

**TRANSCRIPT OF THE 5<sup>TH</sup> ANNUAL GENERAL MEETING OF HINDWARE HOME INNOVATION LIMITED (FORMERLY KNOWN AS SOMANY HOME INNOVATION LIMITED) HELD ON TUESDAY, 30<sup>TH</sup> AUGUST, 2022 AT 12:00 NOON (IST) THROUGH VIDEO CONFERENCING AND OTHER AUDIO VIDEO VISUAL MEANS**

**PANELISTS:**

**Mr. Sandip Somany**

Chairman and Non-Executive Director

**Mr. Rakesh Kaul**

Whole-time Director and CEO

**Mr. Salil Kumar Bhandari**

Independent Director

**Mr. Nand Gopal Khaitan**

Independent Director

**Mr. Sandeep Sikka**

Group CFO

**Mr. Naveen Malik**

Chief Financial Officer

**Ms. Payal M Puri**

Company Secretary and V.P. Group General Counsel

**Mr. Deepak Bansal**

Group Head-Internal Audit

**Mr. Shyamal Kumar**

Representative of M/s. Lodha & Co., Chartered Accountants (Statutory Auditor)

**Ms. Monika Kohli**

Representative of M/s. DMK Associates, Company Secretaries (Secretarial Auditor)

**Mr. Pravin Kumar Drolia**

Representative of M/s. Drolia & Company, Scrutinizer

**ATTENDEES:**

**Shareholders**

**Ms. Payal M Puri:**

Good Afternoon to the Directors, Auditors and Shareholders, who have joined us today, for the 5th Annual General Meeting of Hindware Home Innovation Limited (Formerly known as Somany Home Innovation Limited) through Video Conferencing and Other Audio Video Mode.

I, am Payal M Puri, Company Secretary and Group General Counsel.

Ministry of Corporate Affairs (MCA) and Securities and Exchange Board of India (SEBI) through its Circulars read with previously issued circulars in this regard have permitted Companies to carry General meetings through Video Conferencing mode. In the light of this unprecedented situation, MCA and SEBI Circulars and restrictions owing to COVID-19, the

meeting will not be conducted physically. The Government of India continues to urge all citizens to maintain social distancing norms in order to curb the spread of this pandemic. Your Company thus with an intention to support the measures taken by the Government, has decided to conduct this Annual General Meeting through Video conferencing.

I would like to thank and welcome all Shareholders who have joined us today.

Before commencing the official proceedings, I would like to inform all the attendees that all of those who have joined this meeting are by default placed on mute mode to avoid any disturbance from background to ensure smooth conduct of the meeting.

As the time is already 12:01 p.m. and at present, we have around 37 shareholders attending the AGM through Webex, none of them are proxies, I thus hereby declare that the meeting has the presence of the requisite quorum and is in order to commence the proceedings of the meeting.

I now, request Mr. Sandip Somany, Chairman and Non-Executive Director of the Company to address the Directors, Auditors and Shareholders who have joined us today.

**Mr. Sandip Somany:**

I, am Sandip Somany, Chairman and Non-Executive Director of Hindware Home Innovation Limited joining from Gurugram.

Good Afternoon Everyone!

On behalf of the Board of Directors of your Company, welcome to the 5<sup>th</sup> Annual General Meeting of Hindware Home Innovation Limited. Thank you for joining us today. I hope that you and your loved ones are safe and healthy.

Before I begin with the official proceedings, I would like to introduce the Board Members present in the meeting along with the Management Team, Statutory Auditor, Internal Auditor and Secretarial Auditor.

