

HSIL- Q3 and 9 months' FY 2012 Results Highlights

I. Q 3 FY 2012 vs. Q3 FY 2011 Financial performance Highlights

- Sales were Rs. 362.46 crores for Q3 FY12 up 21.9% from Rs. 297.40 crores for Q3 FY 11.
- Operating profit (EBITDA) grows by 3.2% from Rs. 62.88 crores to Rs. 64.91 crores.
- Profit after Tax (PAT) saw marginal decrease to Rs. 25.85 crores from Rs 27.58 crores.
- Container Glass Revenue had robust increase of 24.5% while Building Products Revenue improved by 18.5%.

II. Q3 FY 2012 vs. Q2 FY 2012

- Sales were up 13.9% Rs. 362.46 crores for Q3 FY12 vs Rs. 318.23 crores for Q2 FY 12.
- Operating profit (EBITDA) grows by 15.8% from Rs. 56.06 crores in Q2 to Rs. 64.91 crores in Q3.
- Profit after Tax (PAT) grows by 12.4% to Rs. 25.85 crores from Rs. 23.00 crores.
- Container Glass Revenue showed increase of 22.8% while Building Products Revenue improved by 5.9%.

III. 9 months FY 2012 vs 9 months FY 2011

- Sales grew 33.0% from 758.03 crores to Rs 1008.25 crores for the nine month's ended December 31st 2011.
- Operating profit (EBITDA) grows by 23.8 % to Rs. 183.70 crores from Rs. 148.39 crores.

- **Profit after Tax (PAT)** grows impressively by 40.6% to Rs. 77.37 crores vs. Rs. 55.04 crores in corresponding period last year.
- **PAT margins** improved by 47 basis points from 7.77% to 8.24%.
- **Container Glass Revenue** had significant improvements of 43.0% while **Building Products Revenue** improved by 20.3%.

New Delhi, January 30, 2012: HSIL Limited, India's leader in Sanitaryware and second largest in Container Glass today announced the results for the third quarter and nine months of FY 2011-12. YOY Sales growth was 22.1% for Q3 and 33.0% for 9 months ended 31.12.2011.

Mr. Sandip Somany, Jt. Managing Director, HSIL, while speaking on the occasion, said "We are pleased to share performance for Q3 FY 2012 and 9 months. Both the business divisions demonstrated decent sales growth. All our plants are running at full capacity and we continued our core strategy to leverage on the strength of the Brand, widest distribution network, high plant efficiencies, launching new product categories and a new luxury brand.

Operating Profit margins during the quarter were under pressure due to increase in raw material costs, imported allied products cost due to rupee depreciation and marketing expenses for launch of new products and Brand. Dollar appreciation, which surprised everybody, was major factor behind this increase. Fuel oil and Gas prices also went up.

Interest cost was high during the quarter, both due to higher interest rates as well increased working capital utilization. In same period last year, there was QIP inflow of Rs. 150 crores which was used to temporarily repay all working capital borrowings, so very low interest cost last year. In current year, on-going expansion projects, resulted in utilisation of bank limits.

We have taken steps to improve margins, the results of which would be seen in coming quarters. The prices of Sanitaryware were increased in Nov.11 and we are going to do another price hike in Feb12. In container glass division, prices hike has been agreed by customers and is being done from Jan/ Feb12. These price rises in both divisions will increase realization. Rupee appreciation in Jan. 12 will reduce

cost of imported raw material & allied products. Combined effect will be improvement in profit margins in coming quarters.

We continue with our strategy of strengthening our distribution network in towns having population of 50000 and even less. The brownfield expansion at our sanitaryware plant at Bibinagar in Andhra Pradesh was completed and production started in Nov 2011. The brownfield expansion at our Container Glass Plant at Bhongir, AP is nearing completion and we will light up the new Furnace of 475 TPD capacity in Feb12 and start production in March 12. The work on the green field Faucet Plant has commissioned at Bhiwadi, Rajasthan with taking over the land possession from RIICO and the commencement of civil work, added, **Mr. Somany.**

Financials at a Glance

<i>In Rs. Lakhs</i>	Q3 ending on			Year to date (9months)		
	31.12.2011	31.12.2010	Growth%	31.12.2011	31.12.2010	Growth %
Gross Sales	36,246	29,740	21.9%	1,00,825	75,803	33.0%
Net Sales	33,741	27,688	21.9%	93,880	70,827	32.5%
EBITDA	6,491	6,288	3.2%	18,370	14,839	23.8%
PBT	3,833	4,074	-5.9%	11,330	8,074	40.3%
Net Profit	2,585	2,758	-6.3%	7,737	5,504	40.6%

We strive passionately to enrich the quality of life of customers. We target to carve out a dominant position in the luxury bath space segment, which is growing at above 30% p.a. and launch of a new luxury brand “QUEO” is a move in this direction. QUEO was unveiled in Dec11 and products will be available at our select dealers in next few months.

Hindware Tiles which were launched last year received incredible response from the market and is poised for substantial growth in the current year & yrs to come.



HSIL received 1st Rank at 9th Construction World- Annual Awards 2011 in Ceramic tiles & Sanitaryware category. Also Indian Power Brands awarded Mr. R. K. Somany, CMD as the “Corporate Icon of the Year”.

Outlook for FY 2011-12 (as given at beginning of the year)

Despite tough challenges from external environment, we are still confident of achieving 30% growth both in sales and profits for the year as whole by improving internal efficiencies, optimizing costs, improving realizations and offering new products designs focusing on premium and luxury end of the market.

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Statements in this document relating to future status, events, or circumstances, including but not limited to statements about plans and objectives, the progress and results of research and development, potential product characteristics and uses, product sales potential and target dates for product launch are forward-looking statements based on estimates and the anticipated effects of future events on current and developing circumstances. Such statements are subject to numerous risks and uncertainties and are not necessarily predictive of future results. Actual results may differ materially from those anticipated in the forward-looking statements. The company assumes no obligation to update forward-looking statements to reflect actual results, changed assumptions or other factors.