



HSIL LIMITED

Investor Presentation

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HSIL Limited

hindware

hindware
ART

hindware
ITALIAN COLLECTION

QUEO

VENTS 

Amorè 


BENELAVE™


RAASI

QG®


GP

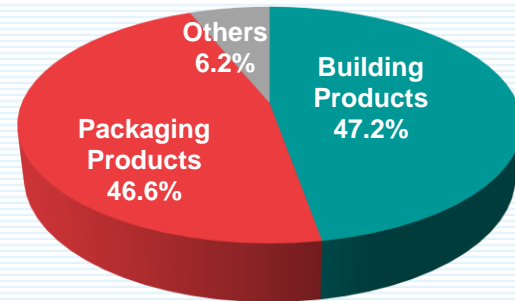
EVOK®


HSIL – An Overview

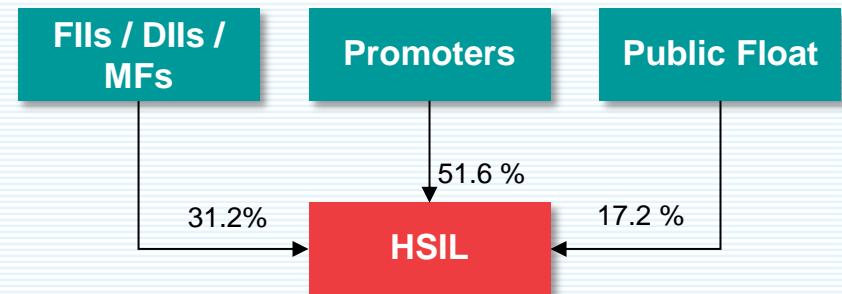
Overview

- One of the leading players in two business segments – Building products and Packaging products
 - ◆ Bathroom solutions
 - ◆ Glass and plastic containers for packaging beverages, liquor, pharmaceuticals and food products
- 8 manufacturing facilities
- Incorporated in 1960. Corporate office in Gurgaon, Haryana, 15 Regional offices
- Listed on NSE and BSE. With a Market Capitalization of INR 27,435 mn (as of January 16, 2015)
- Pan India distribution network with approximately 3,000 dealers as of December 31, 2014
- The Company achieved a consolidated FY 14 Net Revenue of INR 18,582 mn and FY 14 EBITDA of INR 2,533 mn
- Consistent dividend track record, with FY 14 dividend per share of INR 3/- per equity share

Net Sales break-up (2013-14)



Ownership Profile as on December 31, 2014



HSIL – An Overview (Cont'd.)

Products

Building Materials Division

- ◆ Sanitaryware
- ◆ Bathroom fittings and Faucets
- ◆ Wellness Products
- ◆ Allied Products

Packaging Division

- ◆ Glass Bottles
- ◆ PET Bottles, Caps, Closures & Containers

Highlights

Key Brands



Institutional Clients

Dr Reddy's	Diageo India	Reckitt Benckiser India	GSK Pharma
Carlsberg	SAB Miller	United Breweries	Radico Khaitan

Manufacturing Facilities

Sanitaryware Plants

- ◆ Bahadurgah, Haryana
- ◆ Bibinagar, Telangana

Faucets Plants

- ◆ Bhiwadi, Rajasthan
- ◆ Kaharani, Rajasthan

Glass Bottle Plants

- ◆ Hyderabad, Telangana
- ◆ Bhongir, Telangana

PET Bottle Plants

- ◆ Dharwad, Karnataka
- ◆ Selaqui, Uttarakhand

Key Financials (INR mn)

INR mn	FY14	9M FY15*
Revenue	8,633	6,472
EBITDA	1,793	NA
(%)	(20.8%)	
EBIT	1,828	1,247

