



TRANSCRIPT OF THE 60TH ANNUAL GENERAL MEETING OF HSIL LIMITED HELD ON SATURDAY, 19TH SEPTEMBER, 2020 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. 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. Neeraj Singhal

Head Internal Auditor

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)

ATTENDEES:

Shareholders

Mr. Pulkit Bhasin:

I am Pulkit Bhasin, Company Secretary of HSIL Limited.

A very Good Morning to the Directors, Auditors and Shareholders, who have joined us today, in the 60th Annual General Meeting of HSIL Limited through Video Conferencing and Other Audio Video Mode.

Ministry of Corporate Affairs has through Circulars dated 8th April, 2020 & 13th April, 2020 permitted Companies to carry AGM through VC mode. In the light of this unprecedented situation, MCA Circulars and due to the widespread of Covid-19, the meeting will not be conducted physically. The Government of India has urged all its citizens to maintain social distancing norms in order to control the spread of this Virus. Your Company thus with an intention to support the measures taken by the Government, decided to conduct the

Annual General Meeting this year through Video conferencing and other Audio-Visual mode. I thus thank & welcome all the Shareholders who have joined us today through the Webex platform.

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 11:01 A.M. and at present, we have 44 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.

Now, I request Dr. Rajendra Kumar Somany, Chairman and Managing Director to address the Directors, Auditors and Shareholders who have joined us today, in the 60th Annual General Meeting of HSIL Limited.

Dr. Rajendra Kumar Somany:

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

A very Good Morning to all the Directors, Auditors and Shareholders, who have joined us today, in the 60th Annual General Meeting of HSIL Limited, through Video Conferencing and Other Audio Video Mode.

I hope all of you are safe and keeping well during these tough times. We are amidst one of the biggest crisis we have seen in our lifetime, the Covid-19 pandemic. I am confident that this crisis too will pass and we will emerge stronger.

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.

In the Panel Display we have with us:

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

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

It is a great honour and privilege for me to preside over the 60th Annual General Meeting of your Company as we celebrate this momentous milestone.

I am speaking to you today in very unusual times. I sincerely regret that we are not able to meet in person this year because of the pandemic. We are living in unprecedented times and facing a crisis that has affected all of us across the globe. Even during this time, we have been manufacturing and delivering our products following the most stringent safety precautions and I would sincerely like to thank all our employees and partners for their commitment. I hope you and your family members are remaining healthy and staying safe.

On this occasion, I would like to dwell a little on our journey so far. We introduced vitreous china sanitaryware in India by incorporating the company in 1960. Over the decades we have grown organically and inorganically and since innovation has been the key focus for your Company, it has continued to be on an upward growth trajectory since it got listed.

Over the decades, our sanitaryware business has become a leader in its space. The Company significantly expanded its production capacity in the sanitaryware industry by acquiring Krishna ceramics in 1989 and Raasi ceramics in 1999. We entered into the faucet segment a few years ago and today are among the top three manufacturers of faucets in India. In FY 2015-16, we decided to expand our Building Products Division into the synergic domain of plastic pipes and fittings to provide end-to-end bathroom solutions and commissioned a state of the art plant in 2018.

In addition to our Building Products, in 1981, we entered the Packaging Products Division by acquiring 'The Associated Glass Industries Limited' (AGI), manufacturer of container glass and today we are the second largest manufacturers of glass containers in India. With the acquisition of Garden Polymers Private Limited (GPPL) in 2011, we added PET bottles to our portfolio and in FY 2017-18, we added counterfeit-resistant caps and closures under the segment.

Your Company consolidated its growth momentum during the decades and I am happy to report that over the last decade the company has been continuously paying dividends in a range exceeding 25% of profit under the year. Your company has also issued bonus shares to its shareholders 5 times since incorporation. We have always aimed for a consistent improvement in financial performance of your Company while maximizing value to our stakeholders and the communities we serve.

As you know, the recent demerger scheme was a strategic move to enhance capabilities, create future-focused institutions of excellence. HSIL now houses manufacturing and selling of packaging products i.e. Container Glass, Pet Bottles and Security Caps & Closures, and also the manufacturing of Building Products businesses i.e. Sanitaryware, Faucets and Plastic Pipes & Fittings. Our Company structure today, provides a stable foundation and a strong platform for continued long-term and sustainable growth in a market in transition.

