HSIL Limited

Corporate Presentation

August 2016

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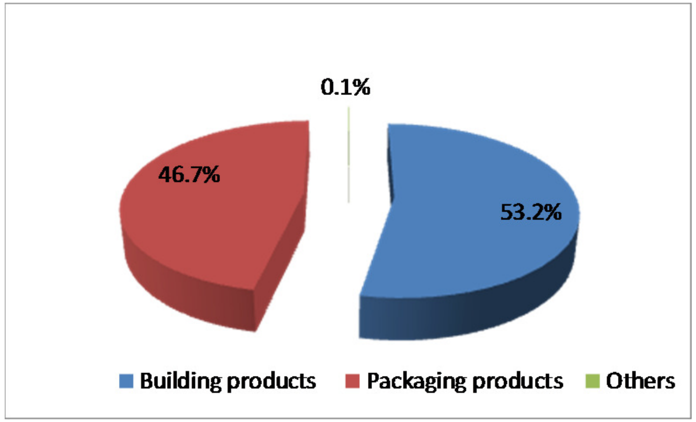
HSIL – An Overview

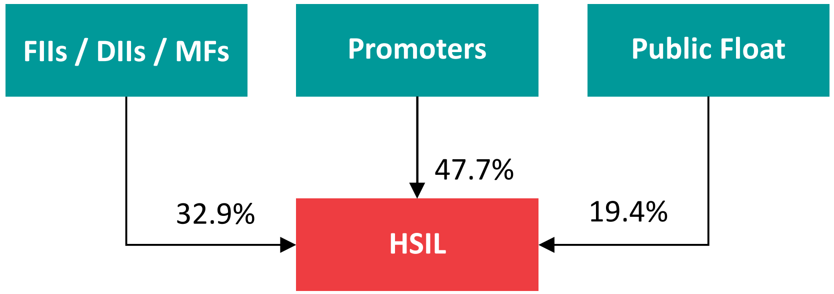
Overview

- One of the leading players in two business segments – Building products (BPD) and Packaging products (PPD)
  - Bathroom solutions
  - Glass and plastic containers for packaging beverages, liquor, pharmaceuticals and food products
- 10 manufacturing facilities (including 2 under construction)
- Incorporated in 1960
- Registered office at Kolkata, State of West Bengal; Corporate office in Gurgaon, Haryana
- Listed on NSE and BSE - Market Capitalization of Rs.2437 crore* (as of August 10, 2016)
- Pan India distribution network with around 3,000+ dealers and 20,000+ retail touch points for BPD
- Gross Sales of Rs.2042 crore & EBITDA of Rs.338 crore for Financial Year 2015-16
- Consistent dividend track record

Segment Revenue break-up (FY 2015-16)



Ownership Profile as on August 10, 2016



* Rs. 1 crore = Rs.10 million

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HSIL - key brands

hindware

hindware ART

hindware ITALIAN COLLECTION

QUEO

VENTS®

moonbow
expect the unexpected

Amoré

hindware KITCHEN ENSEMBLE

hindware atlantic Water Heaters

BENELAVE™

RAASI

DG®

GP

EVOK®

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HSIL (standalone) - financial snapshot

Profit & loss account Rs. in Crore

	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	CAGR
Net Revenue	1,052	1,339	1,574	1,746	1,857	1,944	15.9%
EBITDA	217	258	264	271	345	338	13.9%
%	*20.6%*	*19.3%*	*16.8%*	*15.5%*	*18.6%*	*17.4%*	
EBIT	163	202	179	165	226	223	13.3%
%	*15.5%*	*15.1%*	*11.4%*	*9.5%*	*12.2%*	*11.5%*	
PBT	127	163	139	98	152	185	18.8%
%	*12.1%*	*12.1%*	*8.8%*	*5.6%*	*8.2%*	*9.5%*	
PAT	87	110	99	56	104	117	14.3%
EPS	14.47	16.67	15.01	8.51	15.7	16.14	9.2%

