



TRANSCRIPT OF THE 4TH ANNUAL GENERAL MEETING OF SOMANY HOME INNOVATION LIMITED HELD ON MONDAY, 27TH SEPTEMBER, 2021 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. N.K. Lodha

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 4th Annual General Meeting of Somany Home Innovation Limited through Video Conferencing and Other Audio Video Mode.

I, am Payal M Puri, Company Secretary & Vice President, Group General Counsel.

Ministry of Corporate Affairs through Circular dated 13th January, 2021 read with previously issued circulars in this regard has permitted Companies to carry AGM through Video Conferencing mode. In the light of this unprecedented situation, MCA Circulars and restrictions owing to COVID-19, the meeting will not be conducted physically. The Government of India has urged all citizens to maintain social distancing norms in order to control the spread of this pandemic. Your Company thus with an intention to support the

measures taken by the Government, has decided to conduct the AGM this year 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 42 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 Somany Home Innovation Limited 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 Somany Home Innovation Limited, joining from Gurugram.

Good Afternoon Everyone!

On behalf of the Board of Directors of your Company, welcome to the 4th Annual General Meeting of Somany 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. Rakesh Kaul is Mr. Salil Kumar Bhandari, Independent Director and Chairman of Audit Committee, Nomination and Remuneration Committee and Stakeholder Relationship (Shareholders'/Investors' Grievance) Committee.
3. Next to Mr. Salil Kumar Bhandari is Ms. Payal M Puri, Company Secretary and Vice President, Group General Counsel
4. To my right is Mr. Naveen Malik, Chief Financial Officer
5. Next to him is Mr. Sandeep Sikka, Group CFO

In the Panel Display we have with us:

1. Mr. Nand Gopal Khaitan, Independent Director, joining from Kolkata
2. Mr. N.K. Lodha, Lodha & Co., Statutory Auditor, joining from Delhi
3. Ms. Monika Kohli, DMK Associates, Secretarial Auditor, joining from Delhi
4. Mr. Deepak Bansal, Group Head-Internal Audit, joining from Gurugram
5. Mr. Pravin Kumar Drolia, Scrutinizer, joining from Kolkata

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

Last year was a challenging and unpredictable year, but as always our team excelled when our customers needed us the most. We are exceptionally proud of how our team rose to the COVID-19 pandemic challenge and implemented new and innovative ways to deliver products to our customers. It was a year that tested us on many fronts, but one that showed the true strength of our employees and our business model and helped us deliver superior growth.

The financial year began on a mixed note. Q1 was severely impacted and washed out by the first wave of Covid-19 but we closed the year on a positive note. The Company registered sequential growth that offset the revenue loss suffered in the first quarter, and appreciably improved margins over last year.

Before I go to the Company's performance during Financial Year 2020-21, I would like to talk about our Joint venture with 2.2-billion Euro French multinational, Groupe Atlantic, a company globally recognized as a leader in the water heater and heating solutions segment. Under this JV, Groupe Atlantic infused Rs. 68.3 crore for a 50% stake in Hintastica Private Limited (HPL). Under this JV, a state-of-the-art manufacturing facility is underway in Telangana and is expected to be completed in Financial Year 2022-23. HPL will leverage Groupe Atlantic's proven expertise in manufacturing as well as SHIL's strengths in marketing and distribution to deliver to the consumer in India and also the neighbouring nations in the SAARC region, a range of high-quality products and accessories under the brand 'Hindware Atlantic'. The project is in line with the Government of India's 'Make in India' initiative and key components will be made and sourced from within India.

Despite the challenges faced due to the pandemic, the Company delivered a strong performance in Financial Year 2020-21 on the back of high quality, innovative and diverse product offerings and our pan-India distribution network. The total income for the year came was Rs. 1,775 crore and Consolidated EBITDA was Rs. 161 crore. The Company has been consistently paying dividends and in light of the Company's performance, your Directors recommended a dividend pay-out of 15% on face value against last year's 7.5%.

Over the years, Hindware has evolved significantly and has come a long way from being only a sanitaryware player to becoming one of the leaders in various product categories catering holistically to homes as a whole. Our relatively recent entry into kitchen appliances, home appliances, other bathware products, and plastic pipes and fittings products have been extremely successful. Hindware remains the leader in the sanitaryware segment, while it is among the top two players in faucets and kitchen chimneys. The brand also ranks among the top five in the air cooler and water heater segment. Additionally, we continue to be the fastest-growing player in the Indian plastic pipes and fittings segment.