The aim is to accomplish the next trajectory of success, enable and enhance HSIL's manufacturing excellence based on global benchmarks. Our values, purpose, and strategy is the foundation of our success and will be instrumental as we continue to manufacture innovative range of products and upskilling our team members. We are a success and will continue to be successful owing to our varied multi-sectoral insight, drive for innovation, and a product mix that reflects evolving customer aspirations, enhanced sales capabilities and a pool of talented employees.

We are focused on our ambition of a sustainable manufacturing footprint and have continued to introduce practices over the decades to help us optimise utilisation of resources, minimise environmental impact along the entire lifecycle for all our products—

from raw material usage to finished products. We understand, India faces daunting water security challenges. While India hosts approximately 17% of the world's population, it holds only about 4% of its required annual water resources. Over the years we have developed and launched numerous water saving closets and faucets with unique and advanced features. In FY 19-20 itself, across the wide range of products for sanitaryware and faucet, the Company's 43 products were stars rated by IAPMO and 145 products were certified by CII as Green Products for excellent water saving designs. Also we introduced UPVC pipe in purple colour for distribution of Recycled (Reclaimed water). The purpose is to have a separate colour code for the water line which is not used for potable water.

Most of you are already aware that our plastic pipes and fittings and counterfeit-resistant security caps and closures manufacturing plants at Telangana comply with green building norms and have received the platinum rating by the Indian Green Building Council (IGBC). Our plants have achieved a very high benchmark in terms of manufacturing capabilities, waste management and water management (zero-water discharge). You will be glad to know that we have embedded sustainability even in our factory design. Our other measures comprise ensuring energy and water conservation with process waste being collected and reused.

Other than the sudden COVID-19 challenge, the financial year 2019-20 was a rather satisfying year for us. Our customer centricity continued to be the cornerstone of our success during the reporting period. We witnessed growth across both our Packaging and Plastic Pipes & Fittings manufacturing businesses, along with better realisations on the back of growing sales volume and pricing.

Our businesses under HSIL are aligned to the '**Make in India**' initiative launched by Indian Government and your Company is looking at newer markets in order to broaden its reach both in India and abroad. Going forward, we see significant opportunities for our Packing Products Businesses to create value for our discerning customers by offering efficient packaging solutions aligned to their needs. In the Building Products Manufacturing Businesses, our focus remains relentless on achieving optimum utilisation of capacities and better efficiencies.

Before I conclude, it is pertinent to mention that our initiatives for decades have made us an even more efficient, effective company for the long term, and improved our profitability curve and growth potential. In closing, we've done well, but we always strive to do better.

I once again convey my thanks to all our shareholders for their continued trust and confidence in the Management of the Company. Thank you for accompanying us in this remarkable journey.

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

Mr. Sandip Somany:

A very Good Morning to all, now, with your concurrence, I shall take the Notice of the 60th Annual General Meeting together with the financial statements as on March 31, 2020 and Directors' Report 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 Report.

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 Wednesday, 16th September, 2020 and ended on Friday, 18th September, 2020 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 Combined results of remote e-voting, and online-voting conducted at the meeting, would be declared within 48 hours from the conclusion of this meeting.

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 Mr. Om Prakash Pandey, Chief Financial Officer of the Company to apprise you about the financial performance of the Company for the FY 2019-20.

Mr. Om Prakash Pandey:

Respected Chairman, Board Members, Shareholders and persons in attendance

The results for the year ended 31st March 2020 have been prepared in compliance with the applicable Indian Accounting Standards (Ind AS) notified by the MCA. The figures for financial years 2018-19 and 2019-20 in Annual Report are restated after considering the implementation of Composite Scheme of Arrangement.