Balance Sheet

	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16
Sources of fund						
Share Holders Funds	701	1,013	1,089	1,121	1,436	1,501
Loan Fund	391	793	956	1,081	765	623
Deferred Tax Liability	73	74	110	115	104	101
Total	**1,166**	**1,880**	**2,156**	**2,318**	**2,305**	**2,225**
Application of fund						
Fixed Asset (Inc CWIP)	836	1,431	1,478	1,638	1,605	1,576
Investment	100	186	197	133	144	156
Net Current Asset	229	263	481	547	555	493
Total	**1,166**	**1,880**	**2,156**	**2,318**	**2,305**	**2,225**

Debt / Equity* ratio	0.78	1.34	1.43	1.55	0.75	0.57

*Equity/Net Worth is net of Business Reconstruction Reserve

Net Revenue figures above include other operating income

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HSIL – an overview

Products

Building Products Division

- Sanitaryware
- Bathroom fittings and Faucets
- Wellness & Allied Products
- Consumer products, kitchen appliances & water heaters, air purifiers, water purifiers etc.

Packaging Products Division

- Glass Containers
- PET Bottles, Containers
- Security caps & closures

Highlights

Key Brands

hindware
hindware ART
hindware ITALIAN COLLECTION
QUEO
Amorè
BENELAVE™
moonbow expect the unexpected
hindware KITCHEN ENSEMBLE
hindware atlantic Water Heaters

Institutional Clients

Pernod Recard	United Spirits	Reckitt Benckiser India	GSK Pharma
Carlsberg	SAB Miller	United Breweries	Coca Cola & Pepsi Co

Manufacturing Facilities

Sanitaryware plants (3.8 Mn. Pcs per annum)*
- Bahadurgah, Haryana
- Bibinagar, Telangana

Faucets plants (3Mn. Pcs per annum)
- Bhiwadi, Rajasthan (Temporary shutdown)
- Kaharani, Rajasthan

**capacity expansion to* 4.2 Mn. Pcs per annum in progress

Glass Bottle Plants (1600 tonnes per day)
- Hyderabad*, Telangana
- Bhongir, Telangana

PET Bottle Plants (9500 tonnes per year)
- Dharwad, Karnataka
- Selaqui, Uttarakhand

**furnace having capacity of 300tons/Day is under shutdown*

Key Financials

BPD	FY 13	FY 14	FY 15	FY 16
Net Revenue	747	881	936	1034
EBIT	136	183	178	151
EBIT %	18.2%	20.7%	19.0%	14.6%

PPD	FY 13	FY 14	FY 15	FY 16
Net Revenue	826	864	920	909
EBIT	71	10	84	113
EBIT %	8.6%	1.1%	9.1%	12.4%