INR mn	FY14	9M FY15*
Revenue	8,519	6,496
EBITDA	859	NA
(%)	(10.1%)	
EBIT	99	503

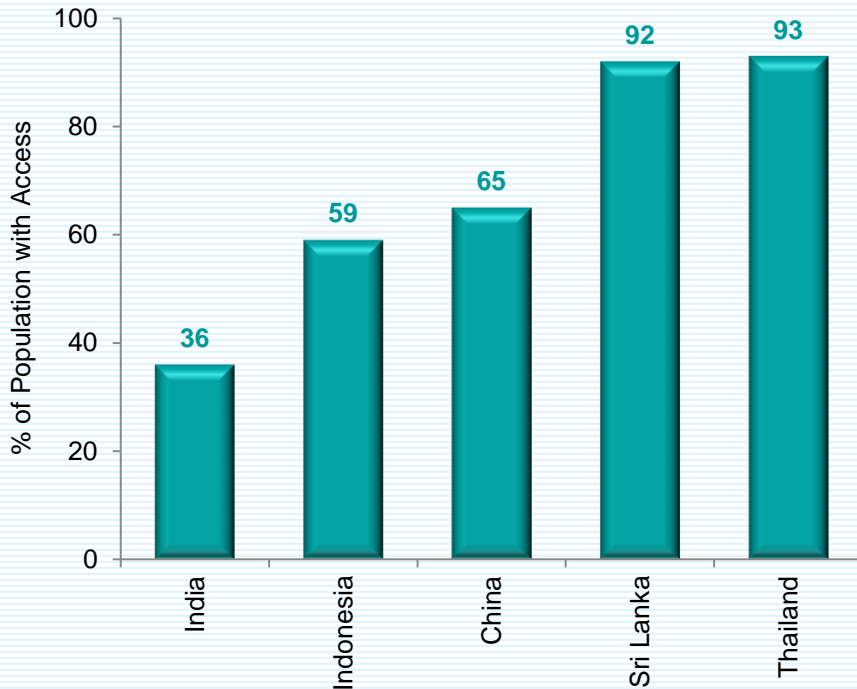
*9MFY15 results are standalone figures

Investment Highlights



Sanitaryware Industry Expected to show a Strong Growth Trend

Sanitation Growth Potential Given Low Sanitation Penetration in the Country



Source: WHO/Unicef (2012)

Environment Conducive for Growth of the Sanitaryware Industry in India

- Strong demand growth expected given –
 - ◆ Sanitation penetration is low in India relative to other emerging economies
 - ◆ Increased demand for new houses due to sustained economic growth, rapid urbanization, higher aspiration levels
 - ◆ 100% FDI allowed in township sector
 - ◆ Rising middle class- increasing affordability
 - ◆ Consumer preferences are changing from low end basic product mix towards middle and high end premium products
 - ◆ Only about 36% of the households have access to safe sanitation facilities as of 2012
 - ◆ Increasing trends in replacement demand for sanitaryware products.
 - ◆ Major thrust on improving sanitation standards in the country

