



**TRANSCRIPT OF THE 61ST ANNUAL GENERAL MEETING OF HSIL LIMITED
HELD ON FRIDAY, 24TH SEPTEMBER, 2021 AT 11:00 A.M. (IST) THROUGH
VIDEO CONFERENCING AND OTHER AUDIO VISUAL MEANS**

PANELISTS:

Dr. Rajendra Kumar Somany
Chairman and Managing Director

Mr. Sandip Somany
Vice-Chairman and Managing Director

Mr. Vijay Kumar Bhandari
Independent Director

Mr. Nand Gopal Khaitan
Independent Director

Mr. Anil Wadhwa
Independent Director

Ms. Himalyani Gupta
Independent Director

Mr. Rakesh Sarin
Independent Director

Mr. Girdhari Lal Sultania
Non-Executive Non-Independent Director

Mr. Sandeep Sikka
Group CFO

Mr. Om Prakash Pandey
Chief Financial Officer

Mr. Pulkit Bhasin
Company Secretary

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. Praveen Kumar Drolia
Representative of Drolia & Co., Scrutinizer

ATTENDEES:

Shareholders

Mr. Pulkit Bhasin:

Good Morning to the Directors, Auditors and Shareholders, who have joined us today, for the 61st Annual General Meeting of HSIL Limited through Video Conferencing and Other Audio Video Mode.

I am Pulkit Bhasin, Company Secretary of HSIL Limited.

The Ministry of Corporate Affairs through Circular dated 13th January, 2021 read with previous circulars in this regard has permitted companies to carry AGM through Video Conferencing and other Audio Video 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 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 11:01 A.M. and at present, we have 34 persons 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 Dr. Rajendra Kumar Somany, Chairman and Managing Director to address the Directors, Auditors and Shareholders who have joined us today.

Dr. Rajendra Kumar Somany:

I, Dr. Rajendra Kumar Somany, Chairman and Managing Director of HSIL Limited, am joining from my residence in New Delhi.

It is a pleasure and privilege to be speaking to you at the 61st Annual General Meeting of your company, HSIL Limited. On behalf of the Board of Directors of your Company, I welcome you all. I trust and pray that you are safe and healthy.

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

In the Display Panel we have with us:

1. Mr. Sandip Somany, Vice-Chairman and Managing Director, joining from Gurugram
2. Mr. Vijay Kumar Bhandari, Independent Director and Chairman of Audit Committee, joining from Mumbai
3. Mr. Nand Gopal Khaitan, Independent Director and Chairman of Nomination and Remuneration Committee and Stakeholder's Relationship (Shareholders'/Investors' Grievance) Committee, joining from Kolkata
4. Mr. Anil Wadhwa, Independent Director, joining from New Delhi
5. Mr. Rakesh Sarin, Independent Director, joining from Gurugram
6. Ms. Himalyani Gupta, Independent Director, joining from New Delhi
7. Mr. Girdhari Lal Sultania, Non-Executive Non-Independent Director, joining from Kolkata
8. Mr. Pulkit Bhasin, Company Secretary, joining from Gurugram
9. Mr. Sandeep Sikka, Group CFO, joining from Gurugram
10. Mr. Om Prakash Pandey, Chief Financial Officer, joining from Hyderabad
11. Mr. N.K. Lodha, Lodha & Co., Statutory Auditor, joining from Delhi
12. Ms. Monika Kohli, DMK Associates, Secretarial Auditor, joining from Delhi
13. Mr. Deepak Bansal, Group Head, Internal Audit, joining from Gurugram
14. Mr. Pravin Kumar Drolia, Scrutiniser, joining from Kolkata

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

The financial year 2020-21, has been a challenging year, Covid-19 created a crisis of unprecedented scale and its impact resulted in the loss of hundreds of thousands of lives, and caused deep disturbance across the world. Businesses also, whether big or small were impacted and subsequent lockdowns to curb the pandemic crippled global and domestic trade.

