



“V-Guard Industries Limited 25th Annual General Meeting”

August 05, 2021



**MANAGEMENT: MR. KOCHOUSEPH CHITILAPPILLY – CHAIRMAN
EMERITUS
MR. CHERIAN N PUNNOOSE – CHAIRMAN &
INDEPENDENT DIRECTOR
MR. MITHUN K CHITILAPPILLY – MANAGING
DIRECTOR
MR. RAMACHANDRAN V – DIRECTOR & CHIEF
OPERATING OFFICER
MS. RADHA UNNI – INDEPENDENT DIRECTOR
MR. B JAYARAJ – NON-EXECUTIVE DIRECTOR
MR. GEORGE MUTHOOT JACOB – INDEPENDENT
DIRECTOR
MR. SUDARSHAN KASTURI – CHIEF FINANCIAL
OFFICER
MS. JAYASREE K – COMPANY SECRETARY**



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Participant: Dear shareholders, Good afternoon and a very warm welcome to the 25th Annual General Meeting of V-Guard Industries Limited through video conferencing or other audio-visual means. Please be informed for the smooth conduct of the meeting. The members will be in the mute mode and audio and video will be unmuted when they will speak at the AGM as per the preregistration. As per the statutory requirements the proceedings of the annual general meeting will be recorded and the transcript of the meeting will be made available on the website of the Company. I now hand over the processing to Mrs. Jayasree K – Company Secretary of the Company. Thank you and over to you, ma'am.

Jayasree K: Thank you Mr. Sheikh. Good afternoon respected Chairman Emeritus Chairman, Directors, Shareholders and others. Welcome to the 25th Annual General Meeting of V-Guard Industries Limited. As the COVID-19 pandemic is continued this year also we are conducting the annual general meeting of the Company through video conferencing or other video, audio visuals means. Around 1,000 shareholders can participate in the meeting through this platform and it is provided with the support of National Securities Depository Limited and Chorus Call. Shareholders are requested to join the meeting through their laptops for better experience and also requested to use internet of high speed to avoid any disturbance during the meeting.

The remote eVoting began on August 2nd from 9 o'clock and it got concluded on August 4th at 5 PM. Those shareholders who have not exercised their voting rights can now exercise their voting rights, the eVoting module has been kept open and it will be kept open after 15 minutes from the conclusion of the meeting and some of the shareholders have registered themselves as speaker shareholders and they will be unmuted during the time during the time when the Q&A session comes up and other shareholders can raise their questions through the chat box facility which is provided and all the statutory registers of the Company are kept open for inspection and the statutory auditors have given a certificate on the compliance of employee stock option scheme. So, if any one of the shareholders want to inspect the documents please do write to the Company at the email investors@vguard.in.

Now I request our Chairman to deliver his address. Over to you sir. Thank you.

Cherian N Punnoose: Thank you Jayasree. Good afternoon dear shareholders, Chairman, Emeritus, directors and all attendees. We have more than 30 members present and they are attending the meeting through video conference or other audio-visual means. As we have the required quorum present for those meeting I call the meeting to order.

I am Cherian N Punnoose Chairman of the board and I am attending the AGM from the registered office of the Company in Ernakulam. I take this opportunity to inform you about the important changes in the board since our last meeting. Mr. George Muthoot Jacob – Independent Director was inducted on the board effective from October 5, 2020, for a period of five years. Mr. Mithun K Chittilappilly – Managing Director of the Company was reappointed for a period of five years effective from April 1, 2021. Professor Biju Varkkey joined the board under



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Independent category effective from May 26th, 2021, for a tenure of five years. Mrs. Radha Unni – Independent Director is proposed for reappointment for a second term of five consecutive years. Mrs. Joshna Johnson Thomas – Non-Executive Director resigned from the board effective from April 1st, 2021.

As brief by the Company Secretary considering the prevailing COVID-19 pandemic and admitting and adhering to the directives issued by the central, state and other administrative authorities the annual report for the financial year 2021 and notice of the 25th Annual General Meeting has been sent only through electronic mode to the members of the Company and this meeting is being held through video conferencing or other audio-visual means. I am delighted to welcome all the shareholders to this 25th Annual General Meeting I extend a warm welcome to Kochouseph Chittilappilly – Chairman Emeritus and the other colleagues on the board of the Company to this 25th Annual General Meeting and also request directors to please introduce themselves. We may start with Chairman Emeritus Mr. Kochouseph Chittilappilly.

Kochouseph Chittilappilly: Hi Good afternoon everybody. I am Kochouseph Chittilappilly – Chairman Emeritus attending the video conferencing AGM meeting from my residence. Thank you.

