



H.P. Cotton Textile Mills Limited
39th Annual General Meeting

**TRANSCRIPT OF 39TH ANNUAL GENERAL MEETING OF
H.P. COTTON TEXTILE MILLS LIMITED
HELD ON
SEPTEMBER 29, 2020**

- **Mr. Shubham Jain – Company Secretary, H.P. Cotton Textile Mills Limited**

I Shubham Jain, Company Secretary of HP Cotton Textile Mills Limited welcome all of you at the 39th Annual General Meeting of the Company through video conferencing.

In view of the challenges and risks posed by the outbreak of COVID-19 pandemic and keeping in view of the safety and security of everyone, the company is holding this AGM through video conferencing facility in accordance with the relevant Circulars as mentioned in the notice of AGM issued by the Ministry of Corporate Affairs and the Securities Exchange Board of India.

In accordance with the Article No. 74 of Article of Association of the Company, Mr. Kailash Kumar Agarwal, the Chairman of the Board shall conduct the proceedings of the 39th Annual General Meeting.

Now, I would like to take your few minutes to explain certain procedural and technical points.

The facility for joining the meeting through video conferencing is being made available to the members on the first come first serve basis.

As per the MCA Circular, the members attending the AGM through video conferencing are being counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013. The facility of joining was opened before 15 minutes prior to the time of the meeting and will remain open for 15 minutes after the meeting.

All the members who have joined this meeting are by default on mute by the host to avoid any disturbance or inconvenience arising from the background noise and to ensure smooth and seamless conduct of meeting.

Once the Q&A session commences the names of the shareholders who have registered as Speaker Shareholder will be announced one by one.

Only the audio of the speaker shareholder will thereof be unmuted by the host to start speaking. The Shareholders are requested to click the video ON button only once and wait till the video is ON.

If shareholder is not able to join through Video for any reason the shareholder can speak by the audio mode. While speaking we would request the speaker to use your earphone and minimize any noise in the background, so that he or she can clearly audible.

If there is any connectivity problem at the speaker shareholder end, we would invite the next speaker to join, once the connectivity improves the speaker shareholder may be invited again to speak after the other Speaker Shareholders completed their turn.

I would request the shareholder to be slow but loud while asking the questions so as to capture them correctly. We would like to request the shareholders to limit their speech upto 2 to 3 minutes.

During the meeting if any shareholder faces any technical issue, he or she may contact the CDSL at the Helpline Number mentioned in the AGM notice.

The Company has provided its member the facility to cast their vote through remote e-voting facility provided by CDSL. The members who has not voted earlier through remote e-voting can cast their vote during this meeting through e-voting facility.

The Statutory Registers including the Register of Members, Register of Directors, Register of Directors' Shareholding and other relevant documents as referred in the notice and the explanatory statement are available to the Members for inspection electronically.

And now I request the Chairman of the meeting to take the proceedings further.

Thank You

Over to you Chairman Sir

- **Mr. Kailash Kumar Agarwal – Chairman and Managing Director, H.P. Cotton Textile Mills Limited**

Good Morning Ladies and Gentlemen.

I Kailash Kumar Agarwal Chairman of HP Cotton Textile Mills Limited warmly welcome all the members of the Company, my fellow Board Members, Statutory Auditors, Secretarial Auditor, Scrutinizer at the 39th Annual General Meeting of the Company being conducted through Video Conferencing.

As the required Quorum is present. I now call the meeting to order.

Along with me, Mr. Raghav Kumar Agarwal, Executive Director, CEO & CFO and Mr. Shubham Jain, Company Secretary are attending this meeting through video conferencing facility from Corporate Office of the Company, Mira Corporate Suites, New Delhi.

We also have with us my fellow Board Members, Mr. Parshotam Dass Agarwal, Independent Director and Mrs. Ritu Bansal, Non-Executive Director, all are attending this meeting through video conferencing.

Further, Mr Rohit Arora, Partner Walker Chandio & Co. LLP, Statutory Auditor, Mr. Tarun Jain Proprietor of M/s Tarun Jain Associates, Company Secretaries, Secretarial Auditor and Mr. Mukesh Siroya, Proprietor of M/s M Siroya and Co., Scrutinizer are attending this meeting through video conferencing.

The company has received 4 (Four) Authority Letter under Section 113 of the Companies Act, 2013 along with Board Resolution from Corporate Shareholders of aggregate 9,05,920 Equity Shares representing 23.78% of Paid-up Share Capital of the Company, appointing an Authorised Representative under Section 113 of the Companies Act, 2013.

As the AGM is being held through video conferencing the facility for appointment of proxies by the members is not applicable and the proxy register for inspection is not available.

As per MCA and SEBI Circulars, the Company has sent Notice of AGM along with Annual Report to those members whose email addresses are registered with the Company and Depositories. Now with your consent, I would like to take the Notice convening the 39th AGM and Auditor's Report taken as read.

The manner of transacting the business contained in the Notice of the AGM is through remote e-voting and e-voting during the AGM as arranged by the Company.

The instruction for e voting is provided in the Notice.

Pursuant to the provisions of the Companies Act, 2013 read with the Rules notified thereunder and the Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed companies are required to provide an e-voting facility to its shareholders to enable them to cast their votes electronically for all resolutions to be passed at general meetings. E-voting would ensure proportionate voting principle i.e. “one share one vote”.

In accordance with this, your Company has provided remote e-voting facility (through the platform provided by CDSL) to the members and also facility to vote during the meeting for members who are present in the Meeting through VC and have not casted their vote by remote e-voting.

A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date, i.e., Tuesday, September 22, 2020, only shall be entitled to avail the facility of e-voting.

The remote e-voting period commenced on Saturday, September 26, 2020 at 9.00 A.M. (IST) and concluded on Monday, September 28, 2020 at 5.00 P.M. (IST).