#2

Extensive Product Portfolio in the Sanitaryware Industry

Extensive Product Portfolio Catering to the Bathroom/Home Improvement Space

Sanitaryware Products*



Wash Basins



Water Closets



Cisterns



Urinals



Bidets



Sinks

Bathroom Fittings*



Faucets



Showers



Health Faucets



Soap Holders



Shelves



Stop Cocks

Wellness Products & Others*



Massage Tubs



Multifunction Shower Enclosures



Shower Panels



Tiles



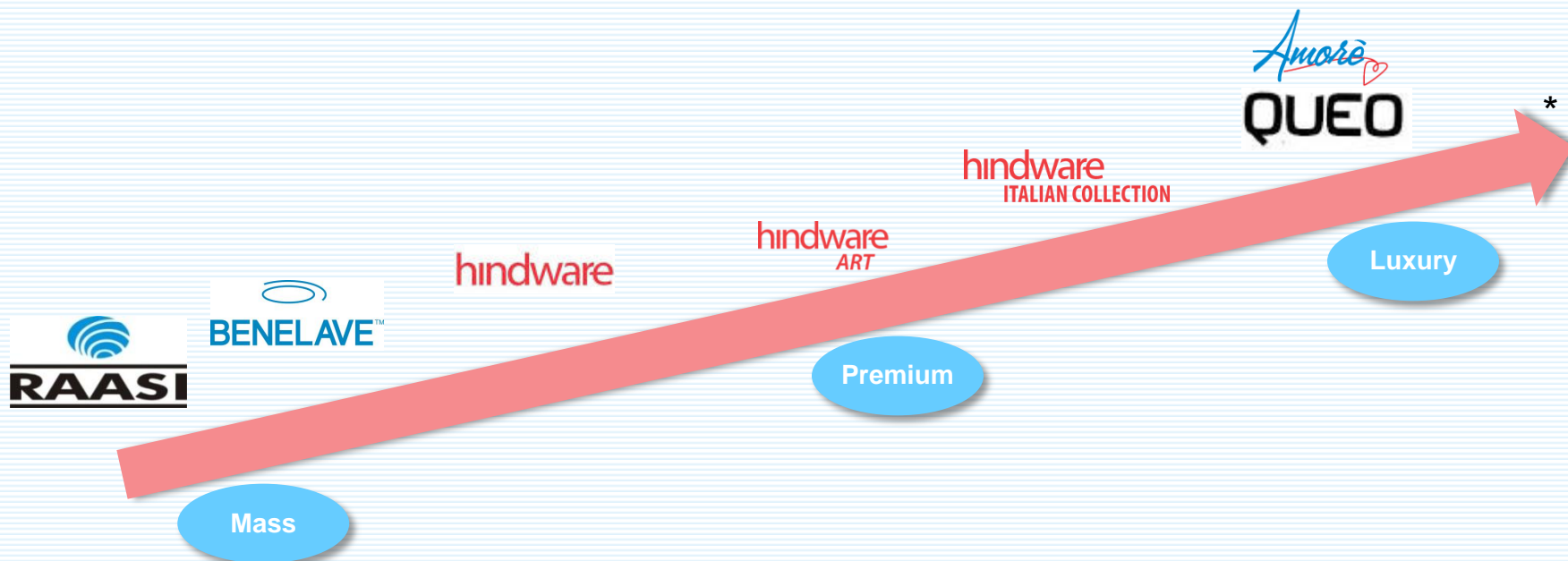
Kitchen Appliances



Extractor Fans

* Not an exhaustive representation of the product portfolio

#3 Brands Across the Price Spectrum



* Vents, Evok excluded as they are not sanitaryware products

hindware
ITALIAN COLLECTION
hindware
ART

- Wide choice of products at various price points appeal to a large customer base
- The brands aim is to create a luxurious experience in the bathroom
- Products include cisterns, water closets, urinals, and wash basins

hindware

- Hindware offers quality products with modern designs across sanitaryware, bathroom fittings & kitchen appliances
- Faucets: This collection offers 17 ranges of faucets, manufactured using advanced technology with key components from Spain and Germany
- Kitchen Appliances: Products for an effortless cooking experience such as chimneys and built-in-ovens

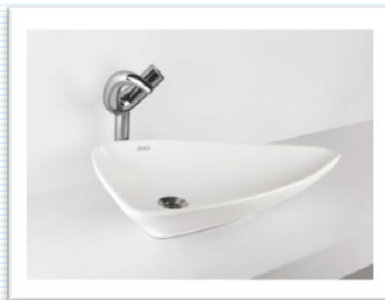
BENELAVE™

- Range of bath fittings, accessories & sanitaryware
- Premium looks and design, durability, and ease of use are the main selling points

#3 HSIL Luxury Sanitaryware Brands

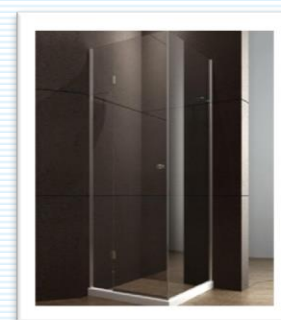
QUEO

- Luxury sanitaryware & faucet brand Queo is imported from Europe
- The first Queo Emporio showroom in Gurgaon was launched in September 2012, followed by a second one in Delhi.
- As of December 31, 2014, the Company has over 80 dealers in Metros & Tier 1 Cities



Amore

- Amore is a new brand launched under the category of Wellness & SPA.
- Along with Queo, Amore is the second brand from HSIL targeted to the luxury bathware market.
- As of December 31, 2014, Amore has over 90 dealers



- Pan India distribution and service network through a variety of platforms, as of December 31, 2014
 - ◆ Approximately 3,000 Dealers
 - ◆ We have over 100 Hindware Galleria and several Hindware shop-in-shops
 - ◆ 19 service locations and over 300 plumbers provide service across India
- Exclusive Hindware Lacasa display centres
 - ◆ Showcase Hindware's entire collection of top-tier products, for customers, architects, designers and end consumers
 - ◆ Currently 3 Lacasa display centres are in place and more are being rolled out
- Aggressive retail expansion being planned
 - ◆ Plans to further expand dealer network, Gallerias, and shop-in-shops
 - ◆ Increasing coverage of Tier II and III towns

#5

Strong Institutional Customer Base in the Sanitaryware Segment

Sanitaryware Division

Adani	DLF	Omaxe	Ansal
Vatika	RMZ	Emaar MGF	TDI Infrastructure
L&T	Puravankara	NCC	Prestige Group
Shaporji Pallonji	M3M	Emami	Lokhandwala Developers