Under our Consumer Appliance business, we offer the widest range of IoT-enabled products in the country, which can all be controlled by the Hindware Konnect app, offering a plethora of features to consumers on the tips of their fingers. In Financial Year FY 2020-21, Hindware was named among the top companies in the Smart Homes domain at Google's IO, a global event. As on 31st March 2021, we have applied for 28 patents for our products under this business.

We continue to lead the bathware space and during the year we maintained its growth momentum owing to the diverse portfolio and improving demand from the resurgent real estate sector. Our plastic pipes and fittings business demonstrated strong performance and during the year, we also forayed into the overhead water storage tanks and introduced patented column pipes for borewell applications and underground drainage pipes.

We continue to leverage technology, leading to the digitization of the business in order to further streamline operations and processes and to make the businesses more efficient. This approach has significantly helped SHIL remain competitive across the many high-opportunity product categories that the Company operates in.

In conclusion, as the vaccination program across the country is gaining momentum and state governments are easing lockdown restrictions, we at SHIL, are confident in our short, mid and long-term outlook and continue to invest in the fundamental drivers for our

businesses, and through these ongoing investments, expect to deliver better customer outcomes and improved value for all our shareholders.

I would like to thank all our stakeholders, employees, customers, vendors, shareholders, and bankers for their continuous support and faith in your Company.

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 2020-21:

Mr. Naveen Malik:

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

The results for the year ended 31st March 2021 have been prepared in compliance with the applicable Indian Accounting Standards (Ind AS) notified by the MCA.

- Somany Home Innovation Limited has for the year ended 31st March 2021 achieved consolidated revenue from operations of around ₹1,775 crore as against ₹1,613 crore in FY 2019-20.
- The consolidated operating profit i.e. EBITDA for the year ended 31st March 2021 is around ₹161 crore as against ₹112 crore in FY 2019-20.

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

- A. Consumer Appliance Business for the year ended 31st March 2021 continued its upward growth trajectory and achieved revenue of around ₹455 crore representing growth of 26% over the previous year's revenue of ₹362 crore. For the year ended 31st March 2021, the Consumer Appliance Business recorded positive EBIT of around ₹27 crore against EBIT of around ₹6 crore in the corresponding year.
- B. The Retail Business for the year ended 31st March 2021 achieved revenue of around ₹59 crore against the previous year corresponding figure of ₹91 crore. EBIT for the Retail business for the year ended 31st March 2021 was around ₹8 crore negative as compared to previous year's corresponding EBIT of around ₹15 crore negative.
- C. Building Products business is under Brilloca Limited, a wholly-owned subsidiary of Somany Home Innovation Limited.

Building Products Division for the year ended 31st March 2021, achieved revenue of around ₹1,262 crore as against ₹1,161 crore in Financial Year 2019-20. EBIT for the Building Products Division for the year ended 31st March 2021 was around ₹106 crore as compared to the previous year's corresponding figure of around ₹77 crore.

For the year ended 31st March, 2021, overall Company's Consolidated Profit before Tax was around ₹92 crore as compared to the previous year figure of around ₹33 crore. Consolidated Profit After Tax for the year ended 31st March, 2021 is around ₹55 crore as compared to the previous year corresponding figure of ₹23 crore.

The consolidated Total Bank Debt of the company as on 31st March 2020 was around ₹189 crore with long term debt of around ₹47 crore and net short term debt of ₹142 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 4th Annual General Meeting together with the Financial statements as on 31st March, 2021 and Directors' Report be taken as read.

As per the Companies Act, 2013, and applicable Secretarial Standard 2 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 Audit Report and Secretarial Audit Report.

The Company had provided remote e-voting facility through CDSL System. The remote e-voting period commenced on 9.00 A.M. on Friday, 24th September, 2021 and ended on Sunday, 26th September, 2021 at 5.00 P.M. Mr. Pravin Kumar Drolia, Practicing Company Secretary, Proprietor of M/s. Drolia & Company, Company Secretaries, 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. Santosh Kumar Saraf.