- HSIL Limited has for the year ended 31st March 2020 achieved revenue of around ₹1859 crore as against around ₹1605 crore in FY 2018-19.
- The operating profit i.e. EBITDA for the year ended 31st March 2020 is around ₹291 crore as against around ₹213 crore in FY 2018-19.
- The outbreak of Covid-19 Pandemic has caused global widespread economic disruptions and affected Indian economy and businesses. It has also adversely affected the revenue and profitability of the Company for quarter and financial year ended March 2020.

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

- A.** Packaging Products Division for the year ended 31st March 2020 continued its upward growth and achieved revenue of around ₹1242 crore representing growth of around 13% over previous year revenue of ₹1097 crore. For the year ended 31st March 2020, the Packaging Products Division recorded EBIT of around ₹153 crore against EBIT of around ₹90 crore in corresponding year.
- B.** Next we will talk about the Building Product Division. The Building Product Division for the year ended 31st March 2020 achieved revenue of around ₹610 crore representing growth of 23% over previous year corresponding figure of ₹494 crore. EBIT for the Building Product Division for the year ended 31st March 2020 is around ₹20 crore as compared to previous year corresponding figure of around ₹22 crore.

So, for the year ended 31st March, 2020, overall company Profit before Tax is around ₹75 crore as compared to previous year figure of around ₹22 crore. Profit after tax for the year ended 31st March, 2020 is around ₹48 crore as compared to previous year corresponding figure of ₹15 crore.

I convey my thanks to all our shareholders.

Mr. Sandip Somany:

We have received certain queries in advance by email from shareholders in accordance with the Notice of the AGM.

Now, I would announce one by one the names of the Shareholders who have sent their queries and would request them to read the same queries they have sent us by email. The speaker shareholder, if present, will thereafter be unmuted by the host. If such Shareholder is not able to join through video for any reason, then that member can join through the 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 will request the next speaker shareholder to join the meeting and he can join later. We would like to request a speaker shareholder to kindly 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. Jaydeep Bakshi.

Meeting Host:

Mr. Jaydeep Bakshi is not present in the meeting.

Mr. Sandip Somany:

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. I hope you and your families are doing fine.

I have already sent my questions. What is the impact of Covid-19 on company's income? What steps are taken by management to minimise its effects on company across all our businesses? What steps have been taken for cost cutting in Covid-19 pandemic situation throughout this financial year? What are future plans of management to increase growth and income of the Company?

Board of directors could think about cut in their remunerations, Director's sitting fees, Commissions and perquisites etc. by 30% in this Covid-19 pandemic period, business is suffering and it is a very tough time to survive. Board of Director also could think of cutting of Remuneration and perquisites and etc. to Key Managerial Personnel by 30% for this year? Further, when shareholders are not getting any dividend then why there's increase in payment to Directors and other Key Managerial Personnel?

Female employee numbers is 38 it is only 1.91% out of total employee 2891 as on 31st March 2020 which is very less and kindly let me know the view of management to empower more females to become self-dependent in the present socio-economic scenario? Now labor Ministry also allowed female to work in factory and also in all shift and they have capability to become Command Officer and Pilot of fighter plane and also many other jobs (work). I am surprised that you have 2 disabled persons in your total permanent staff of 2891. Nowadays, person with disabilities are topping IAS exam and at the same time they are winning medals in Paralympics games for India and many others continue to do very

good job for country. Kindly let me know your views on giving an opportunity to them in the form of jobs or any other means.

Sir on page no.122 you have reported that there are tax disputed cases that are pending from year 1987-88. In this regard kindly tell me why you are not interested in settling these cases with state government and with central government under 'VIVAD SE VISHWAS' and 'SABKA VISHWAS' scheme launched by Central government? Sir why these cases are still pending since 33 years? What steps has management taken to solve the disputes to clean accounts at earliest.

Sir kindly let me know to whom you have given donation of Rs. 15 (fifteen Lac)? Sir, Kindly tell me that how much amount have you contributed to PM CARES FUND and have you given any Electoral Bond to any political party, If yes than what is value of those?

Sir as per the Companies Act, 2013 you have to compulsory mention DIN of Directors and ICSI Registration no. of Company Secretary everywhere when they give and sign any Certificate and reports. Kindly you can verify this with your legal and the Companies Act experts. And not mentioning this is an offense and this is not mentioned in your case why?