Your Company was not immune and operations were most impacted in the first quarter of the Financial Year 2020-21 due to Covid-19 induced lockdowns. However, from Q2 of the financial year 2021 onwards, business sentiment improved and HSIL delivered a strong performance with the pick-up of economic activities and easing of lockdown restrictions and closed an otherwise challenging year on a strong note

As we move forward, our focus remains on R&D, fully integrated operations, investment in technological upgradations, digitalization, automation, and state-of-the-art equipment and machinery. And this will further improve our manufacturing capabilities and help us to develop cost-efficient and cutting edge products.

Our corporate philosophy is to manufacture and develop sustainable products through sustainable practices focused on minimising debottlenecking and increasing efficiencies.

We continuously assess, measure, and improve our performance on Environment, Social, and Governance parameters, and are setting new benchmarks for the company as well as the industry. We are reducing our carbon footprint across operations, decreasing dependence on finite natural resources, installing solar and power plants, reducing water consumption, and have embarked on zero discharge units.

Your company has always believed in being an integral part of the community in which it operates. During the year, we undertook several initiatives to promote campaigns under healthcare, hygiene, and sanitation, education, skill development, water conservation, and others touching thousands of lives

Your Board of Directors oversee and ensure the highest standards are set for corporate governance, compliance and management remains fully committed to building a profitable and sustainable business.

In the financial year 2020-21, your company achieved a total income of Rs. 1,881 crore against Rs. 1,879 crore in financial year 2019-20. EBITDA for the year stood at Rs. 308 crore with margins improving to 16.91% as compared to 15.84% in the previous year. The company was able to deliver strong results owing to continuous focus on operational and manufacturing excellence, implementation of cost rationalisation measures, and an improved product mix.

The strength of the company's earnings is visible in the strong cash flows it generated in financial year 2020-21. The Company also repaid a total debt of Rs. 93 crore, utilised cash of Rs. 78 crore towards the buyback of shares and incurred a CAPEX of Rs. 170 crore.

The company has been consistently paying dividends and in light of the company's performance, your Directors recommended a dividend of Rs. 4 per share for financial year 2020-21, a pay-out of 200% on face value.

Before I conclude, I would like to say that during last year, we have not only successfully navigated through the pandemic-related challenges but also emerged stronger to deliver profitable growth.

We are optimistic about future growth prospects. Your company is backed by strong fundamentals and its growth dynamics are fully aligned with the growth of the industry.

I would also like to thank you, the esteemed shareholders for your continued support and confidence in the Company. I would also like to thank our employees, banks, and service providers for their trust and conviction in our abilities.

I invite Mr. Sandip Somany, Vice-Chairman and Managing Director to proceed with the Business of this Annual General Meeting.

Thank You!

Mr. Sandip Somany:

Good morning to everyone. Now, with your concurrence, I shall take the Notice of the 61st 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 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 Tuesday, 21st September, 2021 and ended on Thursday, 23rd September, 2021 at 5.00 P.M. Mr. Pravin Kumar Drolia, 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 would like to invite Mr. Om Prakash Pandey, Chief Financial Officer of the Company to apprise you on the financial highlights of the Company for the Financial Year 2020-21.

Mr. Om Prakash Pandey:

Good Morning Chairman, Board Members, Shareholders.

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.

- HSIL for the year ended 31st March 2021 achieved Total Income of around ₹1881 crore as against ₹1879 crore in Financial Year 2019-20.
- The operating profit i.e. EBITDA for the year ended 31st March 2021 was around ₹308 crore as against ₹291 crore in Financial Year 2019-20.

Now, let me walk you through our segmental performance:

- A.** The Packaging Products Division revenue in financial year 2020-21 was ₹1,259 crore against previous year corresponding figure of ₹1242 crore. EBIT is around ₹196 crore as compared to previous year corresponding figure of around ₹154 crore.
- B.** The Building Products Division revenue stood at ₹593 crore against previous year corresponding figure of ₹580 crore. EBIT is around ₹1 crore as compared to previous year corresponding figure of around ₹20 crore.

For the year ended 31st March, 2021, Company's Profit before Tax was around ₹115 crore as compared to previous year figure of around ₹75 crore. Profit after tax for

the year ended 31st March, 2021 was around ₹88 crore as compared to previous year corresponding figure of ₹48 crore.