**We have with us:**

1. To my extreme left is Mr. Rakesh Kaul, Whole-time Director and CEO
2. Next to Mr. Kaul is Ms. Payal M Puri, Company Secretary and Group General Counsel
3. To my right is Mr. Naveen Malik, Chief Financial Officer
4. Next to him is Mr. Sandeep Sikka, Group CFO

**In the Panel Display we have with us:**

5. Mr. Salil Kumar Bhandari, Independent Director and Chairman of Audit Committee, Nomination and Remuneration Committee and Shareholder's Relationship (Shareholders'/Investors' Grievance) Committee, joining from the United Kingdom
6. Mr. Nand Gopal Khaitan, Independent Director, joining from Kolkata
7. Mr. Shyamal Kumar, Lodha & Co., Statutory Auditor, joining from New Delhi
8. Ms. Monika Kohli, DMK Associates, Secretarial Auditor, joining from New Delhi
9. Mr. Deepak Bansal, Group Head, Internal Audit, joining from Gurugram
10. Mr. Pravin Kumar Drolia, Scrutinizer, joining from Kolkata

Firstly, I want to say that we recognise the importance of meeting shareholder expectations and thus, delivering long-term shareholder value is a fundamental focus area for us.

Now I would like to highlight the performance of the Company along with key initiatives taken by the Company during the year under review:

Despite challenging economic conditions during the financial year, we delivered a strong performance for the year. The performance is very satisfying and encouraging, as these results were achieved despite some major challenges, including supply constraints and an extended period of unfavorable demand scenario.

As you know, the year included many important milestones for Hindware Home Innovation Limited. The Company implemented several initiatives including the acquisition of the Building products manufacturing business in a slump sale to further strengthen this business, drive greater integration across the value chain, and strengthen our margins. With this acquisition, we are now well-placed to drive efficiencies of scale and deliver improved profitable growth.

We also changed the name of the company from Somany Home Innovation Limited to Hindware Home Innovation Limited, aligned to the mother brand 'Hindware'. In line with this, the wholly-owned subsidiary, Brilloca Limited was also rebranded as Hindware Limited.

Our Bathware business continues to demonstrate industry leading growth across its categories, reflecting the success of our business strategy. We have looked to combat the rising input costs by implementing appropriate price hikes and enhancing our operational efficiencies. At the same time, we have maintained our emphasis on introducing new and exciting value propositions under the business to cater to the evolving needs of today's customers.

For our Plastic Pipes and fittings business, the capacity expansion at the existing Plastic Pipes and Fittings plant in Telangana is expected to be completed before December 2022. With this addition, the capacity will increase from 35,000 metric tons to 48,000 metric tons per annum. We are further investing ~180 crore in a greenfield plant in Uttarakhand for this business, which will help us widen our footprint and grow our market share.

As you remember, Groupe Atlantic, a €2.2 billion Euro Company based out of France, invested INR 68.3 crore for a 50% stake in Hintastica Private Limited, a subsidiary of Hindware Home Innovation Limited which is into the business of water heating solutions. The state-of-the-art manufacturing facility of Hintastica Private Limited is on track and is expected to be operational in FY 2022-23.

I am proud to state that both our companies i.e., Hindware Home Innovation Limited and Hindware Limited, were certified by Great Place to Work® during the year. This certification is a recognition of our Company's culture and the people we attract and retain. Having high quality engaged and motivated employees will be the key for our long term success.

I would like to take this opportunity to thank the employees as it is with their continued support and dedication that we are well placed to succeed and grow, in alignment to the needs and expectations of our customers and thereby, generate long term value for our shareholders.

Now I would like Mr. Naveen Malik, Chief Financial Officer of the Company to apprise you about the financial performance of the Company for the Financial Year 2021-22.

**Mr. Naveen Malik:**

Good Afternoon Mr. Chairman, Board Members, Shareholders and everyone in attendance.

The results for the year ended 31<sup>st</sup> March 2022 have been prepared in compliance with the applicable Indian Accounting Standards (Ind AS) notified by the MCA.

- Hindware Home Innovation Limited has for the year ended 31<sup>st</sup> March 2022 reported consolidated revenue of around Rs. 2,294 crore, a growth of 29% over the previous year.
- EBITDA stood at around Rs. 204 crore, a growth of 27% from previous year and PAT (after considering JV results) stood at around Rs.202 crore (including exceptional income), registering a 268% y-o-y growth.