Sir how many shareholders are attending today Video / OAVM meeting?

Sir kindly let me know what are the expenses estimated of this year meeting through VC /OAVM. And what were the last year expenses for physically held AGM at venue including printing and postage of Notice and Annual Reports and on travelling of directors for AGM and others related expenses?

Thank you Sir and everybody for giving your time.

Mr. Sandip Somany:

Thank you Mr. Saraf.

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

Meeting Host:

Ms. Sarbananda Gattani is not present in the meeting.

Mr. Sandip Somany:

Now I would like the host to unmute Mr. Bijnan Singh Srimal.

Meeting Host

Mr. Bijnan Singh Srimal is not present in the meeting.

Mr. Sandip Somany:

We may now proceed with answering the questions that were raised by Mr. Santosh Kumar Saraf.

So, his first question was what is the impact of Covid-19 on company's income? What steps have been taken by management to minimise effects on the Company across all our businesses? What steps have been taken for cost cutting in Covid-19 pandemic throughout this financial year? What are future plans of management to increase growth and income of Company?

To that, I would like to say the outbreak of Covid-19 pandemic has caused global widespread economic disruptions leaving uncertainties with respect to severity. Given the fact that number of daily cases are still on rise, the impact of same on businesses currently cannot be reasonably ascertained. However, based on current indicators of future economic conditions, considering current market scenario and company's quality product portfolio, long-standing relationships & goodwill with its customers, suppliers and other stakeholders, your Company expects that business operations, cash flows, future revenue, assets and liabilities will sustain going forward. Covid-19 lockdown had adversely affected revenue of your Company since March 2020 onwards, and we are now moving towards normalisation of business and revenues. The Company always strives to make optimal utilisation of existing capacities to achieve higher revenue and increased profitability.

Your Company has implemented various cost optimization measures during last few months which includes reduction and optimisation of fixed overhead costs, rationalisation of headcount wherever required, improving supply chain costs etc. The Company is working actively and closely with its customers to cover the lost ground during the lockdown period. The sales to these customers is again contingent upon the fact that how much of their operations have been impacted by Covid-19.

The second question was the Board of directors could think about cut in their remunerations, Director's sitting fees, Commissions and perquisites etc. by 30% in this Covid-19 pandemic period, business is suffering and it is a very tough time to survive. Board of Directors also could think of cutting remuneration and perquisites and etc. to Key Managerial Personnel by 30% for this year? Further, when shareholders are not getting any dividend then why there's increase in payment to Directors and other Key Managerial Personnel?

Mr. Saraf, the focus of your Company under the current scenario is to bring back the operations and sales to normal course over next few months and cover the lost ground during the shutdown. The focus is also to align all stakeholders towards achieving the organisation objectives and goals.

The suggestion made towards the remuneration cut may be evaluated by the Management and the Board of Directors based on progress made. Moreover, your company has proposed dividend payment of Rs. 3.00 representing 150% of face value of equity shares for Financial Year 2019-20, which is in line with past trends of dividend pay-outs.

Next question he had asked is Female employee numbers is 38 it is only 1.91% out of total employee 2891 as on 31st March 2020 which is very less and kindly let me know the view of management to empower more females to become self-dependent in the present socio-economic scenario? Now labour Ministry has also allowed female to work in factory and also in all shift and they have capability to become Command Officer and Pilot of fighter plane and also many other jobs (work). I am surprised that you have 2 disabled persons in your total permanent staff of 2891. Nowadays, person with disabilities are topping IAS exam and at the same time they are winning medals in Paralympics games for India and many others, they continue to do very good job for country. Kindly let me know your views on giving an opportunity to them in the form of jobs or any other means.

To that, your Company's recruitment policy does not discriminate basis gender or physical condition if they are found suitable to do the job. We do not make any bias / any discrimination with differently abled people. We hire people basis merit and fitment to the position(s) with the right talent. It is coincidence that the number of female employees and differently abled persons are less in number; however, we will focus more on increasing the pool of candidates from these categories to give importance for hiring such people.

