuneration specified in

Schedule XIII to the said Act or any amendment thereto as may be made from time to time or the laws or guidelines as may for the time being be in force.

RESOLVED FURTHER THAT where in any financial year, during his term of office, the Company makes no profits or its profits are inadequate, the Company may pay Mr. Somany minimum remuneration by way of salary, perquisites and/or allowance subject to the maximum ceiling calculated in accordance with the scale laid down in Section II (c) of Part II of Schedule XIII to the Companies Act, 1956, and in compliance with the provisions stipulated therein as applicable to the Company at the relevant time depending upon the capital of the Company and as may be agreed to by the Board of Directors of the Company and acceptable to Mr. Somany.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do and perform all such acts, deeds, matters and things, as may be considered necessary, desirable or expedient to give effect to this resolution.”

7. **Payment of Remuneration to Dr. Rainer Siegfried Simon**

To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 198, 309, 310 and such other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government, consent be and is hereby accorded for payment of remuneration of an amount of Euro 50000 (equivalent to ₹ 35,97,075/-) per annum to Dr. Rainer Siegfried Simon, Non-executive and Independent Director, for a further period of two years with effect from 1 June 2013.

RESOLVED FURTHER THAT the Board of Directors (hereinafter referred to as ‘the Board’ which term shall be deemed to include the Remuneration Committee constituted by the Board) of the Company be and is hereby authorized to make modification (including any statutory modification(s) or re-enactment(s) thereof) to the terms of remuneration of Dr. Simon as it considers appropriate and/or as may be required by the Central Government in accordance with any provisions under the Act, for the time being in force and to do all acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

8. **Remuneration by way of Commission to Non-Executive Directors**

To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT in accordance with the provisions of Section 309(4) read with Section 309 (7) of the Companies Act, 1956, the Company do hereby authorise the payment of Commission to the Directors of the Company (Other than the

Managing and Whole-time Directors) of 1% (One percent) on the net profits of the Company (to be divided amongst them, in such amounts or in proportion and in such manner as may be determined by the Board of Directors of the Company from time to time and in default of such determination equally) to be computed in the manner prescribed in Sub-section (1) of Section 198, referred to in Sub-section (5) of Section 309 of the Companies Act, 1956 in any financial year of the Company for a further period of 5 years, commencing from 1 April 2013 upto 31 March 2018.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, proper and expedient in order to give effect to the above resolution.”

By order of the Board
For HSIL Limited

Place : Gurgaon
Date : 24 May 2013

(Payal M. Puri)
Company Secretary

NOTES:

1. The relative explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special business under item nos. 6, 7 and 8 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 2013 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 24 September 2013 to 30 September 2013 (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 24 September 2013 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 23 September 2013. The dividend, if declared, shall be paid by 7 October 2013.

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 2005 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 Bonus fraction amount and Stock Split fraction amount 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 amount after it is transferred to IEPF. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, unclaimed / unencashed interim dividend amount for the financial year 2006-07 is due for transfer on 30 July 2013 to IEPF. Members who have not encashed so far their dividend warrants in respect of aforesaid and thereafter are requested to write to the Company at its Registered Office address immediately.

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 for faster credit of dividend and other cash entitlements.
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. As you all may be aware, 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. Accordingly the Company had sent the Annual Reports for year ended 31 March 2011 and 31 March 2012, in electronic form to the e-mail IDs of the Members made available to the Company by the Depository and/or Members of the Company holding shares in physical form. Such Annual Reports are also available on the Company's Website www.hindwarehomes.com. In order to enable the Company to continue 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), 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

EXPLANATORY STATEMENT

[Pursuant to Section 173(2) of the Companies Act, 1956]

ITEM NO. 6

The present term of Mr. Sandip Somany as Joint Managing Director of the Company (hereinafter referred to as Mr. Somany) will expire by efflux of time on 30 November 2013. The Board of Directors at its meeting held on Friday, the 24 May 2013 have recommended to re-appoint Mr. Somany as Non-retiring Whole-time Director designated as Joint Managing Director of the Company on the remuneration as recommended by the Remuneration Committee for a further period of three years, commencing from 1 December 2013 and upto 30 November 2016. His appointment and remuneration fixed by the Board are in accordance with Schedule XIII to the Companies Act, 1956 ("the Act") and are subject to the approval of the shareholders for which purpose relevant resolution as set out under item No.6 of the accompanying Notice is proposed.

