

# hindware

home innovation limited

**TRANSCRIPT OF THE 7<sup>TH</sup> ANNUAL GENERAL MEETING OF HINDWARE HOME INNOVATION LIMITED HELD ON WEDNESDAY, 28<sup>TH</sup> AUGUST, 2024 AT 1:30 P.M. (IST) THROUGH VIDEO CONFERENCING (“VC”)/OTHER AUDIO VIDEO MODE (“OAVM”)**

**PANELISTS:**

**Mr. Sandip Somany**

Chairman and Non-Executive Director

**Ms. Payal M Puri**

Company Secretary and Sr. V.P. Group General Counsel

**Mr. Naveen Malik**

Chief Financial Officer and Chief Executive Officer

**Mr. Sandeep Sikka**

Group CFO

**Mr. Salil Kumar Bhandari**

Independent Director

**Ms. Anisha Motwani**

Independent Director

**Mr. Girdhari Lal Sultania**

Non-Executive Non- Independent Director

**Mr. Shyamal Kumar**

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

**Ms. Monika Kohli**

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

**Mr. Deepak Bansal**

Group Head-Internal Audit

**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 7<sup>th</sup> Annual General Meeting of Hindware Home Innovation Limited through Video Conferencing and Other Audio Video Mode.

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

Shareholders may note that this Annual General Meeting is being held through video conferencing in accordance with provisions of the Companies Act, 2013 and circulars issued by the Ministry of Corporate Affairs and SEBI in this regard from time to time. The facility for joining this meeting through video conferencing or other audio video mode is made available for the shareholders on a first-come-first-serve basis.

Before commencing the official proceedings, I would like to inform that all attendees in this meeting are by default placed on mute mode to avoid any disturbances to ensure smooth conduct of the meeting.

As the time is already 1:31 P.M. and at present, we have 34 people 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 Hindware Home Innovation Limited to address the Directors, Auditors and Shareholders who have joined us today.

#### **Mr. Sandip Somany:**

Good Afternoon Everyone!

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

On behalf of the Board of Directors of your Company, welcome to the 7<sup>th</sup> Annual General Meeting of your Company. Thank you for joining us today.

Before I begin, 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 left is Ms. Payal M Puri, Company Secretary and Group General Counsel
2. To my right is Mr. Naveen Malik, Chief Financial Officer and Chief Executive Officer
3. Next to him is Mr. Sandeep Sikka, Group CFO

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

4. Mr. Salil Kumar Bhandari, Independent Director and Chairman of Audit Committee, Nomination and Remuneration Committee and Stakeholder Relationship Committee, joining from Udaipur
5. Ms. Anisha Motwani, Independent Director, joining from Gurugram
6. Mr. Girdhari Lal Sultania, Non-Executive Non-Independent Director, joining from Kolkata
7. Mr. Shyamal Kumar, Lodha & Co LLP, 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

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 inflationary pressures affecting consumer spending, your Company demonstrated resilience through strategic cost optimization, operational efficiency, product innovation, and leveraging technology.

During FY 2023-24, Hindware Home Innovation Limited reported a consolidated topline of ₹2,800 crore with an EBITDA of ₹275 crore, and an EBITDA margin of 9.8%.

I am pleased to report that our bathware business achieved an increase in EBITDA margins to 15.4% in FY 2023-24 from 13.9% in FY 2022-23. This growth is a result of our strong business fundamentals, efficient cost management, and operational excellence. Our commitment to brand excellence has driven us to continuously invest in strategic marketing initiatives designed to elevate our brand visibility and cultivate stronger relationships with our customers. We continue to expand our distribution reach to Tier 3 and 4 cities, while maintaining a strong presence in Tier 1 and 2 markets. Our comprehensive product portfolio and well-established brand reputation have cemented our position as a preferred choice for consumers and industry professionals.

Now coming to our plastic pipes and fittings brand, I would like to highlight Truflo by Hindware continues to be one of the fastest-growing in its sector. Despite PVC price volatility, we achieved a 15% growth in volume for the year. We have strategically expanded our market presence through portfolio expansion, a robust distribution network, and strong channel partnerships. Our new manufacturing plant in Roorkee, Uttarakhand, is nearing completion and is expected to be operational in FY 2024-25. This state-of-the-art facility will increase our capacity to meet the rising demand for our products particularly across India and particularly North India.