The next query raised by Mr. Saraf was that on page no.122 you reported that there so many tax disputed cases that are pending from year 1987-88. In this regard kindly tell me why you are not interested in settling these cases with state government and with central

government under 'VIVAD SE VISHWAS' and 'SABKA VISHWAS' scheme launched by Central government? Why these cases are still pending since 33 years? What steps has management taken to solve the disputes at earliest to clean accounts. Many companies have given reply that their legal experts are telling that company is in very strong position to win cases but they never tell that they take fees in many years more than case amount?

In reference to this I would say that your Company contests each case based on merit of such legal case and wherever required, the settlement is also done for faster resolution of disputes. However, some cases relate to matter of law and have to be contested till end so that impact on later years is also minimised.

His next question was kindly let me know to whom you have given donation of Rs. 15 lacs? Kindly let me know that how much amount have you contributed to PM Cares Fund and have you given any Electoral Bond to any political party, If yes than what is value of those?

The total donation made during FY 2019-20 is Rs.15000 and not Rs.15 lacs. Mr. Saraf, you may please refer page 156 of Annual Report. Your Company keeps carrying necessary social work along its own business lines and boundaries and has not contributed towards PM Cares Fund or towards Electoral bond.

Next question asked by Mr. Saraf was as per the Companies Act, 2013, it is compulsory to mention DIN of Directors and ICSI Registration no. of Company Secretary everywhere when they give and sign any Certificate and reports. Kindly verify this with your legal and Companies Act experts. And not mentioning this is an offense and this is not mentioned in your case why?

About that, your Company has mentioned DIN of Directors and ICSI registration number of Company Secretary in respective documents as required and mandated in line with the provisions of the Companies Act, 2013.

He had further asked about how many shareholders are attending the meeting today through Video Conferencing / OAVM?

Based on data appearing of our Webex screen, 64 shareholders are attending the video meeting currently.

And his last question was can you let me know what are the expenses estimated of this year meeting through VC /OAVM. And what were the last year's expenses for physically held AGM at venue including printing and postage of Notice and Annual Reports and on travelling of directors for AGM and others related expenses?

The Annual general meeting expenses for the year ended on 31st March 2019 were approximately Rs.19 lacs. For AGM relating to year ended 31st March 2020, the expenses are expected to be around 55-60% lower than last year's expenses.

Now I would like to quickly summarize the business as stated in the Notice of 60th AGM.

Businesses as stated in the Notice of 60th AGM are:

AS ORDINARY BUSINESS

1. To consider and adopt the audited financial statements of the Company for the financial year ended 31 March 2020, the reports of the Board of Directors and Auditors thereon.
2. To declare Dividend on Equity Shares for the year ended 31 March 2020.

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 SPECIAL BUSINESS

4. Re-appointment of Dr. Rajendra Kumar Somany as Chairman and Managing Director and remuneration payable thereof. **(As Special Resolution)**
5. Appointment of Mr. Anil Wadhwa as an Independent Director. **(As Ordinary Resolution)**
6. Appointment of Ms. Himalyani Gupta as an Independent Director. **(As Ordinary Resolution)**
7. Appointment of Mr. Rakesh Sarin as an Independent Director. **(As Ordinary Resolution)**
8. Approval for Related Party Transactions with Brilloca Limited. **(As Ordinary Resolution)**
9. Approval for re-appointment of M/s. G. L. Sultania & Co., Proprietorship firm of Mr. Girdhari Lal Sultania, Non-Executive Director, for availing professional advisory services by the Company. **(As Special Resolution)**
10. Approval for continuation of Directorship of Mr. Girdhari Lal Sultania as Non-Executive Non-Independent Director of the Company. **(As Special Resolution)**

Members who have not cast their votes electronically and who are participating in this meeting will have an opportunity to cast their votes through the e-voting system provided by CDSL. Members may note that the e-voting on the CDSL platform will continue to be available for the next 15 minutes. The results would be announced on or before the 21st September, 2020 and the same would be intimated to Stock Exchanges and will be uploaded on the website of the Company and CDSL.

I convey my sincere thanks to all the Panelists and Members for attending and participating at this meeting. Please stay healthy and stay safe.

Thank you.