Mithun K Chittilappilly: Good afternoon everyone. This is Mithun Chittilappilly. I am joining the AGM of the Company through video conference from my residence in Cochin.

Ramachandran V.: Hi I am Ramachandran; I am Executive Director and Chief Operating Officer of V-Guard I am joining this AGM from my residence at Delhi by video conference.

Radha Unni: Good evening I am Mrs. Radha Unni – Independent Director of the Company. I am attending this AGM from my residence at Chennai. Thank you.

B Jayaraj: Good afternoon everyone. I am B Jayaraj – Non-Executive Director. I am joining this AGM from the registered office of V-Guard Industries at Ernakulam. Thank you.

George Muthoot Jacob: I am George Muthoot Jacob – Independent Director. I am joining this AGM from my office in Cochin. Thank you.

Cherian N Punnoose: Mr. C J George, Professor Biju Varkkey and Mr. Ullas K Kamath Independent Directors are not present for the AGM due to some personal occupation. Mr. Sudarshan Kasturi – Chief Financial Officer has joined from Bangalore for this meeting. Welcome Mr. Sudarshan I also extend a warm welcome to Mr. Sandeep Karnani Partner, Mrs. S.R. Batlibol & Associates LLP Statutory Auditor, Mr. Mrs. Keyul M Dedhia and Associates, Secretarial Auditors, and Mr. M D Selvaraj appointed for scrutinizing the remote eVoting as well as voting during the AGM. The notice convening this meeting at the auditor report has already been circulated to all the shareholders and I request the shareholders to consider the same as read. Now I request Chairman Emeritus Mr. Kochouseph Chittilappilly to address these shareholders.



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Kochouseph Chittilappilly: Thank you Chairman. Good afternoon everyone. I am really happy to meet all of you once again on 25th AGM of V-Guard Industries. As the Chairman Emeritus I am really happy in spite of the COVID pandemic our Company is reasonably doing well and I am really happy that the management team they are trying their level best to strengthen the production activities similarly service activities and my dear friends my duty is to congratulate the young team, the New Gen team starting from your Manager Director – Mithun K Chittilappilly and CEO – Ramachandran who took lot of initiative in spite of this COVID pandemic time and bringing our Company one step ahead.

Friends, I really congratulate our new Chairman Cherian N Punnoose who is conducting our board meetings in a well manner and disciplined manner and I am thankful to all the directors and I am really happy to announce one more good news to you shareholders. Recently our Company was selected one among the best employee friendly Company in the mid segment all over India. As the founder and Chairman Emeritus I am really happy that the legacy is continuing and the ethics and values are still upholding. So, our employees are happy, managers are happy and that is the result of this particular survey. We always used to see people are our strength and once Mithun and Ramachandran has already proved the same thing and I do not want to take much of your valuable time we have many other business matters to be discussed. With these best wishes let me conclude. Thank you very much.

Cherian Punnoose Thank you sir for all good words and encouragements. Now I request Mr. Mithun K Chittilappilly Managing Director to address.

Mithun K Chittilappilly: Thank you Chairman Cherian N Punnoose. Dear shareholders this has been one of the most toughest years we have seen the financial year which ended in March 21 has been one of the toughest year we have faced in the recent past. We started the year on a very sober note we had an extremely tough beginning April and May being mostly shut and our first quarter numbers were very dismal as was the entire industry's but starting from Q2 we saw strong rebound and Q2, Q3 the rebound continued we also made up for a lot of loss sales in the first quarter and finally we were able to end the year on a decent note. We are emphasizing to the entire team members the importance of COVID protocols so we continue to work from home as far as office-based roles are concerned. Factories and warehouses completely they are working on premise if there is a government restriction on the number of people we are adhering to that. Our research and development centers, labs, etc., are also all completely working on premise and we have a skeletal team of finance and IT people managing the show from the head office. We have initiated vaccine drives across all employees not only on roll but off role also not only off role in the third-party service providers, but we also have initiated vaccine drive for our customer service executives.

As of now we are happy to say that almost 95% of the eligible employees has been vaccinated this numbers is higher than the factories as we have vaccinated close to 98% to 99% of the



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employee at factories. Our supply chain operations was managed well we have tried to make our supply chain as agile and responsive as possible to this extent we have taken a call to strategically niche increase or inventories from October of 2020 however the actual increase only happen in the last quarter and right now actually it is helping us to sell out even when some of our plants remained closed today. Some of the highlights of the last financial year, we did a turnover of 2,699 crores a growth of 8.7% over the previous year of 2,482 crores, our ecommerce business that is a new generation business grew by 41% in FY21. The national lockdown as I mentioned earlier has disrupted operations in Q1 of FY21 recovering later. We estimate a revenue loss of about 500 crores to 600 crores for the full year of FY21 and that is the kind of drop that we have seen from our plants.