Supplied to projects developed by the above Developers

Most of the sales to institutional customers are routed through dealers which aids the Company in optimizing working capital

Building Products	Facility	Estimated Installed Capacity* (million pieces/ p.a.)
Sanitaryware	Bahadurgarh (Haryana)	1.8
	Bibinagar (Telangana)	2.0
Faucets	Bhiwadi (Rajasthan)	0.5
	Kaharani (Rajasthan) recently commissioned	2.5

**Management Estimates*



#7

Strong R&D and Product Development Expertise

Green Building Products

- Quality products and an expanding product portfolio
 - The Company has a strong R&D pipeline with a focus on Green Building Products
 - 13 products certified by IAMPO, as of December 31, 2014
 - These products are designed to increase water and cost efficiency and reduce environmental impact



Aquafree
Waterless Urinals



Nano with 1.5 Ltrs.
Flushing



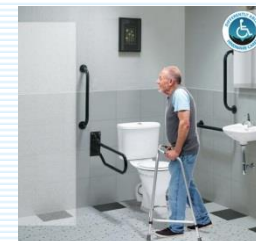
4 / 2 Ltrs. Flushes



Transition from 6 /
3 Ltrs. Flushes

Poncho (Kids Series)

- Focused on developing more customer categories



Home Improvement Kitchenware

- The company has expanded its products lines across the promising kitchenware and kitchen appliances segments on favourable demand trends



Kitchen Chimneys



Kitchen Hobs &
Cooktops



Vents



Trash Mashers

Demand Drivers: Beverage and pharmaceutical sectors lead the way

Alcoholic Beverages

- Beer consumption in India in 2012-2013 was estimated at 260-270 million cases, and has been growing at a CAGR of 11% over the last few years
- Per capita consumption of beer in India is low at 1.5L compared to the global average at 27L and emerging markets such as China (37L), Brazil (65L) and Russia (72L)

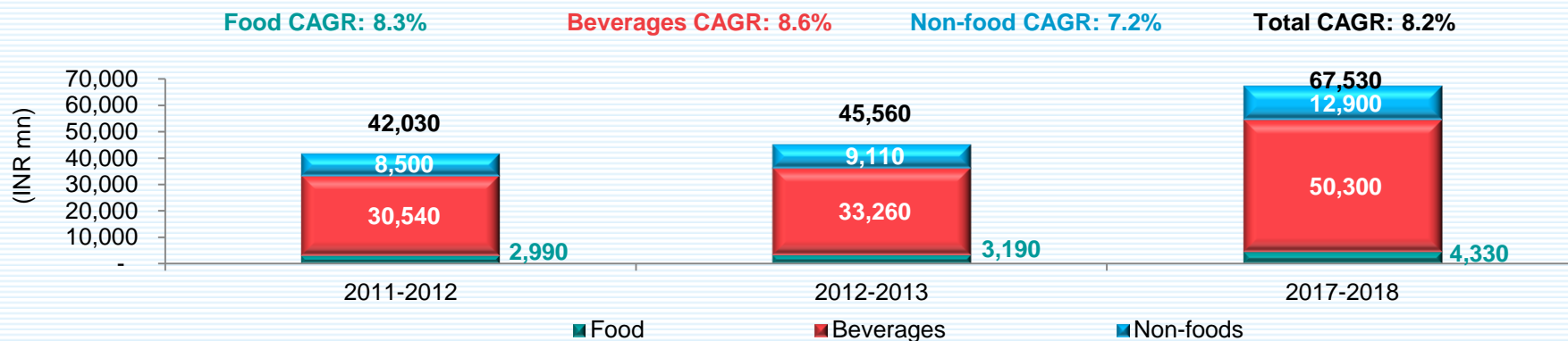
Non-Alcoholic Beverages

- The carbonated drinks market in India is estimated at ~60 billion INR and is growing by 10-12% per annum
- Coca-Cola and Pepsi Co have a combined market share of 95%

Pharmaceutical

- Glass packaging for the pharmaceutical sector is forecasted to grow at a CAGR of 6.5% from 2012-13 to 2017-18 and reach INR 6.8 bn

Demand Forecast: Glass bottle packaging market by end-use sectors, 2011-12 to 2017-18



Source: India Consumer Packaging Markets in India – MCG (December, 2013)

#8

Packaging Segment Expected to Deliver a Strong Performance

- The Company has 2 Container Glass (CG) Plants located in Hyderabad, Telangana and Bhongir, Telangana