The Board of Directors has recommended the remuneration payable to Mr. Somany, as stated hereunder, during the tenure of his re-appointment with power to the Board to make such variation or increase therein as may be thought fit from time to time, but within the ceiling laid down in Schedule XIII to the Companies Act, 1956 or any statutory amendment or relaxations thereof.

The Abstract of Terms and Conditions of the appointment and remuneration payable to Mr. Somany, as embodied in the draft Agreement to be entered into by Mr. Somany with the Company for his appointment and remuneration payable to him, are as follows:-

1. Period of Appointment

3(Three) years commencing from 1 December 2013 to 30 November 2016.

2. Remuneration

- a) SALARY : ₹ 11,00,000/- per month.
(In the scale of ₹ 11,00,000/- – ₹ 2,00,000/- – ₹ 17,00,000/-)
- b) COMMISSION : At the rate of 4% of net profits of the Company for each financial year computed in the manner as laid down in Section 198 and 309 of the Companies Act, 1956.
- c) PERQUISITES : Mr. Somany will be entitled to the following perquisites in addition to his salary and commission restricted to an amount equal to the annual salary of Mr. Somany.

Unless the context otherwise requires, perquisites are classified into three categories A, B and C as follows:-

CATEGORY - A

This will comprise of house rent allowance, leave travel concession, medical reimbursement, fees of clubs, personal accident insurance and such other benefits, facilities and allowances as may be available and allowed to Mr. Somany, as per rules of the Company. These may be provided for as under:-

Housing

- i) The expenditure incurred by the Company on hiring furnished accommodation for Mr. Somany will be subject to the ceiling – 60 (Sixty) percent of the Salary, over and above 10(Ten) per cent payable by Mr. Somany.
- ii) In case the accommodation is owned by the Company, 10 (Ten) per cent of the salary of Mr. Somany shall be deducted by the Company.
- iii) In case no accommodation is provided by the Company, Mr. Somany shall be entitled to House Rent Allowance subject to the ceiling laid down under Clause (i) above.

Explanation

The Expenditure incurred by the Company on Gas, Electricity, Water and Furnishing shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of 10 (Ten) per cent of the salary of Mr. Somany.

Medical Reimbursement

All medical expenses incurred for self and his family including hospitalisation, Nursing Home and Surgical charges in India and/ or Abroad or both subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.

Leave Travel Concession

For Mr. Somany and his family once in a year incurred in accordance with the Rules of the Company.

Club Fees

Fees of Clubs subject to a maximum of two Clubs. This will not include admission and life membership fees.

Personal Accident Insurance

Of an amount, the annual premium of which does not exceed ₹ 10,000/- per annum for Mr. Somany.

Other benefits and Allowances

Any other benefits, facilities and allowances as may be available and allowed to Mr. Somany, as per rules of the Company.

The value of the perquisites for the purpose of calculating the above annual ceiling shall be evaluated as per Income Tax Rules wherever applicable, otherwise at actual.

CATEGORY -B

- i) Contributions to Provident Fund and Superannuation/ Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

- ii) Gratuity payable shall be half a month's salary for each completed year of service.
- iii) Encashment of Leave at the end of the tenure will be permitted and will not be included in the computation of the ceiling on perquisites.

CATEGORY - C

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to Mr. Somany. Mr. Somany shall also be provided with a Mobile, Laptop and internet connection for the purpose of the Company's business, which will also not form part of perquisites.

Overall Remuneration

Subject to an overall limit of 5% of the net profits individually and 10% of the net profits collectively payable to the Chairman & Managing Director and Joint Managing Director as calculated in accordance with Section 198 and 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act, as may be for the time being in force.