We registered a profit after tax of 199 crores which also grew by about 7.5% over the previous year of 185 crores. Some of the plants were shut due to local lockdown during varying parts of the year, some plants were shut for longer period than others especially our Sikkim plants were shut for longer period than others. The consumer demand rebounded strongly from Q2 onwards and the stellar performance made in Q3 and Q4 helped us to achieve this number. Our cash collections from channel partners has been very robust we had a cash balance of 271 crores as on March 31st, 2021.

The board has recommended a dividend of Rs. 1.2 per share which is 120% of the face value of the shares. Regarding our new product launches significantly important product launches we have launched a water purifier segment on the online platform of Flipkart and Amazon. We have launched a new range of fans from our new factory in Uttarakhand in the name of Glado Prime which is getting good traction and is accounting for lion share of the sales in the ceiling fan segment already. We have also launched Calino Digital Water Heaters which is a water heater with some smart features included. We also launched our Aikido NXT Air Cooler which is a new range of air coolers with remote control facility.

Another milestone is that we commenced operations in our Roorkee fan factory and it is being ramped up. This plant enables us to produce premium range of fans which is primarily liquid painted fans with decorative which is helping us to again significant share in the Rs. 2,000 to Rs. 4,000 price segment at the market. We have also undertaken a lot of transformation projects, some of them have delayed because of COVID, but some of them are on track and some of them are running with a lag. We are working on segmentation targeting and positioning work in various categories and also the go to market in various categories starting with water heaters and fans. We have invested an amount of 33 crores for a 18.7% stake in a startup called Gegadyne. The startup is in the deep technology phase sector which is actually build a battery and patent it where the battery has a very quick charging that it means extremely fast charging and also using a raw material which are available within the country so it does not use any chemicals or rare metals that needs to be imported like lithium. We believe that Gegadyne investment will help even V-Guard to further its goals in the inverter and battery space in other durables which uses



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batteries. We have also sustained our brand building activities we had cut advertisement and promotion in the first 6 months, but we have from the second half onwards we have increased our advertisement and promotion, but just continue to spend today. We have hire some critical resources especially in the field of finance, in the field of strategy, in the field of category strategy and new product development. Current year our CSR budget is 5 crores it is decided to suspend the substantial amount of the CSR budget in combating COVID or helping to combat COVID. This spent till 30th July 80 lakh for the current year because I think the month of May we were able to not do much projects because of the lockdowns at mini states. I would like to thank each and every one of our shareholders for keeping in faith in V-Guard and remaining invested in the long-term growth story of V-Guard Industries. We have definitely emerged stronger from this pandemic and I am confident V-Guard will continue its profitable growth going forward. Thank you.

Cherian Punnoose:

Thank you Mr. Mithun for a very elaborate explanation on the working of the Company. Now we are moving to the main agenda of the meeting that is taking up the ordinary and special business to be considered. I request the Company Secretary to brief the ordinary and special business to be transacted.

Jayasree K:

Thank you sir. In the ordinary business the first business to be considered is adoption of audited standalone financial statements of the Company for the financial year ended March 31st 2021 the reports of the board of directors, auditors thereof and audited consolidated financial statements of the Company for the financial year ended March 31 2021 and auditors reports and to declare dividend of Rs. 1.20 paisa per equity share for the financial year 2021 to appoint a director in place of Mr. Ramachandran V who retires by rotation and being eligible offers himself for reappointment and the special businesses to be considered are to reappoint Mr. Mithun K Chittilappilly as Managing Director of the Company for a period of five years. To reappoint Mrs. Radha Unni as Independent Director for a term of five years. To appoint Professor Biju Varkkey as Independent Director for a term of five years. Ratification of remuneration payable to BBS & Associates, Cost Auditors for the financial year 2021-22 to increase overall managerial remuneration payable from 11% to 15% of the net profits of the Company for the financial year 2021-22 to increase managerial remuneration payable to Mr. Ramachandran V – Whole Time Director in excess of 5% of the net profits of the Company. Payment of remuneration by way of commission to Ms. Joshna Johnson Thomas – Non-Executive Director for the financial year 2021 above 50% of the total annual remuneration by way of commission all the non-executive directors of the Company that is it sir. Thank you.