These were the few highlights relating to overall company results and now we move to the segmental results:

1. The Building Products Business, which includes Bathware business and Plastic Pipes and Fittings business, delivered a robust performance. In FY 2021-22, revenue for the segment stood at around Rs. 1,795 crore, registering a growth of 42%.
  - a. Our Bathware segment outperformed the market, on the back of product and design leadership, brand awareness, a diverse product portfolio, and a strong distribution network.
  - b. The Plastic Pipes and Fittings business, on a standalone basis, reported strong revenue and volume growth, retaining its position of being the fastest growing brand in the country in this segment. The sales has grown from around Rs.250 crore in FY 2019-20 to around Rs.606 crore in FY 2021- 22, driven by our strong fundamentals.
2. The revenue from operations for our Consumer Appliances business stood at around Rs.431 crore, despite high input costs and supply-side disruptions impacting demand.
3. Focus on the franchise model and an omnichannel strategy has augured well for our retail business Evok.

The consolidated Total Bank Debt of the Company as on 31<sup>st</sup> March 2022 was around ₹143 crore with long term debt of around ₹13 crore and net short term debt of ₹130 crore.

Thank you for joining us today. I would like to now invite Mr. Sandip Somany, Chairman to continue with the proceeding of this meeting.

**Mr. Sandip Somany:**

Now, with your concurrence, I shall take the Notice of the 5<sup>th</sup> Annual General Meeting together with the Financial statements as on 31<sup>st</sup> March, 2022 and Directors' Report be taken as read.

As per the Companies Act, 2013, and applicable Secretarial Standard 2 issued by the Institute of Company Secretaries of India, the Auditors' Report and Secretarial Audit Report are required to be read only when there are qualifications or adverse observations or comments in the Reports.

I am happy to state that there were no qualifications, observations or comments in the Statutory Audit Report and Secretarial Audit Report.

The Company had provided remote e-voting facility through CDSL System. The remote e-voting period commenced at 9.00 A.M. on Saturday, 27<sup>th</sup> August, 2022 and ended on Monday, 29<sup>th</sup> August, 2022 at 5.00 P.M. Mr. Pravin Kumar Drolia, Practicing Company Secretary, Kolkata has been appointed as the Scrutinizer.

The results along with the report of Scrutinizer shall be sent to stock exchanges and also be uploaded on the Company's website and CDSL's website.

Now, I will announce the names of the Shareholders who have been registered as speakers for this meeting. The speaker shareholder, if present, will then be unmuted by the host. If

the Shareholder is not able to join through video mode for any reason, then the shareholder can join through audio mode. The Shareholders are advised to use headphones for clear audio and switch off other background applications.

If there is any connectivity issue from speaker shareholders' end, we would request the next speaker shareholder to join the meeting. The speaker shareholder who could not join, can thus join later. We would like to request the speaker shareholder to limit their queries to 3 minutes. Please note that the queries which have been received in advance will only be replied to.

Now I would like the host to unmute Mr. Bimal Krishna Sarkar.

**Mr. Bimal Krishna Sarkar:**

Respected Chairman Mr. Sandip Somany, Company Secretary Ms. Payal M Puri, Management Team and Shareholders. Firstly, I would like to thank the secretarial department for the great work. We had received the Annual Report along with the Notice of the AGM well in advance.

Also, I would like to say that even during the time of this pandemic the Company has performed really well and I would like to thank the team for the great work. The Company has distributed the dividend of Re. 0.50/- per share.

I would like to highlight that the miscellaneous income of the Company has increased compared to last year while the finance cost and the other expenses have decreased as compared to last year which is really commendable.

Further, the travelling and conveyance expenses have increased from last year.

There are some bad debts written off during the financial year under review. Also, please brief us about the CSR applicability on the Company.

Sir, I will not take much of your time, I just want to say thank you to whole team of the Company and wish good health for everyone.

Thank you Sir and everybody for giving your time.