State of the Art Manufacturing Facilities

Products	Facility	Estimated Installed Capacity (TPD)*
Packaging Products	Hyderabad (Telangana)	650
	Bhongir (Telangana)	950

*Management Estimates

Strong Institutional Customer Base

Liquor & Beer

Carlsberg

Radico

SAB Miller

United
Breweries

United Spirits

Pharmaceuticals

Abbott

GSK

Johnson &
Johnson

Pfizer

Ranbaxy

Food

GSK

Heinz

Hindustan
Unilever Limited

ITC

Parle

Soft Drink

Coca Cola

Pepsi Co

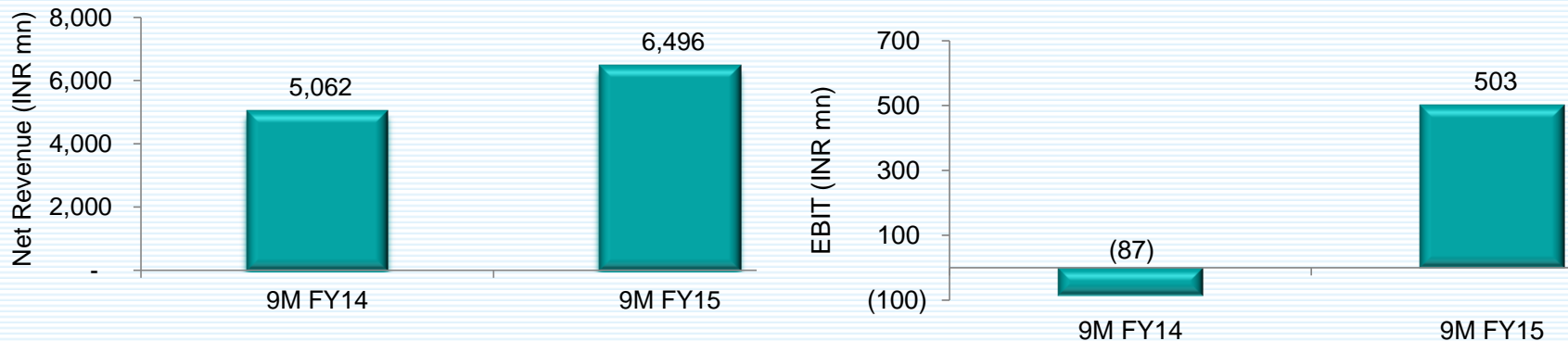
Packaging Products Expected to Deliver a Strong Performance

Innovation & New Initiatives

- Both the CG plants are equipped with Dual Firing technology allowing them to run on both Natural Gas and LSHS/FO.
- Integrated manufacturing facility
 - ◆ Mould making
 - ◆ Own quartz mining
 - ◆ Printing - applied color labeling
- Large capacity for bottle printing - ability to print 6 colors at a single time
- Special colored bottle producer
 - ◆ The Company currently produces dead leaf green and blue bottles for clients
- HSIL has adopted advanced cost effective German technology to manufacture across colors and a wide range of shapes and designs to suit all user segments
- These bottles act as an import substitution and fetch higher realization

Packaging Products Division - Revenue and EBIT 9MFY14 and 9MFY15

Healthy Financial Performance



Certifications

OHSAS – 18001:2007

ISO – 9001:2008

ISO – 14001:2004

Key Awards



**Super Brand - Consumer Validated
(2013-14)**



Asia's Most Promising Award 2012-13



**Readers Digest Most Trusted Brand –
2012 & 2013**



**Good Homes Award for Best WC Design -
2013**



Power Brand 2011 - 2012

Power Brand Award - 2012



Master Brand Award by CMO Asia - 2012



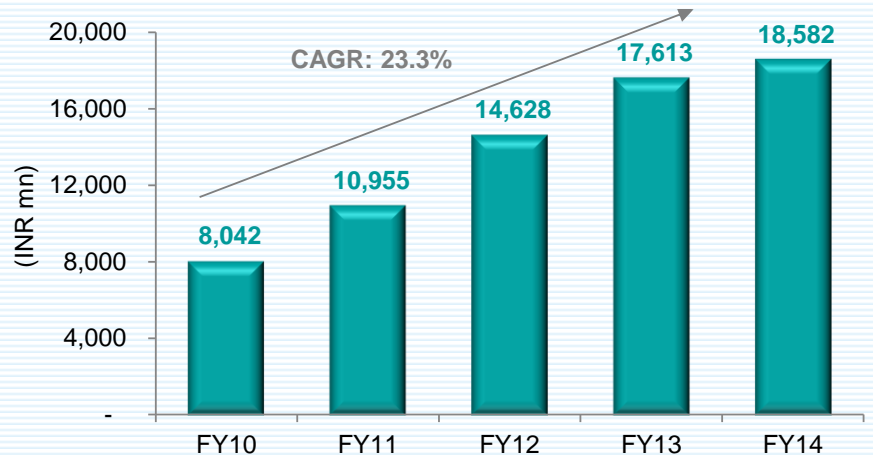
**Value for Relationship Award by Coca
Cola - 2012**