Cherian Punnoose:

Now I request speaker shareholders registered with the Company to raise their questions. Names of the speaker shareholders will be called by the Chorus Call video operator. The speaker shareholders are requested to complete their queries in two to three minutes. To avoid repetition the board will respond to all the questions at the end. Speaker shareholders may please raise their question in the order of names given.



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Moderator: Thank you very much sir. I now invite our first speaker shareholder Mr. Nikhil Pinto to go ahead with his questions. Mr. Nikhil Pinto I would request you to please publish your webcam and unmute your audio and proceed with your question please.

Nikhil Pinto: Good evening and very respected Chairman, Directors of the Company and at the outset I congratulate and appreciate the board in the merge of pandemic for having this performance. I have two queries with reference to the financial part and all that is one is on the COVID pandemic what is the real impact of COVID-19 with reference to the supply chain and revenues and profits and my next query is I have seen wonderfully we are having a new subsidiary, so what is the motto of this particular new subsidiary of V-Guard.

Moderator: Thank you. I now invite our next speaker shareholder Mr. Sarathraj S. Please publish your webcam and unmute your audio and proceed with your query please.

Sarathraj S: First of all congratulations to entire team members of V-Guard for putting up an impressive financial performance in a pandemic robust year. I would like to ask two questions to the board, what are the innovations which are expected to come around in the forthcoming financial year and how has the pandemic has stifled the innovation or is there any new products coming up which will contribute more than top line of the Company. Second question how has the pandemic affected the profits of the Company and going forward what steps will be Company take to improve the profits and the growth of the top line of the Company as well and Chairman had mentioned earlier little earlier that the Company has entered into a joint venture for indigenous battery Company called Gegadyne, so what are the products if any which are going to probably propose to come out of the particular joint venture and how is that expected to contribute to the top line and bottom line that is my query.

Moderator: Thank you. I now invite our next speaker shareholder Mr. Prem Kumar P. Mr. Prem Kumar P I would request you to please publish your webcam and unmute your audio and proceed with your queries.

Prem Kumar P: My name is Prem Kumar and I am from Cochin. My question is where you see V-Guard in the next five year in the industry because there are so many problems in the industry at that I have to ask a question what is the position in the next five year?

Moderator: Thank you. I would now like to invite our next speaker shareholders that is Mr. Vinod Kumar P. Vinod Kumar P I would request you to please publish your webcam and unmute your audio and proceed with your question.

Vinod Kumar P: Good afternoon I have two questions from my side one is after COVID whether it is salary cut was introduced and how many employees were sacked and second question is what are the management efforts to reduce other expenses like legal provisional charges and audit fees.



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Moderator: Thank you. We will move to our next question which is from the line of Ms. Monika Nagraj. Mr. Monika Nagraj if I may ask you to please publish your webcam and unmute your audio and proceed with your query.

Monika Nagraj: Good evening I am Monika from Udmalpet. I have three questions regarding ecommerce what I want to know is how the ecommerce business of V-Guard is growing and I just want to know whether are the products of V-Guard are available in the ecommerce market and my second question is during this COVID time what are now the cost cutting measures the Company has introduced to come back to old situation?

Moderator: Thank you. We will move to our next question which is an audio question from the line of Mr. Yusuf Rangwala. Please go ahead.

Yusuf Rangwala: Sir I am very humble and I am very grateful to our excellent chorus people team today is your rate 249 first I miss you a lot by seeing the rate 249 today today's rate was 1% up and you have given Rs. 1.20 paise dividend on Rs. 1 this is very excellent and I am very happy with our Company progress so we had electric equipment, sir I want to know that in equipment electric new boiler, house boiler which you have made new and what is the rate and I want to know that in Bombay no product is sold of V-Guard sir please guide me in your proper Bombay please guide me in proper Mumbai I don't see your product sir I would like to know in proper Bombay who is our dealer regarding that you guide me and V-Guard you prepare all types of product regarding that give me the catalogue and I want to give all the wishes this is first time I am joining previously you have given a lot of bonus thank you very much for this good dividend which you have given and good bonus sir now when can I expect the bonus from your side and nothing more to add and I want to congratulate you for Ganesh Chaturthi as a shareholder I am proud to be shareholder I am very proud of this excellent Company my good wishes are there and it will be there and sir one more thing in Kerala do you have anything in Bombay and there will be a plan in Bombay so please let me know so that can we can meet you in Bombay you can phone me on my number 9892120185 this is my mobile number can you note down mobile number you can contact me on this number and nothing more to add and one more thinking our Company for joining a Guard thanks very much, have a good day and nothing more to add.