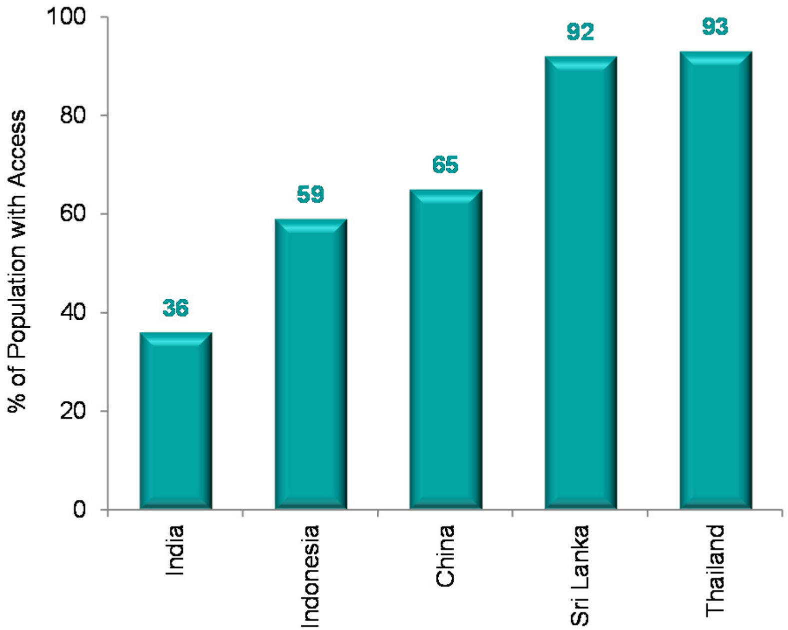
HSIL - key strengths

Sanitation Industry - on growth path

- **Sanitary ware market**
  - CAGR of around 12-14% during the last four years
  - Industry size currently estimated at around Rs.3,800 crore
  - Around 55% of market with organized players
- **Faucet Market**
  - CAGR of around 16%
  - Industry size estimated at around Rs.6,500 crore
  - Around 52% of market with organized players
- **Demand of premium products**
  - Bathroom products and its aesthetics being part of premium lifestyle
  - Urbanization and rise in middle class income group
  - By 2025 India expected to have additional new mega cities, accommodating a population of 10 million or more
- **Replacement Market**
  - The demand for replacement market in the sanitary ware industry is low in India - estimated at around 15% compared to developed countries where it is around 80%
  - Demand from replacement market expected to grow further due to improved macro economic factors, higher per capita incomes & increasing desire for better bathrooms
  - Average life of a bathroom in urban India is expected to come down from 20 years to 12-14 years
- **Government Initiative for better sanitation to provide long term support to industry**
  - Swachh Bharat Mission (SBM) launched on 2nd October, 2014 with an aim to eliminate open defecation
  - Swachh Bharat Abhiyan is a valid CSR activity

Sanitation Industry - robust long term growth trend

Sanitation Growth Potential Given Low Sanitation Penetration in the Country



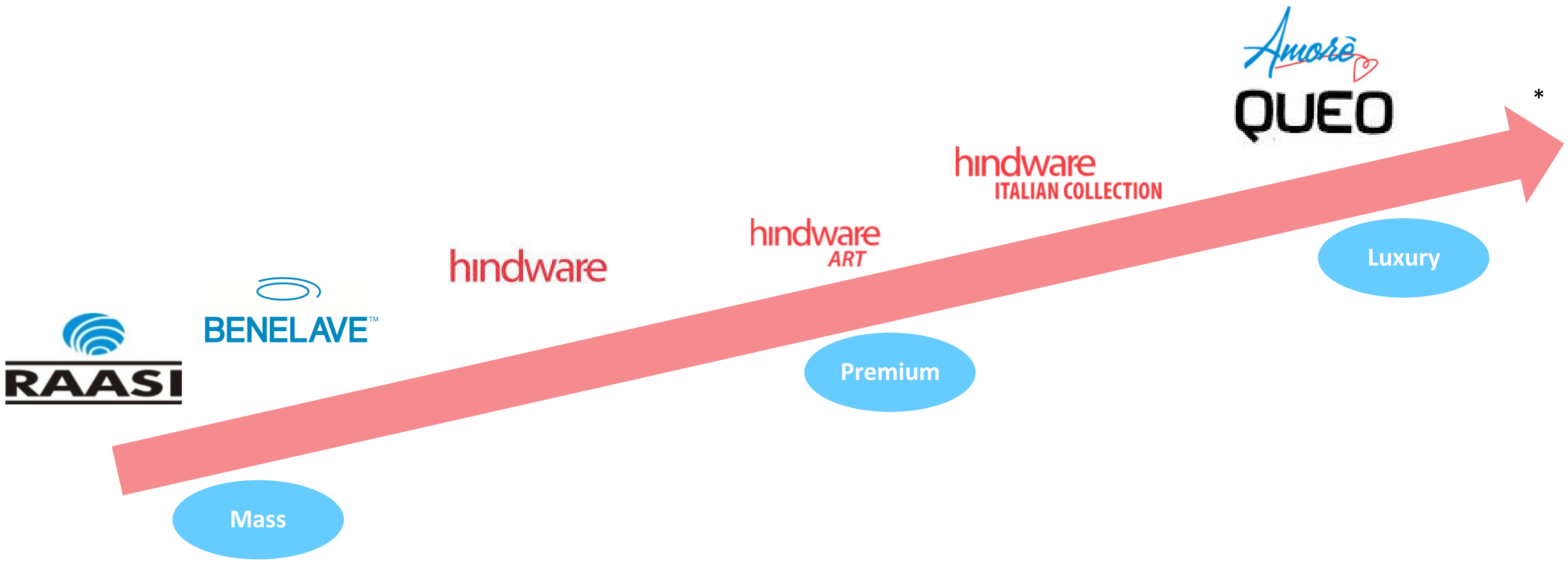
Source: WHO/Unicef (2012)