Mr. Santosh Kumar Saraf:

Respected Chairman Sir, Management Team and Shareholders, My name is Santosh Kumar Saraf and I am attending this meeting from Kolkata. First of all, I would like to say good afternoon to all. I hope you and your families are doing fine.

I had already sent my questions. I hope you would have received the same.

What are the plans for Capex?

What steps have you taken for renewable energy?

What steps have you taken for Rain-water harvesting?

What steps have you taken for Single use plastic?
Have all the employees been fully vaccinated or not?

Sir, I will not take much of your time, I just want to say that our Company is performing well and I hope it performs exceptionally well in the future also. The future of the Company is bright.

Thank you Sir and everybody for giving your time.

Mr. Sandip Somany:

Thank you Mr. Saraf.

With regard to the renewable energy, this Company has no manufacturing operations so we do not consume very large amount of electricity or any other fuels except in our offices, so

there is no possibility for usage of renewable energy. Same is the case for water conservation as we have no factories of our own. In Somany Home Innovation Limited, we don't use any water other than for office purposes.

With reference to Single use plastic, we of course promote glass for consumption in our offices and we don't use plastic bottles but other than that we don't use plastic in our processes because we have no factories.

As far as vaccination is considered, Saraf Ji, we have ensured that each of our employee is vaccinated at every level. The only people not vaccinated are the people who have recently been infected with COVID and they will be vaccinated after 84 days as per the Government guidelines.

I will now ask our Group CFO, Mr. Sandeep Sikka to reply to your question regarding the Capex plans of the Company. Thank you.

Mr. Sandeep Sikka:

Mr. Saraf, since the Company does not have any plants, so the Capex which we incur is in two parts. We own many moulds as we outsource manufacturing to third parties and the designing aspect is controlled and is patented by us. We invest into mould and we own those moulds. Apart from this, we have also set up various shop-in-shop or the display centres in the market, so that when consumers are visiting our stores they can see hindware brand and they can see our products along with it. On an average, we spend around Rs.20-30 Crores per annum approximately into these investments. Other than these investments, there is no big Capex plan. One Capex plan which we have already disclosed to the Stock Exchanges is the setting up of water heater plant in JV.

As part of the speech, the Chairman has already spoken about the setting up of 50:50 Joint venture with Groupe Atlantic which is 2.2 Billion Euro Company and will spend around Rs.150-160 Crores in the development of this project and will further enhance the capacity over the period of time.

So today there is not much of Capex, but as we move forward, after each of our business category has achieved critical volumes and the outsourcing may not be able to fully service the same. Then the Company may look at setting up the necessary underlying plant facilities. Most of these facilities which may come up as part of the Capex at that time, will further add value to the bottom line. So that's the response to the Capex. Thank you.

Mr. Sandip Somany:

Now I would like the host to unmute ANS Wealth – Swechha Jain.

Meeting Host:

ANS Wealth – Swechha Jain is not present in the meeting.

Mr. Sandip Somany:

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

Meeting Host:

Mr. Hardik Jain is also not present in the meeting.

Mr. Sandip Somany:

Now I would like the host to unmute Mr. Dinesh Kotecha.

Meeting Host:

Mr. Dinesh Kotecha has joined the meeting but is not present in the meeting right now.

Mr. Sandip Somany:

We will then proceed and if he then comes online we can give him the opportunity.

Now, I would like to quickly summarize the businesses as stated in the notice of the 4th AGM.

Businesses as stated in the notice of the 4th AGM are:

AS ORDINARY BUSINESS

1. To consider and adopt the audited financial statements of the Company for the financial year ended 31st March 2021, the reports of the Board of Directors and Auditors thereon and the audited consolidated financial statements of the Company for the financial year ended 31st March 2021 and Auditors' Report thereon. **(As Ordinary Resolution)**
2. To declare Dividend on Equity Shares for the year ended 31st March 2021. **(As Ordinary Resolution)**
3. To appoint a Director in place of Mr. Sandip Somany (DIN 00053597) who retires by rotation and, being eligible, offers himself for re-appointment. **(As Ordinary Resolution)**

AS SPECIAL BUSINESS

4. Remuneration by way of Commission to the Directors (Other than Managing Director/Whole-time Director). **(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.