**Mr. Sandip Somany:**

Thank you Mr. Sarkar.

In response to your queries, I would say that as far as travelling and conveyance cost is concerned the same has increased because during the previous financial year there was a long period of COVID and to protect the team and all employees the travelling was very restricted. The employees were even working from home. Since, the things have opened up to the great extent and as you know we are a consumer Company i.e. B2C Company, we are required to travel. We have a huge sales team across all the states of the Country and they have to travel for the customers and build a relationship.

I would say that the base year for comparison of the travelling expense is not correct as during the previous year the travelling cost was deflated because people were not travelling because of COVID. If we have to grow our business travelling expense will increase even more as now the situation is normalised.

Now, I would request Mr. Sandeep Sikka, Group CFO, to answer to your query regarding bad debts.

**Mr. Sandeep Sikka:**

Mr. Sarkar, the Company has a very growing business and the provisions of bad debts are made as per the pre-approved policy of the Company.

Since, the market had a downfall during previous years because of the pandemic caused by COVID, therefore, we cannot compare the data of previous years with the FY 2021-22. But for the FY 2022-23 you will see the comparable data.

Coming to your query regarding CSR, you may write to the Company Secretary and they will get back to you on the same.

So that's the response to all your queries. Thank you.

**Mr. Sandip Somany:**

Now I would like the host to unmute Mr. Santosh Kumar Saraf.

**Mr. Santosh Saraf:**

Respected Chairman Sir, Management Team and Shareholders, my name is Santosh Kumar Saraf and I am attending this meeting from Kolkata. I hope you and your families are doing fine.

I would like to ask a few questions:

What are your plans for launching any new product?

What steps have been taken for rain water harvesting?

What steps have been taken for renewable energy?

Sir kindly share the policy on disposing of the E-WASTAGES of our company?

Sir I would like you to share steps taken to replace single use Plastic water bottles?

I would like to wrap up my queries here and wish the Company to excel under your aegis.

**Mr. Sandip Somany:**

Thanks Mr. Saraf. Firstly, I would like to answer your query regarding new product. The Company has a very strong R&D Centre. Since the last five years, we have 32 patents for globally unique products. The Company is doing a lot of research on how to make consumers' life simpler and better. To give you a brief highlight I would say, the Company is on number 2 for Kitchen Chimneys. Our Kitchen Chimneys have the maximum number of exhausts, makes less noise and discard the smoke easily. So, we are the best in the Country on these innovations. In the water purifiers, the Company has made a lot of innovations as the water purifier sends an indication if the filter has to be changed or whether the life is over or not etc.

We are the number one Company to introduce the collapsible coolers which makes it easier to store the coolers during winters when they are not in use. We have a global patent on this product.

The Company is doing a lot of innovations in the products.

As far as water is concerned, we have 11 Rainwater water harvesting pits which can percolate approx 20 Lakh Litres of rainwater per annum. Further, to increase this capacity, we have adopted Bhungroo Rainwater harvesting Technology at the Isnapur Pipes plant. With this technology, excess rainwater will be injected into dry zones over a period of time depending on the rainwater, percolation flow rate, and filtration capacity. By adopting this we have increased the potential storage capacity to approx 90 Lakh Litres.

At this juncture, we have Renewable Energy capacity of 0.6MW. We have planned to increase this capacity to 1MW by adding additional rooftop solar PV on our unit-2.

You also asked about E-wastages for that I would say, all unused (or retired) IT assets, such as Laptops, Desktops, Printers, Screens, and others, are accumulated and reviewed periodically to sell to certified E-Waste recyclers. They provide us with the E-Waste Recycling certificate for the collection of the E-Waste.

Now I would like the host to unmute Mr. Sujan Modak.

**Mr. Sujan Modak:**

Good afternoon Mr. Chairman and other Board of Directors. I am Sujan Modak. I am attending this meeting from Kolkata. Sir I would say the performance of the Company is really good and remarkable. As a shareholder, I am really happy that under your leadership and all the Board of Directors all the decisions are well made.