Minimum Remuneration

In the event of loss or inadequacy of profits in any financial year during the currency of tenure of office of Mr. Somany, the Company shall pay him remuneration by way of consolidated salary and perquisites in accordance with the limits laid down under Section II of Part II of the amended Schedule XIII to the Companies Act, 1956 as may be for the time being in force.

Sitting Fee

Mr. Somany shall not, so long as he acts as the Whole-time Director, designated as the Joint Managing Director of the Company, be paid any sitting fee for attending any meeting of the Board or any Committee thereof.

Other Terms

Mr. Somany shall not, during the continuance of his employment hereunder or at any time thereafter, divulge or disclose to any person or make use whatever for his own or for any other purpose any confidential information or knowledge acquired by him during his employment under the Company as to the business or affairs of the Company or as to any trade secret or secrets, processes of the Company and shall, during the continuance of his employment hereunder, use his best endeavors to prevent any other person from doing so.

Mr. Somany hereby undertakes that so long as he functions as the Whole time Director, designated as Joint Managing Director of the Company, he shall not become interested or otherwise concerned directly or indirectly in any selling agency of the Company in future without the prior approval of the Central Government.

The Board of Directors may, in their discretion, revise or modify any of the terms of appointment and remuneration from time to time within the limits laid down in Schedule XIII to the Act.

Termination

Notwithstanding anything contained in this Agreement, either party shall be entitled to determine this Agreement by giving 6 (six) months' notice in writing in that behalf to the other party and on the expiry of the period of such notice, this Agreement shall stand terminated. The Company shall also be entitled without assigning any reason whatsoever, to terminate the Agreement on giving to Mr. Somany 6 (six) months' salary as specified in Clause 2 (a) in lieu of six months' notice required to be given under this Clause.

Service of Notice

Any notice to be given hereunder shall be sufficiently given or served in case of Mr. Somany by being delivered either personally to him or left for him at his address last known to the Company or sent by registered post addressed to him at such address and in the case of the Company by being delivered at or sent by registered post addressed to its registered office, any such notice if so posted shall be deemed served on the day following that on which it was posted.

In pursuance of Section II of Part II of Schedule XIII of the Act, following further information is given:-

1. General Information

(a)	Nature of industry	Manufacturing of Sanitaryware & Container Glass		
(b)	Date or expected date of commencement of commercial production.	8 February 1962		
(c)	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.	Not applicable.		
(d)	Financial performance based on given indicators.	Financial year 2012-13 Gross Revenue : ₹ 1,70,995.41 Lacs Profit after Tax : ₹ 9,912.24 Lacs Rate of Dividend : 150 % Earning per Share: ₹ 15.01		
(e)	Export performance and net foreign exchange earnings.	The Company had exported products worth ₹ 3,399.59 Lacs during the financial year 2012-13. Foreign Exchange earned and used during financial year 2012-13 and 2011-12:		
			(₹ in Lacs)	
			2012-13	2011-12
		Foreign exchange earned	3,399.59	3,241.61
		Foreign exchange used	22,598.78	28,451.41
(f)	Foreign investments or collaborators, if any.	The Company has no foreign collaborations.		

2. Information about the appointee:

Background Details

A Commerce graduate and diploma holder in Ceramic Manufacturing Technology from the US, is promoter and Joint Managing Director of the Company. He has been associated with the Company since 1985 and has been since then driving the Company to success. He has been associated with various committees of Bureau of Indian Standards (BIS), Immediate Past 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, 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.

Past Remuneration

The remuneration drawn by Mr. Sandip Somany during the past four years is as follows:

Year	₹ in Lacs
2008-09	215.90
2009-10	266.37
2010-11	318.03
2011-12	651.82

Recognition or Awards

He has been associated with a number of premier institutes / organizations:

PHD Chambers of Commerce and Industry
Bureau of Indian Standards
ASSOCHAM
FICCI etc.

Job Profile and his suitability

He is responsible for steering the operations of the Company, planning of new business ventures and investments. He possesses a sound knowledge of the ceramic and glass industry including technical processes, national and international markets etc.

He is involved in organizational development, business process re-engineering and leading the group's foray in new business initiatives.