Moderator: Thank you very much. I now invite our next speaker shareholder Mr. Hrishikesh Chopra you may please go ahead with your query. I would request you to please publish in your webcam and mute your audio and proceed.

Rishikesh Chopra: Are you able to hear me sir is there any investor relations managed there in your Company this is my first query just to boost the image of the Company we must have the investor relation and if not please consider appointing somebody some agency so that your companies image amongst the shareholders and the industry can go ahead and second my request is there since you are giving so much benefits to the promoter director you hike, commission, etc., can you consider some discounts to the shareholders in your products where in Delhi NCR I contacted your person



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sometime back when I wanted to buy a inverter and other things I had to go to other, but your Company refused to pass on any discount to the shareholder please consider some discount to shareholders.

Moderator: Thank you. I now invite our next speaker shareholder Saji Varghese if I may ask you to please publish your webcam and unmute and proceed with your query.

Saji Varghese: Good evening to all. Myself Saji Varghese sir what are the CSR initiatives done by the management I have only one question.

Moderator: Thank you. I would now like to invite our next speaker shareholder Mr. Abhishek.

Abhishek: Please allow me to switch on the camera as well I think the camera is not being enabled from the host.

Moderator: Mr. Abhishek I would request you to publish your webcam now sir.

Abhishek: Sir my name is Abhishek shareholder of the Company my DPID is 1N 301637 and client ID is 41359155 first of all I congratulate the management on the eve of 25th Annual General Body Meeting our Silver Jubilee year sir shareholders having a lot of expectations from the management my hearty congratulations and my wishes to the Company on this Silver Jubilee year first all is well with you and your families in this challenging situation our Company deserves much more respect than the current market cap after completing more than decade of successful operations, profitability, dividend history and becoming one of the strongest brand in our respective industry segment. Sir I would like to know how our Company has been impacted in the past two years of this COVID time and what is the view of the management going forward, sustainability of the profit that in growth will remain challenging in the coming quarters sir we do have some contingent liabilities so what steps have been taken by the management to arrive at a compromise or a settlement so that as soon as possible the disputes may be settled and what are our steps being taken to reduce the other expenses and professional taxes, legal charges, audit fees and all so what steps our management has taken to reduce all these expenses and myself and my team are running a legal firm with the name and style of Seven Wells associate in Chennai so I request your Seven Wealth Associates in Chennai to kindly enroll our firm in the empanelment of the Company and we will be glad to extent our services if any required in Chennai, so I would request you to kindly consider and put me to the legal team so that I can get in touch with them and I can share my credential with them and then in the NSDL portal where we get access for this particular Annual General Body Meeting you are supposed to update the inspection of documents like register of members, register of directors & KMP and register of contracts if any, but in fact it is not available so I would request yo to kindly make it available for the association of members so that if any shareholder wants to inspect they can very well inspect but in fact we are very glad and we are very proud to be the shareholder of V-Guard the share has given a very good growth in the past during the pandemic time our Company has



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performed very well and regarding discount coupon I also acknowledge the same on the previous shareholders our request you to kindly extend some discount coupons to the investor of fraternity along with the dividend borrowing so that it will give at least a 10% boost in the business of the Company so I would request you to kindly consider the same and nothing much to ask sir I wish the Company and the board of director a great success and prosperity in the coming future. Thank you for giving me the opportunity. Thank you very much.

Moderator: Thank you very much. The speaker shareholders are now complete.

Mithun K Chittilappilly: Thank you all speaker shareholders I think all the questions will be answered by the Managing Director and otherwise with the help of Ramachandran and CFO. Thank you Chairman. So I will start answering the questions one by one I have noted it down if I have missed anything Jayasree will prompt me. We will start with the discount coupons the problem with V-Guard is that we are a electrical Company and we also do little bit of consumer durables and electronics, but in the electrical trade the discount structure is very high for example if you buy wires from a dealer as a normal person just walking into the shop you yourself will get something like 25% to 35% discount so the problem is when we give a 10% discount coupon the dealers may not be willing to offer 10% over and above that 35% they are already offering and I think this has created some friction and some issues in the past and that is why we were forced to discontinue unless garments or some of the other products where most of the things are sold at the MRP if you look at the garments or footwear those kind of things most of the things are sold at MRP, but in electrical trade due to the nature of the industry, due to presence of intermediaries like electrician plumbers and all that and generally it has been the tradition industry to keep the MRP fairly high and the discounts also high and hence the discount coupon does not mean anything in our industry so even if we give a 10% discount yourself might be able to get more discount directly from the dealer this is one. So that is why we have not issued discount coupons because of these kind of issues. Next point is on the real impact of COVID-19 on supply chain. On the sale side we have estimated that last year we have lost something like 500 odd crores in revenues the supply chain impact has been huge we some of our plants were up for almost 4 to 5 months of the year. We have lost at least 150 crores of sales just on account of lack of supply, we have lost huge amount of sales in the water heater category because that plant was the most impacted so there has been huge impact on the supply chain of V-Guard. The impact on the vendors have also been very harsh many of our vendors have gone bankrupt or they are struggling especially this smaller vendors so some of these guys are coming back slowly and wherever possible V-Guard is extending all support, but there will be some cash royalties going forward I do not think all of them will be able to survive the kind of volatility that is happening. The new subsidiary V-Guard consumer products private limited I will ask Sudarshan to explain the motive behind starting it.