The Profit after tax and Revenue from operations on consolidated basis has gone up which is really great.

Sir I had already sent my questions which are as follows:

What are the key challenges our company is facing today for growth?

What is the road map for the next 2-3 years?

Was there any accidents or near miss happened in our factory in the last year?

--- any fatal accident?

----any man hour lost?

Further, I would like to thank our Company Secretary Ms. Payal M Puri and her whole team as they are doing a really great job with investor relations. Thank you sir, over to you for further proceedings.

**Mr. Sandip Somany:**

Thank you Mr. Modak. Let me answer your last question first. Like you we also believe that safety of our people is of paramount importance and I am very happy to tell you we had no fatal accidents last year. All our plants, factories and offices have very rigorous safety officials. Also, no man hour was lost during the financial year due to safety or any industrial issue.

Coming to your first question, I think the world has still not gone into what we call the world of normalcy. There are numerous geopolitical issues such as the war between Ukraine and Russia, elevated prices of raw materials, chemicals, plastic products we use. So the first challenge is very high and elevated pricing for most of the materials we use, high prices of gas and oil that we use in our wholly owned subsidiary for making of our sanitary products. Brass prices are high because copper and zinc are at record highs. So I would say there are challenges in the cost side. We have met those challenges by raising the prices. Fortunately, Hindware is a very well recognized brand and also a very well trusted brand among consumers. We have been able to mitigate the cost increase in prices.

The second challenge is the depreciating Indian rupee against the US dollar, input commodity inflation, the rising crude prices are a few of the challenges that all companies across sectors are facing and will continue to affect businesses. To manage these challenges, we are building operational efficiencies, and implementing price hikes to reduce the impact on our margins.

Coming to your second question, our Road Map for next 2-3 years is quite clear. We have been drawing aggressive plans of growth and we continue to outperform the market in all our key businesses. We continue to invest in our businesses not only in terms of innovation or product development but also in terms of building capacity. As I said in my opening statement, we are in the process of opening up a new Water Heater plant, State of the Art in the State of Telangana. We are also opening up a new Pipes plant which will commission in

the coming few months in the State of Telangana which will help in increasing the capacity. We have recently finalized the land in Uttarakhand for new Pipes plant which will help us grow our business in North India. We hope to continue performing better than our competitors.

Thank You.

Now, I would like the host to unmute Mr. Hardik Jain.

**Meeting Host:**

Mr. Hardik Jain is not present in the Meeting.

**Mr. Sandip Somany:**

Okay, please unmute Mr. Goutam Nandy.

**Meeting Host:**

Mr. Goutam Nandy is not present in the Meeting.

**Mr. Sandip Somany:**

Please unmute Mr. Jaydip Bakshi.

**Meeting Host:**

Mr. Jaydip Bakshi is also not present in the Meeting.

**Mr. Sandip Somany:**

Please unmute Mr. Dinesh Kotecha.

**Mr. Dinesh Kotecha:**

Good afternoon Chairman sir and the entire Board of Directors. I am very happy to state that in these five years the Company has performed tremendously with its exclusive and exquisite products. Sir I wanted to ask that how many products do we have as a premium pricing products as compared to the competitors? How many showrooms do we have in India? Any horizontal or vertical expansion plans? Lastly, what are our export plans in the coming years?

**Mr. Sandeep Sikka:**

Mr. Kotecha thank you the queries, with regard to your query regarding the premium products I would say fifty percent of our products are the premium products. We have around 400 showrooms all over India.

**Mr. Sandip Somany:**

With regard to your query for any expansion plans, I would say it would not be prudent to comment on the public platform as the laws also prevent us from sharing any such information until it is finalised. However, we assure you that we always look for opportunities for growth and benefit of stakeholders.

Thank you.

Now, I would like the host to unmute Ms. Lily Pradhan.



**Ms. Lily Pradhan:**

Good afternoon everybody. I am very happy to say that the Company has performed really well during these two years even after the outbreak of COVID-19. I would like to ask a few questions:

What is the future aim of the Company for development?