Very dexterously, he combines contemporary management techniques with real life practical approach.

Remuneration Proposed

As mentioned above.

Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person

Considering the responsibility shouldered by him of the enhanced business activities of the Company and also considering the levels of remuneration in India and worldwide, the remuneration proposed is considered reasonable. Remuneration Committee consisting of three independent Directors, after elaborate discussion, have approved the proposed remuneration.

Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.

Does not have any pecuniary relationship with the Company except remuneration drawn as Joint Managing Director and as a member to the extent of his shareholding in the Company.

He is related to Mr. R. K. Somany, Chairman & Managing Director.

3. Other Information
Reasons of loss or inadequate profits

There is profit, but as an abundant caution for payment of minimum remuneration to the Joint Managing Director in case of no profit or inadequate profit in any particular year the information is provided to the Shareholder.

Steps taken or proposed to be taken for improvement
Expected increase in productivity and profits in measurable terms

General Information

The Board of Directors are of the view that it is in the interest of the Company to continue to avail the services of Mr. Somany as Joint Managing Director of the Company.

Approval of members is sought for re-appointment of Mr. Sandip Somany as Joint Managing Director and for payment of remuneration including minimum remuneration.

Memorandum of Interest

None of the Directors of the Company are concerned or interested in the resolution set out under Item No. 6 of the accompanying Notice of 53rd Annual General Meeting of the Company except Mr. R.K. Somany and Mr. Sandip Somany, being relatives of each other.

Inspection of documents

The draft of the proposed Agreement to be entered into between the Company and Mr. Sandip Somany is available for inspection by the Members of the Company at its Registered Office, on any working day prior to the date of the meeting during 3.00 p.m to 5.00 p.m and will also be available at the meeting.

Abstract of Terms and Conditions

This should be treated as an abstract of the terms of appointment and memorandum of interest of Mr. Somany as required under Section 302 of the Act.

The Board commends the Resolution for approval of the Shareholders of the Company.

ITEM NO. 7

Dr. Rainer Siegfried Simon, who was appointed as Non-Executive Independent Director by the members of the Company in their Annual General Meeting held on 19 September 2011 and approval for remuneration not exceeding Euro 50000 (equivalent to ₹ 32,15,000/-) per annum with effect from 1 June 2011 was accorded for a period of two years i.e. upto 30 May 2013 and further, approved by Ministry of Corporate Affairs, Government of India vide their order no. SRNo. B23881030 / 4/ 2011 - CL.VII dated 19 March 2012.

In view of his vast experience and expertise in the bathroom industry, both in Europe and internationally and unique insights to help the future growth of the Company, the Board proposed to continue to pay remuneration not exceeding Euro 50000 (equivalent to ₹ 35,97,075/-) per annum with effect from 1 June 2013 for a further period of two years i.e. upto 31 May 2015 to Dr. Simon for the services to be rendered by him to the Company and such remuneration would be paid either on a monthly, quarterly or annual basis as may be mutually agreed between the Board and Dr. Simon.

Pursuant to the provisions of Section 198, 309, 310 and such other applicable provisions, if any, of the Companies Act, 1956, the payment of above remuneration is subject to the approval of the Shareholders and Central Government.

Accordingly, the resolution set out under item no. 7 of the accompanying notice is recommended for your approval.

None of the Directors, except Dr. Simon is, in any way, concerned or interested in the resolutions set out at item no. 7 of the notice.

ITEM NO. 8

The Company by a Special Resolution passed by the Members of the Company at its 48th Annual General Meeting held on Thursday, the 4 September 2008 was authorized to make payments to its Directors (other than the Managing and Whole-time Directors of the Company) of a Commission of 1% (One percent) of the net profits of the Company for each of the Financial Year for a period of Five (5) years commencing from the 1 April 2008 and ending on the 31 March 2013.