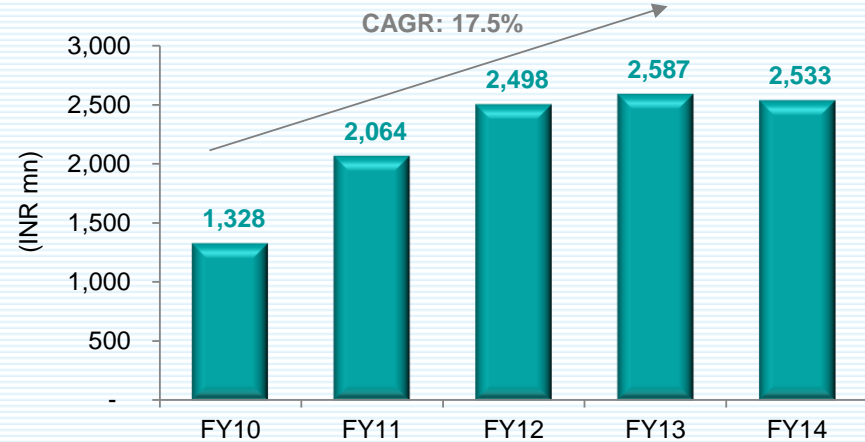
**Super Brand - Consumer Validated
(2011-12)**