The Total bank debt of the company as on 31st March 2021 was around ₹896 crore with long term debt of around ₹767 crore and net short term debt of ₹129 crore.

Thank you for joining us today. I would like to now invite Mr. Sandip Somany, Vice –Chairman and Managing Director, HSIL Limited to continue with the proceeding of this meeting.

Mr. Sandip Somany:

Now, I will announce the names of the Shareholders who have sent their queries and would request them to read aloud the queries. 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 and please note that the queries which have been received in advance will only be replied to.

Moreover, there are certain queries which we have received and as are common and overlapping. Therefore, in the interest of time, we would like to address the same after hearing all the queries raised by all the registered shareholders.

Now I would like the host to unmute Mr. Chandravati Gattani

Meeting Host:

Mr. Chandravati Gattani is not present in the meeting.

Mr. Sandip Somany:

Now I would like the host to unmute Ms. Kirti Jayanti Lal Shah

Meeting Host:

Ms. Kirti Jayanti Lal Shah is not present in the meeting.

Mr. Sandip Somany:

Please unmute Mr. Ashish Burnwal.

Meeting Host:

Mr. Ashish Burnwal you have been muted, you can ask your query.

Mr. Ashish Burnwal:

Hello, Respected Chairman Sir, Vice-Chairman Sir and Board of Directors. My name is Ashish Burnwal and I have joined the AGM from Bangalore. First of all I would like to thank you for the great work you all have done in the last fiscal year and also to each and every member of HSIL Limited. I really applaud the decision of Buyback done during the year. I have a few questions that I would like to ask.

I would like to say that I see a huge debt in the Balance Sheet and I certainly understand that HSIL is a spin up Company and it has got the debt from inception. So, my question is in how many years you see the debt level getting reduced to zero.

Further, I would like to say that I see you are distributing the dividend. So my concern is that why cannot we hold the dividend and invest it in the business so that it will have compounded effect on the earning and this will also prosper the business.

Another thing I would like to say is when we do the Buyback there are huge benefits and I would like to congratulate the management for successfully completing the Buyback process during the year.

Also, I wanted to know more about the business, so I want to know what all products HSIL produces and what are sold to the public and at what price.

Apart from that can you please help me if all the products listed in the following websites are owned by HSIL?

- <https://www.alchymibathrooms.com/>
- <https://www.hindwarehomes.com/>

Further, I would like to ask what is more important to you whether is it to increase the EPS or increase the ROE.

With this I would like to wrap up my queries and I would like to say that I have a very strong faith in HSIL and its team and I am very sure that you will think over the points I have discussed with management you. I am really grateful for the good work.

Good day!

Mr. Sandip Somany:

Thank You, Mr. Burnwal for your suggestions.

So basically, HSIL after the demerger scheme is fundamentally a manufacturer of packaging products. It is number two glass producer Company in the Country. It also has interests in plastic bottles as well closures and we have another division which manufactures sanitaryware, faucets and showers which is an unbranded division. The "Hindware" brand now rests with its sister companies viz. Somany Home Innovation Limited and its wholly owned subsidiary Brilloca Limited.

Therefore, the websites you described are no longer owned by HSIL Limited. These are the websites owned by its sister companies.

As far as the suggestion for reducing the debt is concerned, you will see that the Company has Long term debt. The Short term debt is basically working capital debt. The total debt to equity ratio this year is around 0.94, it has decreased over the year and the glass business is a capital intensive business. Further, we are in the process of putting up a speciality glass plant where the margins are much higher. This will manufacture cosmetic bottles, perfumery bottles, high-end pharmaceutical and liquor bottles with a lot of decoration. This plant will be commissioned in the first-half of next year and the Company has taken some debt for implementing this project as well as for large expansion in the pipes business. This is the reason the Company has taken and the debts are not significantly high. They are well within the financial norms.

Currently the main product of the Company is packaging products and out of the packaging products the biggest division is making glass bottles which the Company sells to its various multinational and other customers and the designs are customized as desired by the customer.

Now, I would request the host to unmute Mr. Santosh 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 say that the Company is performing really well.

I would like to ask a few questions:

What are the Capex plans of the Company for coming years?

What steps have been taken for rain water harvesting?

What steps have been taken for renewable energy?