Environment Conducive for Growth of the Sanitaryware Industry in India

Strong demand growth expected given:

- Housing for all : 1.5 Crore houses in Urban areas and 3 Crore houses in Rural areas till 2022
- Sanitation penetration is low in India relative to other emerging economies with only about 36% of the households have access to safe sanitation facilities as of 2012
- Increasing trends in replacement demand for sanitary ware products
- Major thrust on improving sanitation standards in the country
- Increased demand for new houses due to sustained economic growth, rapid urbanization, higher aspiration levels
- Rising middle class- increasing affordability
- Consumer preferences are changing from low end basic product mix towards middle and high end premium products

HSIL - brands across the price spectrum
- building products business



** 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 critical components from Europe • Kitchen Appliances: Products for an effortless cooking experience such as chimneys, built-in-ovens & hobs
BENELAVE™	• Range of bath fittings, accessories & sanitaryware • Premium looks and design, durability, and ease of use are the main selling points

HSIL - investing into future
- strengthening brand recognition

- King of Bollywood Shah Rukh Khan is brand ambassador of “**hindware**”
- Jacqueline Fernandez is brand ambassador for Luxury Brand “**Queo**”
- Kareena Kapoor Khan is brand ambassador for Brand “**Benelave**”
- Focus on further reinforcing reach, respect & recall of flagship brands

HSIL - luxury brands

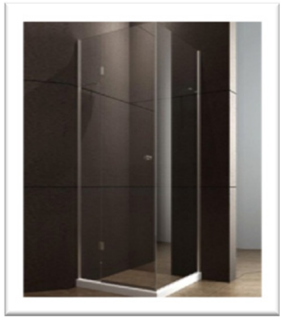
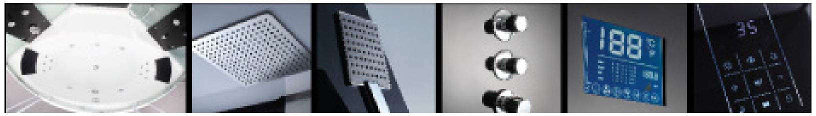
QUEO

- Luxury sanitary ware & faucet brand Queo is imported from Europe
- First Queo Emporio showroom in Gurgaon was launched in September 2012, followed by a second one in Delhi
- As of March 31, 2016, the Company has over 90 dealers in 20 Cities (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 bath ware market.
- As of March 31, 2016, Amore has over 100 dealers


HSIL - extensive product portfolio in building products

Extensive Product Portfolio Catering to the Bathroom/Home Improvement Space

Sanitaryware Products*


Wash Basins


Water Closets


Cisterns


Urinals


Concealed cisterns


PVC Cisterns

Bathroom Fittings*


Faucets


Showers


Health Faucets


Stop Cocks



Accessories

Wellness Products & Others*



Massage Tubs



Multifunction Shower Enclosures



Shower Panels

** Not an exhaustive representation of the product portfolio*

HSIL – extensive distribution & service network

- Pan India distribution and service network through a variety of platforms, as of March 31, 2016
  - 3000 + Pan India dealer network
  - 20000 + Pan India retail spread
  - 140+ Hindware Galleria and 500 Hindware shop-in-shops
  - In house 20 service centres and over 300+ certified service engineers provide service across 600+ districts
- Exclusive Hindware Lacasa display centre
  - Showcase Hindware’s entire collection of top-tier products for customers, architects, designers and end consumers
  - Currently 4 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