#10 Consolidated Financial Performance

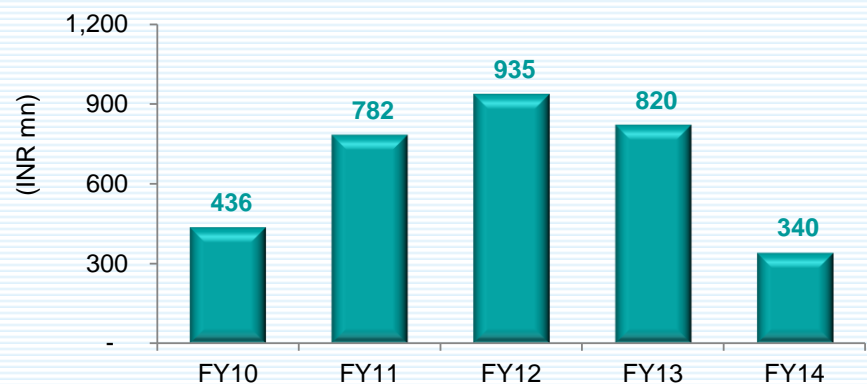
Net Revenue



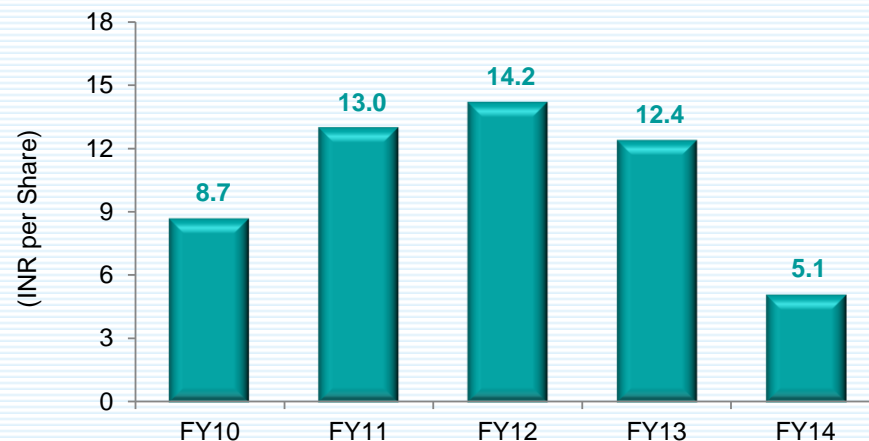
EBITDA



Net Profit



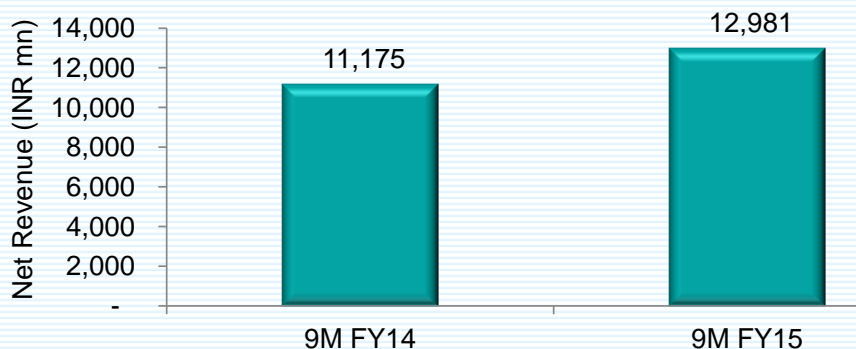
Earning per Share



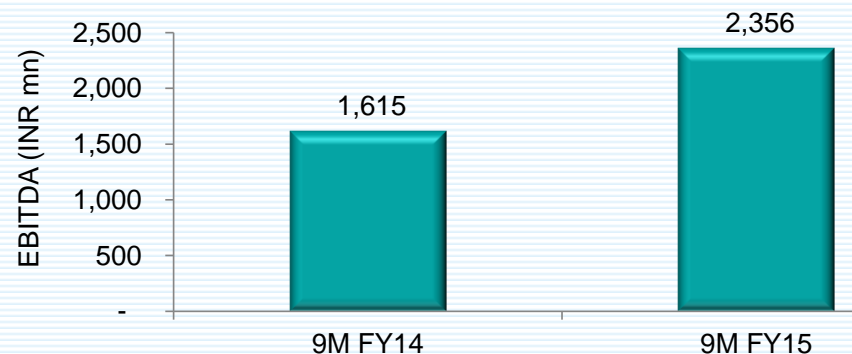
Note: Net Revenue and EBITDA do not include Other Income.

Source: Company Annual Reports

Revenue (9M)*

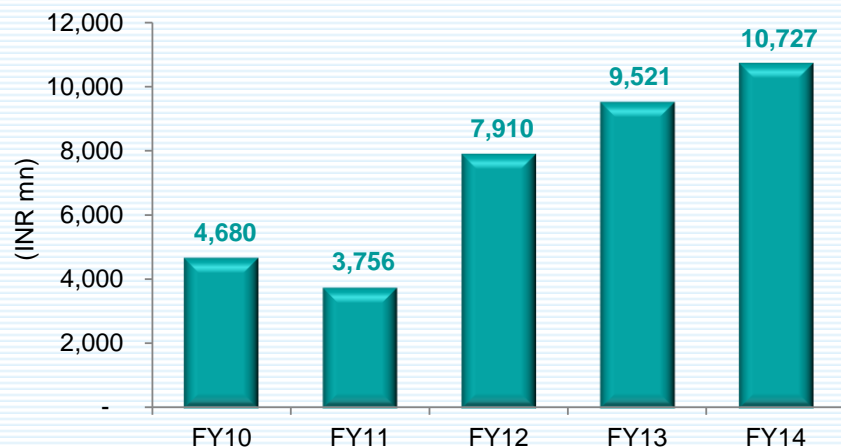


EBITDA (9M)*

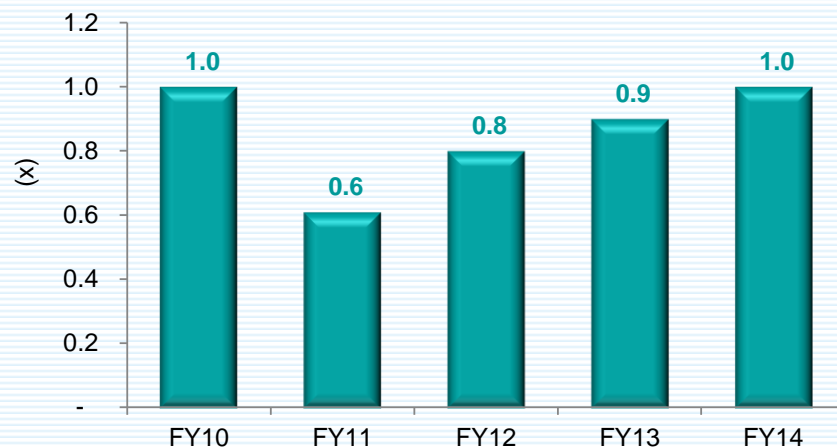


* Standalone Figures

Net Debt



Net Debt to Equity Ratio



Note: Net Revenue and EBITDA do not include Other Income.