Sudarshan Kasturi: We recently setup wholly owned subsidiary called V-Guard Consumer Products Limited. The main purpose behind that is to increase our share of in house manufacturing of our business.



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Currently some of our product categories are being outsourced from OEM vendors domestically and there is also a small part of our business which is importing. The intention is to start making those products in India and also bring in manufacturing in house instead of buying in from OEMs because making product ourselves gives us better control and quality and it also enables faster turnaround of innovation so that is the rationale behind setting up the subsidiary.

Mithun K Chittilappilly: Thank you Sudarshan moving on to the next question what are the innovations from V-Guard that we can expect in the next one or two years and has COVID stifled any innovation.

Ramachandran V.: Thank you Mithun. I think we have a long term product developer roadmap and we are following that agenda and objective. Some of what we are developing and delivering through this agenda is incremental or step change and some parts are radical. I think you know the radical part what is in public domain is what I would like to share at this stage I think Gegadyne is a classic example of what we would like to do which is radical innovation. I think this is going to be a product which is going to require less space to keep zero maintenance and longer life compared to traditional battery and therefore coming at a much lower lifecycle cost also with low environmental impact. So Gegadyne is an example of what is happening on the breakthrough innovation kind of thing. There are number of projects which are touching our entire business portfolio. See fundamentally we are in the consumer good space and we need to refresh our product portfolio frequently so that it is competitive in the market. We have a product roadmap and the technology roadmap for each of our product categories right which capture the kind of activities which we are going to perform across our product portfolio. We have also been expanding our product portfolio by entering into adjacent categories and we are pretty much what I would say fairly advanced in that area with our recent entries into water purifier and kitchen hoods and small kitchen appliances. So I think that is broadly I do not want to get into specifics of it because lot of it is operational. I think yes COVID has had impact on the product development cycle because I think each interruption is impacting the development cycle and also impacting the development value chain because there are number of partners who are involved in the development cycle. So in terms of the quality of innovation that is our current focus now where we are working on. So we are working on the access of design so that we can have more impactful and differentiated products. We are working on the excess of functionalities so that we can bring new functionality. We are trying to redefine our products whereby incorporating technologies so that we are able to newer uses or give consumer better insight in running the product.

Mithun K Chittilappilly: Thank you Ram. The next question is on the whether the pandemic has affected profits of the Company the answer is most definitely yes meeting at least 20% to 25% impact on the annual profit has been there because of the pandemic and that is a very conservative estimate. We have manage to bring them some of this profits by cutting expenditures and all that, but even with that there has been almost 20% to 25% impact is what we internally feel. The next question was on where do we see V-Guard in the next five years. We are not allowed to make any forward-



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looking statements, but I will ask Ram to broadly outline where we would like to be in the next five years.

Ramachandran V.:

So I think fundamentally I think the environment in which the business is operating is constantly evolving. So if you look at the last four to five years fundamentally the external environment has tested the supply chain by way of COVID. GST, demonetization, Make in India these are all initiatives which have impacted the business and this has forced us to reassess our business operating model and we have shifted our focus from sourcing to manufacturing and we have a roadmap to increase the share of manufacturing in V-Guard and which has evolved from around 30%, 35% and I think which will evolve over a period of time to get to about 75 odd plus percent. So this is what we have been working on the other area that we have been working on is supply chain transformation and fundamentally if you look at our focus in the area of manufacturing and the focus in the area of supply chain these are targeted towards improving the competitiveness of the organization and building capability in the area of manufacturing. The other area we are working on is strengthening and building the organization capability in the new product development value chain. The third area we are working on is embracing digital and bringing digital at the heart of how the business is operated and how the capability in the area of digital is focused towards building business and improving business efficiency that is customer acquisition and improving efficiency. So, these are some of the broad pillars if you ask me building capability, improving competitiveness and enhancing our ability to acquire customers at an accelerated pace through innovation and through deploying digital technology these are the levers on which we are focusing. We believe five years down the line V-Guard would be in a much stronger place than where it is positioned today. Last five years have been about capability and competitiveness and next five years will be about growth where we will be working on Route2Market, category management and product innovation on all these three-access work has already started.