HSIL - building products division is expanding its horizons

Leverage on existing brand and sales & distribution strength to further synergize the existing portfolio of products

HSIL Building Products Division

Sanitary ware & faucet business

- Debottlenecking & capacity expansion at sanitaryware plants by 0.40 million pieces per annum by March 2017
- Develop new products & design
- Enhance proportion of value-added products
- Invest in latest technology

Consumer Products Business

- Increased Urbanization & Real estate Growth
- Increased number of working women; less time as a Home maker
- Substantial increase in Double income families
- Rising trend of Increased spending thru Credit Card and easy availability of affordable finance

Pipes Business

- Plastic Pipes are substituting GI & CI Pipes
- Addressable market for CPVC/UPVC pipes in ABC segment estimated at around Rs.7,000 crore
- Industry: CAGR of around 18 % (plumbing & sanitation pipe segment) and 32% (hot & cold pipe segment)

HSIL - consumer product business

- To be amongst the 3 largest players in any category where we operate within 3-4 years of the launch of that category
- To be the preferred choice of consumer in the categories where we operate
- To bring consumer delight at each and every step of our interaction with the consumer
- To bring not marginal but meaningful changes in the life of our consumers
- To be amongst the most customer centric company in the Indian subcontinent

- Kitchen Appliances (hoods, cook tops, built-in hobs & sinks) estimated market size is Rs.1,500 crore
- Water heater market currently estimated at around Rs.1,800 crore
- Water Purification industry is around Rs.6,000 crore & expected to touch Rs.12,500 crore by 2020
- Air purification market currently estimated at Rs.250 crore & estimated to grow at a CAGR of over 50%, moving forward
- More products planned for the business

Distribution network expanded from 100 distribution points to 225 and retail points from 650 to 4000

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HSIL - CPVC & UPVC pipes business

- Overall Pipes industry estimated at around Rs.25,000 crore market
- Hindware entering into the plastic piping business in the field of plumbing & sanitation for Building and Construction industry
- Market size of this targeted segment in India is estimated at around Rs.7,000 crore
- Product Range planned is:
  - CPVC pipes & fitting for Hot & Cold water application
  - UPVC pipes & fittings for only cold water application
  - SWR Pipes & Fittings for soil waste & rainwater systems
- Capital Expenditure of Rs.105 crore for setting up plant for manufacturing of CPVC and UPVC pipes & fitting
- Company has entered into arrangement with M/s Sekisui Chemical Co Limited, Japan for supply of CPVC resin
- Pipes business will be further extension to the building product portfolio of the company & would also utilize the existing sales & distribution network
- Project located in State of Telangana & expected to be completed by March 2017

HSIL - strong institutional customer base
- building products segment

Building products segment

Adani	Godrej Properties	M2K	Purvanchal Projects
Amrapali Group	GMR	Marriot	Shapoorjee Pallonjee
Ansal Group	Infosys	Omaxe	Shobha Developers
ATS Infrastructure	Jaypee	Oris Infrastructure	Tata Housing
DLF	JMD	Parsvnath Developers	The Taj Hotels
Emaar MGF	L&T	Prestige Developers	Vipul

Supplied to projects developed by the above Developers

Most of the sales to institutional customers are routed through dealers

HSIL - state of art manufacturing facilities
- building products segment

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

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HSIL - strong R&D and product development expertise - building products segment

- Quality products and an expanding product portfolio

Green Building Products

- The Company has a strong R&D pipeline with a focus on Green Building Products
- 23 products certified by IAMPO, as of March 31, 2016
- These products are designed to increase water and cost efficiency and reduce environmental impact

Aquafree Waterless Urinals

Nano with 1.5 Ltrs. Flushing

Rimless Water Closets

Water Saving Range

Poncho (Kids Series)

- Focused on developing more customer categories

HSIL - packaging products segment

State of the Art Manufacturing Facilities

- Two Container Glass (CG) Plants located in Hyderabad*****, Telangana and Bhongir, Telangana with combined capacity of 1600 tpd
- Two PET bottles plants located in Dharwad (Karnataka) and Selaqui (Uttarakand) with combined capacity of 9500 tons per annum