Source: Company Annual Reports



Mr. R.K. Somany – Chairman and Managing Director

- ◆ Has over 59 years of work experience across the sanitaryware and ceramics industries
- ◆ Presented with *Lifetime Achievement* award by the India Plumbing Association (IPA)
- ◆ Recognized as a *World Leader Businessperson* by the World Confederation of Business
- ◆ Chairman of Indian Plumbing Skills Council (IPSC) and Executive Committee member of Indian Green Building Council (IGBC)
- ◆ Commerce graduate from St. Xavier's College, Calcutta University



Mr. Sandip Somany – Joint Managing Director

- ◆ Chairman of the Indian Council of Sanitaryware Manufacturers (INCOSAMA)
- ◆ Member of the Executive Committee of FICCI
- ◆ A commerce graduate and holds a diploma in Ceramic Manufacturing Technology from the US

Experienced & Professional Management (Cont'd.)



Mr. R.B. Kabra – President, Building Products Division

- ◆ Has over 30 years of work experience
- ◆ Fellow member of Institute of Chartered Accountants of India
- ◆ Member of Institute of Company Secretaries of India



Mr. Arun Kumar D. – President, Packaging Products Division

- ◆ Has over 40 years of work experience and over 20 years of experience with HSIL
- ◆ Governing body member of Indian Institute of Packaging, Mumbai
- ◆ Managing Committee Member, The Federation of Andhra Pradesh Chambers of Commerce & Industry
- ◆ Mechanical engineering graduate from Bangalore University

Board of Directors

Mr. Rajendra K. Somany
*Chairman and Managing
Director*

Mr. Sandip Somany
Joint Managing Director

Ms. Sumita Somany
Director

Mr. G.L Sultania
Director

Mr. Ashok Jaipuria
Independent Director

Mr. N.G. Khaitan
Independent Director

**Dr. Rainer Siegfried
Simon**
Independent Director

Mr. V.K. Bhandari
Independent Director

Mr. Salil Bhandari
Independent Director

Strategy Going Forward

#1

Focus on Efficient Utilization of Manufacturing Capacity

- Company has set up a green field facility in Kaharani (Rajasthan) for manufacturing faucets & bathroom fittings with an estimated installed capacity of 2.5 mn pieces. Commercial production started in July 01, 2014
- The Company has acquired land in Gujarat for any future capacity expansion
- Focus on debottlenecking of existing facilities for improving manufacturing efficiencies
- Company will continue to have a mix of in-house and outsourced manufacturing given premium brands in the portfolio

#2

Continuation of Multi-brand Strategy Across Price Points

- Company has a strong emphasis on premium luxury brands Queo and Amore to take advantage of the premiumization trend in consumer preferences
- Queo products are currently sold with Hindware dealerships and exclusive stores for Queo are also being setup
- Amore products are aimed at the wellness segment and positioned with the theme of “bathroom as a spa”
- The Company plans to strategically use brands such as Raasi and Benelave to tap into the TierII and Tier III markets

#3

Development of Additional Distribution Channels

- HSIL plans to continue to expand reach including in Tier II and Tier III cities/ rural areas
- The Company has retail outlets under the EVOK brand name which has 19 outlets currently which are focused on home interior solutions for B2C business
- e-Commerce is also being used as an additional distribution channel by the Company

Strategy Going Forward

#4

Leveraging Brand & Distribution Network to Introduce New Products

- Company intends to use its brand equity in the industry and widespread distribution network to market and distribute other related products
- Over the last few years the Company has added products such as faucets, wellness products, and kitchen appliances
- HSIL has entered into a distribution agreement with Groupe Atlantic (France) for distribution in India of water heaters manufactured by Atlantic International, an affiliate of Groupe Atlantic
 - ◆ The water heaters will be distributed under the Hindware Atlantic brand

#5

Focus on New Product Development & Cost Efficiency to Improve Performance of the Packaging Business

- HSIL will continue to employ cost effective manufacturing strategies such as use of alternate fuels for glass furnaces including pet coke
- The Company aims to strengthen relationships with beverage companies through developing new bottle designs such as different shapes, sizes, and colours

Entry in New
Product Lines

THANK YOU