What steps have been taken to employ more women in the organization?

How many employees of the Company have been vaccinated?

Further, I would like to suggest continuing with the process of conducting Annual General Meetings through Video Conferencing to save costs of the Company.

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

Mr. Sandip Somany:

Thank you Mr. Saraf for your good wishes. I hope you and your family are also well. I would start with your last question. We have been very proactive through this period of COVID. We believe that employees are the greatest asset of the Company.

We have gone out of our way to make sure that, every employee who has not recently got infected with COVID, are vaccinated in our Company. There is not even a single manager, staff worker or even contract worker who is not inoculated. We have been able to take care of our people.

Now, as far as renewable energy is concerned, your Company has been at forefront of making sure that we implement solar power projects for our own consumption. You will be glad to know that the Company has over 15 MW of power which we generate from solar energy. Around 11.5 MW has been installed in our one location of glass plant which is located in Bhongir, Telangana. We are also looking at more opportunities to put more rooftop power. You will also be glad to know that, as a Company, we believe in high standards of ecological concerns. The buildings of our two plants that have recently been commissioned are all platinum leads certified which means they consume less energy. There is no requirement of lighting till 6 or 7 P.M. in the evening in these buildings as there is a provision of natural light. Also, we are designing all our new factories as per this platinum lead standard to reduce the consumption of electricity and water and to make the place more environmental friendly. At all our plants, 100% of the water used in the process of production is recycled and no water is wasted. We have zero water discharge at all our facilities.

Now moving on to Women employment, I would like to say we consider it as a priority and you will be happy to know that not just in our offices but also in our factories we employ women employees and we will strive to improve the ratio of women employee further. In our glass factories as well as sanitaryware factories we have women employees doing the production process. This has started since last few years and been very successful.

Now, I would request Mr. Sandeep Sikka, Group CFO, to answer to your Capex query.

Mr. Sandeep Sikka:

Thank you, Mr. Somany. So Mr. Saraf, the Company primarily has two verticals, one is the Packaging and other is Building products. Packaging business is a capital intensive business and we have been upgrading our plans historically and we have focused on investing into the capacity creation and capacity upgradation. Today, we are the only producer of glass in India who has flexibility to use all sort of fuels, as fuel prices change frequently, we are more profitable because we are able to use fuel mix optimally.

Presently, we have two main capex plans; one is the expansion of our glass facilities. As you would be aware that we are already touching 85% capacity utilization on glass and the Company feels that the demand of glass is going to expand further in the Country, accordingly, we are investing into high-end glass facilities wherein we will be able to produce perfumery, cosmetics and pharmaceutical glass bottles. These are the new segments which we are trying to address and increase our share into these segments. The realization per ton of glass, when we sell to these segments is higher. Another element of expansion is in the pipes business wherein we make CPVC, UPVC pipes and fittings. There we are announcing our capacity expansion by around 12000 tons per annum. Both these plans are expected to be completed by first half of the next financial year. The total capex outlay for these expansions is estimated to be Rs.400-450 crores. So, for the

time being, the debt will increase but the corresponding benefits which will come through over the next few years will bring down the debt.

Now, I would request Mr. Sandip Somany to take over.

Mr. Sandip Somany:

Thank you, Mr. Sikka.

Mr. Saraf for your suggestion regarding continuing with the format of conducting AGMs through VC, I would like to say I fully agree with you. As long as the Government of India allows, the Company will conduct its AGM through Video Conferencing.

Now I would like to quickly summarize the business as stated in the Notice of 61st AGM.

Businesses as stated in the Notice of 61st 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. **(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 Ms. Sumita Somany (DIN: 00133612) who retires by rotation and, being eligible, offers herself for re-appointment. **(As Ordinary Resolution)**

AS SPECIAL BUSINESS

4. Re-appointment of Mr. Sandip Somany as Vice Chairman and Managing Director and remuneration payable thereof **(As Special Resolution)**
5. Approval for Related Party Transactions with Brilloca Limited **(As Ordinary Resolution)**
6. Remuneration by way of Commission to the Directors (Other than Managing Directors) **(As Special Resolution)**

Members who have not cast their vote 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 the 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.