**furnace having capacity of 300tons/Day is under shutdown*

Strong Institutional Customer Base

Liquor & Beer	Pharmaceuticals	Food	Soft Drink
Carlsberg	Abbott	GSK	Coca Cola
Pernod Recard	GSK	Heinz	Pepsi Co
SAB Miller	Johnson & Johnson	Hindustan Unilever Limited	
United Breweries	Pfizer	ITC	
United Spirits	Ranbaxy	Global Green	

Packaging product market scenario

- Global container and packaging market is expected to grow at 6.8%
- Indian Glass Packaging Industry is estimated at around Rs. 6,000 crore
- India's per capita consumption of packaging is only 4.3 kgs as compared to Germany – 42 kgs and Taiwan – 19 kgs
- Glass packaging is preferred for its barrier properties as compared to other material for foods, beer and liquor industry
- Liquor and beer represent the largest user segment of container glass and constitute 50% of the requirement and this share has been growing
    - Total IMFL market estimated at around 320 million cases in year 2015-16 against 316 million cases in year 2014-15
    - Beer market in country is estimated at 250 million cases in 2015 and over 98% beer is packaged in glass bottles with crown closure
        - India's per capita beer consumption of 1.9 bottles is lowest in BRIC nations
- Food and beverage, soft drinks and pharmaceutical's account for rest and are growing around 12-15% annually
    - Demand for carbonated soft drinks both in rural and semi-urban markets continue to grow
    - As per market sources, Indian market for non alcholic beverage was estimated at around USD 5.18 billion by end of 2015
    - Pharmaceutical packaging industry is expected to grow at a CAGR of 5.46% till 2020.
    - Food packaging industry is expected to grow by 14% annually in the next five years

HSIL - key initiatives for turnaround in glass division
- packaging products division

- Substitution of high cost fuel (furnace oil) by alternate fuel, which has helped reduce the fuel cost
- Renegotiation of various raw materials and other input material prices
- Enhances proportion of cullet's usage and reduced wastages and rejects through stringent process control
- Improved input/output ratio on account of process modernization and technological improvements
- Development of new bottles through design improvements
- Delivered several varieties of Light weight bottles through narrow neck press & blow technology

HSIL - further value addition with security caps & closures - packaging products division

- Packing product division has planned further value addition to its existing product profile with new product - safety & temper evident caps and closures
  - Security caps are currently used in the semi premium and premium brands in liquor industry to differentiate from other regular brands.
  - Complimentary product to its existing line of businesses of glass & pet bottles
  - These products can further expand to the customer base of existing products
- Estimated market size is 3700 million pieces of caps per annum & with strong growth potential
- Security caps and closure has been developed & necessary product patents has been filed
- Capital Expenditure of Rs.112 crore towards setting up a project
- New project will have capacity to produce 720 million pieces of caps per annum
- Project located in State of Telangana & expected to be completed by March 2017

HSIL - accreditation & credentials

Certifications

- OHSAS – 18001:2007
- ISO – 9001:2008
- ISO – 14001:2004
- FSSC -22000
- ISO – 15378 : 2011

Key Awards

Most Innovative Brand Award by IBC InfoMedia - 2016

Super Brand - Consumer Validated (2013-14)

Readers Digest Most Trusted Brand – 2012 & 2013

Good Homes Award for Best WC Design - 2013

Asia's Most Promising Award 2012-13

Power Brand Award - 2012

Master Brand Award by CMO Asia - 2012

Value for Relationship Award by Coca Cola - 2012

Experienced & professional management

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 Board 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 & member of Managing Committee of ASSOCHAM
- Former President of PHD Chamber of Commerce and Industry
- President of International Chamber of Commerce (Paris) – India Chapter
- A commerce graduate and holds a diploma in Ceramic Manufacturing Technology from the US

Board of Directors

Mr. Rajendra K. Somany
Chairman and Managing Director

Mr. Sandip Somany
Joint Managing Director

Mr. G.L Sultania
Director

Ms. Sumita Somany
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

THANK YOU

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