Mithun K Chittilappilly:

The next question was on salary cut and whether any employees have been sacked no we have not enforced any salary cuts last year because V-Guard went into the lockdown with a very high liquidity position so we were not in any near danger of getting into cash flow problem. So we thought we will wait and watch at what the industry is doing and just like we predicted the business rebounded very fast. So when the business did rebound we were able to garner more share from unorganized players who probably cut salaries and who let off workers from factories etcetera. So the organized players all were able to actually garner more shares from an organize because of this particular factor. No employees have been sacked because of COVID there is a natural attrition that happens and we let go of people every year who are not performers they are put into a performance plan and if they do not achieve the performance plans they are let go and on account of that apart from normal letting go of people who are not performing there has been no forced sacking because of COVID pressures regarding legal, professional and audit fees, we compare ourselves with the other companies in our industry and our personage of legal of legal professional audit fees are comparable. We have to do a lot of work on the Company if we have



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to make V-Guard future ready so some of this transformation work although are expensive needs to be done and all our transformation work at least has given us two to three times the money we have invested in fees. So if we are investing 1 crore in fees we are ensuring that at least 3 crore of profit is coming to the Company so that is the way we are undertaking transformation works in most cases. Ecommerce my next question is on ecommerce Ram you want to talk about ecommerce and how is this growing.

Ramachandran V.: So the ecommerce business has grown by about 40% plus last year and it is continuing to grow. Ecommerce this year we expect to account for about nearly 8% to 9% of revenue on the categories which are ecommerce prone which is I am excluding from this category like wire, switches, switch gear and pumps which are typically not targeted towards ecommerce channels because consumers are not out there for these categories presently. So if we look at the other categories which are ecommerce friendly categories I think we have achieved about 8% to 9% of our business share on those categories coming from ecommerce. I think we have long and strong way to grow, we are building our own unique operating model for ecommerce which is with an eye on the long term so that when ecommerce is matured and fully blown we are able to have some unique competitive advantage compared to the others players we compete. So that I think is the focus of our work on ecommerce I think we are pleased with the progress we are making in that business and we believe we should be able to strongly grow our share in the coming years in ecommerce business.

Mithun K Chittilappilly: One more question Ram during COVID what are the cost reduction measures we have undertaken?

Ramachandran V.: As COVID set in last year our primary focus was managing the business on three access. One access was to manage on working capital one access was to manage on cash make sure that business is collecting cash back from the market quickly and efficiently and the third access was on managing cost. I think the cost management activities have touched every element of the P&L and every element of the P&L has contributed so therefore even though our growth was very moderated we are able to deliver very good improvement. So fundamentally we have renegotiated service charges, we have renegotiated rentals, we have renegotiated on areas of sourcing like packaging material even we have changed sources of raw material so these have been the primary sources of cost improvement. We have negotiated hard on freight, we have also looked at some of the areas like discounts where we have significantly cut in the COVID period. So I think no area of expenditure has been left untouched by us in trying to get efficiencies and that is reflect in our profit growth which has been positive.

Mithun K Chittilappilly: There was a question about where V-Guard products are available in the Bombay market one is of course we will try and answer that off line we have our office in Thane so maybe Central Bombay our presence is very limited. Bombay is the most expensive market to deal that means the dealers in Bombay require the most amount of discounts and most amount of margin to