In terms of the provision of Section 309 (7) of the Companies Act, 1956, which provides that a Special Resolution passed under Section 309 (4) of the Act shall not remain in force for more than five years at a stretch, the previous resolution as such stated to have passed herein above remained valid upto the end of Company's Financial Year ended on 31 March 2013. Accordingly, it is proposed to pass a fresh Special Resolution for the purpose of continuity of payment of such commission for each Financial Year in pursuance of Section 309 (4) read with Section 309 (7) of the Companies Act, 1956 for a further period of Five (5) years commencing from 1 April 2013 and ending on the 31 March 2018.

The resolution set out under item no. 8 of the accompanying Notice is intended for seeking member's approval and your Directors accordingly recommend the same.

All the Directors except Mr. R. K. Somany and Mr. Sandip Somany may deem to be interested or concerned in the said Resolution.

By order of the Board
For HSIL Limited

Place : Gurgaon
Date : 24 May 2013

(Payal M. Puri)
Company Secretary

Information pursuant to clause 49 of the Listing Agreement regarding Directors seeking appointment / re-appointment
Mr. Sandip Somany

Age	49 Years
Qualification	Bachelor in Commerce and Diploma holder in Ceramic Manufacturing Technology from the US
Brief Resume and Area of Expertise	He is Promoter and Joint Managing Director of the Company. He has been associated with the Company since 1985 and has been since then driving the Company to success. He has been associated with various committees of Bureau of Indian Standards (BIS), Immediate Past 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.
Other Directorship	1. New Delhi Industrial Promoters and Investors Ltd.
	2. Paco Exports Ltd.
	3. C & K Management Ltd.
	4. HSIL Associates Ltd.
	5. AGI Glasspack Ltd.
	6. Hindware Home Retail Pvt. Ltd.
Chairman/ Member of the Committees of Boards of other companies	-
No. of shares held	2904028

Mr. G.L. Sultania

Age	67 Years
Qualification	B.Com, F.C.A. , F.C.S.
Brief Resume and Area of Expertise	He is a qualified Chartered Accountant and Company Secretary. He has vast knowledge and experience of Financial Restructuring, Corporate Laws and Legal Compliance.
Other Directorship	1. Somany Ceramics Ltd.
	2. SR Continental Ltd.
	3. Schablona India Ltd.
	4. The United Provinces Sugar Co. Ltd.
	5. SKP Securities Ltd.
	6. Paco Exports Ltd.
	7. Bhilwara Holdings Ltd.
	8. Sarvottam Vanijya Ltd.
	9. Somany Global Ltd.
	10. Garden Polymers Pvt. Ltd.
	11. Hindware Home Retail Pvt. Ltd.
Chairman/ Member of the Committees of Boards of other companies	Chairman
	Audit Committee
	1. Schablona India Ltd.
	2. SKP Securities Ltd.
	Shareholders/Investors Grievance Committee
	1. Schablona India Ltd.
	2. SKP Securities Ltd.

	Member
	Audit Committee
	1. Somany Ceramics Ltd.
	2. Hindware Home Retail Pvt. Ltd.
	Shareholders/Investors Grievance Committee
	1. Somany Ceramics Ltd.
	Remuneration Committee
	1. SKP Securities Ltd.
	2. Somany Ceramics Ltd.
No. of shares held	6705

Mr. Ashok Jaipuria

Age	59 Years
Qualification	Degree in Associate of Arts in Business Administration and Diploma in Marketing Science
Brief Resume and Area of Expertise	He is Chairman and Managing Director of Cosmo Films Ltd, an Indian MNC which is into manufacture and export of Biaxially Oriented Polypropylene (BOPP) Films. He is also the Chairman of Cosmo Ferrites Limited. He is a member of Board of Governors of Indian Institute of Technology, Indore, The Institute of Liver & Biliary Sciences and Delhi Public School, Gurgaon.
Other Directorship	1. Cosmo Films Ltd.
	2. Cosmo Ferrites Ltd.
Chairman/ Member of the Committees of Boards of other companies	Chairman
	Supervisory Committee
	1. Cosmo Films Ltd.
	Member
	Operation & Technical Committee
	1. Cosmo Films Ltd.
	Finance Committee
	1. Cosmo Films Ltd.
No. of shares held	18000

NOTES



HSIL Limited

Registered Office: 2, Red Cross Place, Kolkata – 700 001.