What is the CSR activities taken up?

What is the vision and mission of our Company?

That would be all. Thank you very much and all the best.

**Mr. Sandip Somany:**

Thank you Ms. Pradhan. As far as CSR is concerned the Company along with its wholly owned subsidiary are building material Companies, our focus in CSR has been building toilets all over the Country particularly in the schools that educate girl child. We find that a lot of the young girls stopped going to their schools because there are no toilet facilities. I think that is a national shame. So, we have taken up it on ourselves along with various respected NGOs to implement and provide these young girls with toilets in their schools so that they do not stop going to the schools.

Coming to your next question, in terms of the vision and mission, we are clear that we want to be among the top three companies in whatever categories of the products we operate in. We wish and strive to outperform the market.

I think with that I have addressed all your queries.

Now, I would like the host to unmute Mr. Vinay Vishnu Bhide.

**Meeting Host:**

Mr. Vinay Vishnu Bhide is not present in the meeting.

**Mr. Sandip Somany:**

Okay, please unmute Mr. Amit Kumar Banerjee.

**Mr. Amit Kumar Banerjee:**

Good afternoon to all of you. My name is Amit Kumar Banerjee and I have joined this meeting from Kolkata. Thank you for giving me this opportunity to speak in this meeting.

What is the reason of this low profit as compared to the previous year?

What was the amount spent on Research & Development last year?

I thank the entire team for conducting the meeting today. Over to you for further proceedings. Thank you.

**Mr. Sandip Somany:**

Thank you Mr. Banerjee. The standalone margins are lower this year because of the increased costs of the raw materials. The fundamental products of the Company are Air coolers, Kitchen appliances, Heaters etc. All which are basically based on either metals i.e. stainless steel or plastics. You must be aware that the price of all these materials have gone so high. However, the same amount of inflated price could not be passed on to the consumer by the Company. Therefore, the margins fell. Now, the price of these raw materials seem quite moderate so hopefully this year the margins will be better.

Also, we had spent around Rs.3-4 crore on Research & Development which is the standalone expenditure. We continue to expand the R&D team and this expenditure will continue to rise. We have around 10,000-15,000 sq. feet of space dedicated to R&D in Gurugram.

With that I guess all your queries stand answered.

Now, I would like to quickly summarize the businesses as stated in the notice of the 5<sup>th</sup> AGM.

Businesses as stated in the notice of the 5<sup>th</sup> AGM are:

#### **AS ORDINARY BUSINESS**

1. To consider and adopt the audited financial statements of the Company for the financial year ended 31<sup>st</sup> March 2022, the reports of the Board of Directors and Auditors thereon and the audited consolidated financial statements of the Company for the financial year ended 31<sup>st</sup> March 2022 and Auditors' Report thereon. **(As Ordinary Resolution)**
2. To confirm payment of Interim Dividend of Re.0.50 per Equity Share of Rs.2/- each as Final Dividend for the year ended 31 March 2022. **(As Ordinary Resolution)**
3. To appoint a Director in place of Mr. Rakesh Kaul (DIN 08560772) who retires by rotation and, being eligible, offers himself for re-appointment. **(As Ordinary Resolution)**

#### **AS SPECIAL BUSINESS**

4. Re-appointment of Mr. Rakesh Kaul as Whole-time Director & Chief Executive Officer and remuneration payable thereof. **(As Special Resolution)**

Members who have not cast their votes electronically and are participating in this meeting will have an opportunity to cast their votes through the e-voting system provided by CDSL. The e-voting on CDSL platform will continue to be available for the next 15 minutes. The combined results of e-voting and online voting at the meeting would be announced within 2 working days of conclusion of the meeting and the same would be intimated to Stock Exchanges and will be uploaded on the websites of the Company and CDSL.

I would like to thank the Panelists and Shareholders for attending and participating in this meeting. Please stay healthy and safe.

Thank you very much. Jai Hind.