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operate. So unless you are in the top two or three in that particular market you will find it very difficult to operate profitably. However, you can buy our products on Amazon and Flipkart and lot of our Amazon and Flipkart sales also come from metros like Mumbai, Chennai, Bangalore and Delhi. Amazon and Flipkart are good options to buy products in Bombay where these ecommerce also delivers within 4 hours and 8 hours and of a same day delivery. There was a question on boilers I did not really understand it I am guessing it was water heater. So water heater again please refer to our ecommerce pages to understand what are the models available then Bombay market primary sells instant water heaters which are also sold on ecommerce. The next question was on IR yes we have an IR from Citigate Dewe Rogerson they are one of the premium IR agencies in India and we have been working with them for the last more than five, six years they are based in Bombay and there was a question on CSR initiatives we will broadly explain we have four facets or CSR education, healthcare, build India and rural developments so there are four facets to our CSR. Please refer to our annual report for detailed explanation by project on who much we have spent where we have spent and what is the nature of spent. Last year a bulk of the CSR amount was diverted to COVID activity so we have donated numerous numbers of BiPAP that is mask ventilator machines across to government hospital and charitable hospital across the country. We have also donated other things like medicines and PPA equipment to the deserving hospitals. So a lot of our CSR work this year has been to combat COVID and even in the current year it is going to be the same and maybe one new facet this year will be to vaccinate not only our employees, but also the general population wherever our plant is located try and vaccinate the nearby villages and people near our plants and offices. There was a question on COVID impact I think we have already answered that and there was a question on other expenses and I think Ram has already mentioned how we have managed to get all the discretionary expense I think wherever we are not able to cut it is because that they were all necessary expense. Now we will move to the questions from the chat box Jayasree.

Jayasree K: Sir Vijayaya Lakshmi one of the shareholders that is on the discount coupon she has referred some of the companies which are giving discount coupon so she is asking why cannot V-Guard also provide such coupons to the shareholders for purchasing V-Guard products. So, I think already you have covered this answer for this question which was raised one of the shareholders and the second question is during these tough times the resolution for increasing profit based commission should be withdrawn.

Mithun K Chittilappilly: I think anyway there is a voting that is there please exercise your vote.

Jayasree K: All remuneration or commission increase resolution should be based on ethics particularly during the pandemic time.

Mithun K Chittilappilly: Again, same answer as earlier next question.

Jayasree K: Sir that is it these types of three questions which has come through the chat box.



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Cherian Punnoose: I think that concludes the question and answer session Jayasree please move to the next part of the meeting. Thank you to all speaker shareholders. I think all the questions were answered by us and I request Mr. Ramachandran Venkataraman Directors and CEO to kindly propose a vote of thanks.

Ramachandran V.: Thank you Chairman sir and I just want to take the next couple of minutes to thank some of the key participants and force behind making our today's evening happen. I am going to start at the outset by thanking the shareholders for their unflinching support I know which is giving us a courage and confidence to move forward patiently strategically. I would like to thank Chairman Emeritus for his undying faith in team V-Guard which we are all out here to work and translate his vision into action. I want to thank the board of director, for their leadership, for their guidance, for their support and for their participation today. I want to thank NSDL and chorus call team for providing this platform for AGM, our statutory auditors E&Y and in particular Sandeep Karnani who is a partner supporting the audit team and the audit in V-Guard, Mr. Keyul M Dedhia, the Secretarial Auditors, the V-Guard IT team and the brand communication team who have been behind this event and who put tireless efforts to make sure that the necessary arrangements are in place for smooth conduct of the AGM and the registrar and transfer agents and all other participants. Lastly I would just like to take a couple of minutes also to talk about the outstanding work which has been done by the V-Guard team during this very difficult phase the team has worked tirelessly to keep the V-Guard ship running and make sure that we are able to deliver strong results both in terms of top line and bottom line keeping in context the various constraints and challenges which are the environment in which the business is operating. I think in particular it is extremely the current operating mode of working from home and working digitally is a extremely challenging and it is really stretching and stressful for all employees of V-Guard, but I want to thank them and their families for supporting V-Guard and making sure that we are able to continue to perform effectively and well. We have a few challenges ahead of us as a Company which we are steering and fundamentally the pressures of input cost increased, the pressures of growing business when the consumer demand is stressed and when running operation is running challenging and the management and the team V-Guard is fully focused on this agenda and I am confident that you know the team will do extremely well and continue to post great results Thank you everyone.

Cherian Punnoose: Thank you Ram. Now dear members as the business items are discussed and transacted the meeting stands concluded. However voting time is extended for another 15 minutes therefore members who have not cast their vote yet are requested to do so. Further I hereby authorize Mr. Mithun K Chittilappilly Managing Director to declare the results of the voting and place the results on the website of the Company along with the scrutinizers report. The resolution has set forth in the notice shall be deemed to be passed today subject to the requisite approvals. Thank you all for attending the meeting and I hereby declare the proceedings closed.



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Moderator:

Dear members the eVoting time is extended by another 15 minutes the members who have attended the AGM and not yet cast their vote can avail now. Thank you. Dear members the time for eVoting has elapsed and eVoting facility is disabled. Thank you all for participating in the AGM and eVoting.