Tel: +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 Third Annual General Meeting of the Company being held at Somany Conference Hall of MCC Chamber of Commerce and Industry, 15B, Hemanta Basu Sarani, Kolkata - 700 001 on Monday, the 30 September 2013 at 11:00 a.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 Limited

Registered Office: 2, Red Cross Place, Kolkata – 700 001.

Tel: +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

offailing him / her.....

of.....failing him / her.....

of as my / our proxy to vote for me / us and on my / our behalf at the Fifty Third Annual General Meeting of the Company to be held at Somany Conference Hall of MCC Chamber of Commerce and Industry, 15B, Hemanta Basu Sarani, Kolkata - 700 001 on Monday, the 30 September 2013 at 11:00 a.m.

Signed at this day of2013

Folio No..... Client ID and DP ID Signature

Affix ₹1/-
Revenue
Stamp

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. G. L. Sultania
Mr. N. G. Khaitan
Mr. V. K. Bhandari
Dr. Rainer Siegfried Simon
Mr. Salil Kumar Bhandari

COMPANY SECRETARY

Ms. Payal M. Puri

STATUTORY AUDITORS

M/s Walker, Chandiok & Co.,
Chartered Accountants

COST AUDITORS

M/s Narasimha Murthy & Co.

INTERNAL AUDITORS

M/s DH Consultants Pvt. Ltd
(formerly known as BDO Consulting Pvt. Ltd)

REGISTERED OFFICE

2, Red Cross Place, Kolkata - 700 001
Tel: +91 33 22487406/07 Fax: +91 33 22487045
E-mail: hsilinvestors@hindware.co.in

CORPORATE OFFICE

301-302, Park Centra, Sector 30,
National Highway 8, Gurgaon-122 001
Tel: +91 1244 779200/201 Fax: +91 1244 292898/99

PLANT LOCATIONS

Building Products Division

Bahadurgarh-124 507, Dist. Jhajjar, Haryana
Tel: +91 1276 230485/7, 2322 26/8
Fax: +91 1276 230138

Somanypuram Brahmanapally Village, Bibinagar,
Dist. Nalgonda - 508 126, Andhra Pradesh
Tel: +91 8685 651 773/448

G 470-471, Phase I, RIICO Industrial Area,
Bhiwadi - 301 019, Rajasthan
Tel: +91 1432 257752

Container Glass Division

AGI GLASPAC

Glass Factory Road, Off Motinagar, P.B. No. 1930,
Sanathnagar P.O., Hyderabad - 500 018,
Andhra Pradesh

Tel: +91 4023 831771 Fax: +91 4023 831787

Glass Factory Road, Bhongir - 508 116,
Nalgonda District, Andhra Pradesh
Tel: +91 8685 246600

BANKERS

Andhra Bank
Canara Bank
Central Bank of India
Citibank, N.A.
DBS Bank

Deutsche Bank AG
HDFC Bank Limited
Standard Chartered Bank
The Bank of Nova Scotia
The Hongkong and Shanghai Banking Corporation

REGIONAL OFFICES

Ahmedabad

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Bengaluru

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Secunderabad

Tel: +91 40 6628 8000/10
E-Mail: marketing.hyd@hindware.co.in

EVOK STORES

Delhi: Kirtinagar; GK-II Market

Haryana: Crown Interiorz Mall, Faridabad; JMD Mall, Gurgaon

Uttar Pradesh: Shipra Mall, Ghaziabad; Sector 18 Market, Noida;
Shalimar Building, Lucknow

Punjab: Paras Down Town Square, Zirakpur; Chandigarh; Ferozpur Road, Ludhiana

Maharashtra: Ghodbunder Road, Thane

Andhra Pradesh: Jubilee Hills, Hyderabad

Karnataka: Bellandur; J P Nagar; Kalyan Nagar, Bengaluru

Rajasthan: Tonk Road, Jaipur

Kerala: RAK Tower, Kochi

Madhya Pradesh: Malhar Mega Mall, Indore

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HSIL

Registered Office

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