During the year, we embraced digital transformation by leveraging advanced technologies and data-driven insights. Key milestones included establishing a robust data framework, implementing automation solutions to streamline processes, optimizing our supply chain operations, and integrating IoT technology to enable smart factory operations. This has and will lead to overall company success by enhancing efficiency, improving customer experience, and driving innovation.

Looking ahead, our strategic priorities include expanding our market presence, strengthening our product range, deepening customer relationships and enhancing operational efficiency. We aim to leverage synergies across our bathware and consumer appliances businesses by integrating key functions such as processes, supply chain, procurement, marketing, finance and accounting. This integration will boost our competitiveness and efficiency.

I extend my sincere gratitude to the Board for their invaluable guidance and support in steering the company forward.

**Now I would like Mr. Naveen Malik, Chief Financial Officer and Chief Executive Officer of the Company to apprise you about the financial performance of the Company for the Financial Year 2023-24:**

**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, 2024 have been prepared in compliance with the applicable Indian Accounting Standards (Ind AS) notified by the MCA.

In FY24, our consolidated Revenue was ₹2800 crore and EBITDA stood at ₹275 crore with margins at 9.8%.

Now, moving on to the segmental results:

1. Our Building Products Business which includes Bathware and Plastic Pipes and Fittings business, reported revenue of ₹2355 crore, with EBITDA at ₹315 crore.
  - a. Our bathware business, reported Revenue of ₹1580 crore, with EBITDA at ₹243 crore and an EBITDA margin of 15.4%.
  - b. Our plastic pipes and fitting business reported Revenue of ₹774 crore, with EBITDA at ₹72 crore and an EBITDA margin of 9.3%.
2. Our Consumer Appliances business generated revenue of ₹422 crore in FY 2023-24 but incurred a negative EBITDA of ₹13 crore.

The Board, in its meeting held on May 28, 2024, decided to discontinue the Retail Business and has also approved the liquidation of its assets, which is currently in process.

**Thankyou 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 7<sup>th</sup> Annual General Meeting together with the financial statements as on 31<sup>st</sup> March, 2024 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 are no qualifications, observations or comments in the Statutory Audit Report and Secretarial Audit Report.

The Company has provided remote e-voting facility through CDSL System. The remote e-voting period commenced at 9.00 A.M. on Sunday, 25<sup>th</sup> August, 2024 and ended on Tuesday, 27<sup>th</sup> August, 2024 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 Ms. Lily Pradhan.

**Ms. Lily Pradhan:**

Am I audible?

**Mr. Sandip Somany:**

Yes. Good Afternoon.

**Ms. Lily Pradhan:**

Good Afternoon, Chairperson and all viewers, myself Lily Pradhan from Kolkata. First of all, I give my respect to the Board of Directors, respected Chairman, respected CFO & CEO and respected Secretarial team. I have received the notice in advance. I have put some specific questions and requests regarding present situation. What is the aim and object of future development in all over India by AI technology? Have you any status of the AI technology?

What is the credit rating of the Company? What is the business status of the credit rating? Please state the status of export quality of the components. What is byproducts planning? What are the CSR activities on challenging persons and also cancer patients? Please provide micro analysis of CSR activities? What is the capex plan for future development? Please bifurcate analysis of Topline & Bottomline growth? What is the analysis and audit of cash flow management? The meeting should be through Video Conferencing in future also because anyone can participate from abroad and express their views.

Chairman sir, you are requested to consider plant visit for the shareholders for their encouragement. As a woman speaker, I would request you to always support women empowerment. Chairman sir, please consider my suggestions. Thankyou so much. With best regards, all the best.

**Mr. Sandip Somany:**

Thank you for your questions which we have received ahead. I will answer the ones you have raised. First question you have raised is regarding AI. We're committed to technological innovation to drive operational excellence and business growth. AI as you know is a very new field. Our focus areas include employee engagement, predictive maintenance, quality assurance, forecasting, automation and data analytics. We're also implementing advanced AI solutions, such as computer vision for anomaly detection, generative AI for service and talent and an AI-driven sales nudge system to empower our sales team.

You have also asked question regarding byproducts planning. Our bathware and pipe manufacturing processes generate no byproducts. We have implemented a closed-loop system that reuses rejected sanitaryware and pipe products by grinding them and incorporating them back into the manufacturing process. Additionally, in pipes plant, any remaining scrap or waste is responsibly sent to IGBC-certified vendors for recycling and our GreenCo Platinum certification demonstrates our commitment to sustainable practices and minimal environmental impact.

You also had a question about CSR activities on challenged people. Although Hindware Home Innovation Limited (HHIL) is not subject to Corporate Social Responsibility (CSR) regulations at the individual entity level, we actively support CSR initiatives through our subsidiary, Hindware Limited. These initiatives demonstrate a commitment to addressing pressing social and economic issues, including community development and empowerment. One of our significant CSR initiatives is the '**Build a Toilet, Build Her Future**' campaign, launched in November 2020 under the banner of #HygieneThatEmpowers. This campaign has made substantial progress in improving girls' education by constructing many toilets in remote state schools. By enhancing sanitation access, we have empowered countless girls to continue their studies. In addition we focus on education, health , hygiene and development of the infrastructure in the areas where our plants operate.

You asked a question regarding topline and bottomline growth. On a consolidated basis, revenue from operations for FY 2023-24 was ₹2,800 crore as compared to ₹2,872 crore in FY 2022-23. Earnings before interest, tax, depreciation and amortisation ("EBITDA") was ₹275 crore as compared to EBITDA of ₹281 crore in FY 2022-23. Profit for the year was ₹28 crore as compared to ₹58 crore in FY 2022-23 mainly because of the hit due to the closure of the retail business.

You also asked a question regarding credit rating of the Company. We have been rated by CARE. Our long term rating is CARE A. Our short term rating is CARE A1. So, I hope I have answered your questions.

Can we have now Mr. Prabhjot Singh Sahni.

**Meeting Host:**

Sir, Mr. Prabhjot Singh Sahni is not available in the meeting.

**Mr. Sandip Somany:**

Can we have now Mr. Badri Vishal Bajaj?

**Meeting Host:**

Mr. Badri you have been unmuted.

**Mr. Badri Vishal Bajaj:**

Good Afternoon Sir. Thankyou for giving me the opportunity.

**Mr. Sandip Somany:**

Good Afternoon.

**Mr. Badri Vishal Bajaj:**

Sir, I would like to give my observation on the complete Balance Sheet of the Company presented by the CFO & CEO. Our Q1 FY25 quarter revenue is down by 22% from Q4 FY2024 quarter, marginal profit is down by 20%. You are requested to brief on what is the reason, where are we lacking for the progressive growth on to quarter to quarter basis. The second question is you are in Home Solution business, that is very common in India which give rise to lot of competitors. Being in e-commerce business, are you having D2C or ONDC which is Open Network for Digital Commerce which will help you in marketing in rural areas leaving aside the urban areas where you are already having a big stake. Are you going in that e-commerce business and how are you comparing yourself with other home solution companies? My third question is regarding our legal battle with HNG from your demerged company. At what stage it is, because it will affect the promoters. Can you please highlight that? Thankyou sir.

Do you have any display store in Hyderabad? If you have any display store to demonstrate your products, kindly connect me to that. Thank you very much for providing your time. Have a good day.

**Mr. Sandip Somany:**

Thank you, Mr. Bajaj for your questions. Let me answer them. The first quarter indeed has been lesser than our expectations because of multiple reasons. One of them is closing down of retail business so the revenue of that is significantly reduced. Second reason is volatility in the price of PVC over which we have no control and the prices have fallen significantly that reflects in our revenue even though our volume growth went up and also in this period in Q1 compared to last year Q1 the markets have been very tight as has been seen from the results of other competitors. Also there has been a lack of demand in the market and we are hopeful towards the H2 the business environment will improve for our category of products. As far as the e-commerce goes, our products are available on flipkart and amazon. They are doing very well. We are also putting our own D2C platform and work is ongoing on that. As far as ONDC goes, we are encouraging our distributors to enlist so that they have greater spread for their customers, they can get a larger catch of customers. We do have many stores in Hyderabad. I will ask my colleague to send you information and send you a mail about the list and addresses of the store so you can go and see them at your convenience. Thankyou very much.

**Mr. Sandip Somany:**

Can we have Mr. Sujan Modak?

**Meeting Host:**

Sir, Mr. Sujan is also not available in the meeting.

**Mr. Sandip Somany:**

Now I would like to quickly summarize the businesses as stated in the Notice of 7th AGM.

Businesses as stated in the Notice of 7th AGM are as under:

**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 2024, 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 2024 and Auditors' Report thereon. **(As Ordinary Resolution)**
2. To declare Dividend on Equity Shares for the year ended 31 March 2024. **(As Ordinary Resolution)**
3. To appoint a Director in place of Mr. Girdhari Lal Sultania (DIN 00060931) who retires by rotation and, being eligible, offers himself for re-appointment. **(As Ordinary 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. Have a good evening.