Dear Shareholders, It is my pleasure and privilege to speak to you on this 39th Annual General Meeting of your Company.

First and foremost, I once again hope you are all safe and in good health during this COVID-19 Pandemic.

Covid-19 Pandemic is certainly proving to be one of the worst crisis in the history of mankind, and has proven to be one of the most challenging times for Governments, Healthcare systems, Businesses worldwide etc. Besides, having a large socio-economic impact on the society, it has also forced business to be more efficient and adapt to evolving methods of communicating, transacting, monitoring etc.

Covid-19 Pandemic and the subsequent nationwide lockdown announced by the Government of India, has been a challenging time for your company as well, however, with the support of all stakeholders including the Customers, Bankers, Directors, Employees, Vendors etc, we have been able to overcome the short term challenges which the lockdown had forced upon the company, and have been able to suitably adapt to equipping ourselves, to sustain and grow in these challenging times.

In compliance with Government orders and restrictions, the company's unit in Hisar, had suspended operations in March 2020, only to partially re-open partially in April 24 after obtaining necessary government approvals and a strict SOP for social distancing, hygiene and sanitization practises, work from home policy to ensure safety and well-being. The unit was able to achieve pre-covid production levels by June 2020.

The company's focus in these challenging times have been centred around building a constructive and a sustainable policy carefully addressing and taking into account, concerns and issues of all stakeholders alike, and ensuring the impact on company and its stakeholders, is temporary and not permanent, and with great relief, we can say that we have been able to achieve our objectives, which have translated into company performance accordingly.

Now, I would like to take this opportunity to share the highlights on Company's performance during the FY 2019-20.

During the FY 2019-20, your Company has achieved a turnover of ₹ 8175.12 Lakhs as against ₹ 9140.85 Lakhs during the corresponding previous financial year. The exports of the Company are slightly declined by 8.31 % over previous year taking total exports to ₹ 6131.18 Lakhs from ₹ 6687.10 Lakhs, mainly due to abrupt halt of operations towards the end of March, and slow demand at the beginning of the fiscal.

In spite of it, Company's profitability is improved due to improved margins, cost control resulting in decrease in expenditure by 12.74%. The Company's EBITA for the FY 2020 was around ₹ 632.07 Lakhs as compared to ₹ 490.65 Lakhs in previous year. The Profit After Tax margin for FY 2020 improved by 365.06% to 0.84% as against -0.32% in the previous year.

Now, I would like to share your company's performance in Q1 of FY 2020-21.

It's a great relief to share with you all that despite almost losing one-month production and revenue, your Company has made significant efforts to boost production and revenue, and has already achieved pre-COVID levels of production and has recorded better performance despite COVID-19 restrictions and production loss compared to Q1 last year.

Company's Revenue from operations has increased by 11.47% to ₹ 1739 Lakhs and Total Expenses has come down by 8.67% as compared to Q1 last year, resulting in improved profitability by 232% to ₹ 91 Lakhs as compared to Q1 last year.

Your Company is looking forward to explore effective ways for handsome increase in its market share leaving its rivals far behind and establishing ourselves as one of the leading firms of economy. Your Company is optimistic of achieving its cherished dreams with unidirectional approach.

I would like to offer my sincere thanks personally and on behalf of the Board to all the stakeholders including Central Government, State Governments, bankers, customers, vendors and employees, for your continued co-operation and support, to our esteemed shareholders for your continuing confidence in the management of your Company and all the employees of our company for their sustained endeavours in meeting the challenges posed before the organization.

Thank You

Now I request Mr. RaghavKumar Agarwal, Executive Director, CEO & CFO to proceed with the agenda.

Over to you Mr. Agarwal

- **Mr. Raghavkumar Agarwal – Executive Director, CEO & CFO, H.P. Cotton Textile Mills Limited**

Since the AGM is being held through VC, and the resolutions mentioned in the notice have already being put to vote through e-voting no proposing or seconding of resolutions is required. With this, I now proceed with the agenda as per the Notice:

As a Ordinary Business:

Resolution No.: 1. To consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2020 and the reports of the Board of Directors and Auditors thereon.

Dear Members, The Statutory Auditor report is available on Page No. 42 and Secretarial Audit report is available on Page No. 38 of the Annual Report. The qualification of the Statutory Auditor and Secretarial Auditor and the Board's Response to the such qualifications are available on Page No. 28 to 29 of the Annual Report.

I will now read out the qualification in the Auditor's Report as under:

As required by section 197(16) of the Act, we report that the Company has paid remuneration to its managing director and whole-time director in excess of the limits laid down under the provisions of section 197 to the Act by Rs. 29.81 lacs for the year ended 31 March 2020. As disclosed in note 50 to the accompanying financial statements, the Company is in process of regularising the default by obtaining the approval of the shareholders.

I will now read out the qualification in the Secretarial Auditor's Report as under:

“During the period under review, the remuneration paid to the (I) Managing Director and (II) Executive Director (ED, CEO & CFO) exceeds the limits specified under section 197 of the Companies Act, 2013.

The limits of remuneration specified under Schedule V are not applicable as the Company has not complied with clause (iv) of second proviso after part B of Section II of Part II of Schedule V of Companies Act, 2013.”

I will now read out the Management Response to such qualifications as under:

Response: Your directors' wish to respond/state in this regard that Shareholders had approved the remuneration of Managerial Personnel under Section 197 read with Schedule V of the Companies Act, 2013 and the overall remuneration paid thereunder was within the limits approved by the members. However, the limits specified therein could not be availed as the notice calling the respective annual general meetings, at which the resolutions w.r.t. appointment/re-appointment of respective Managing/Whole Time/Executive were passed, did not include a statement as required under paragraph (iv) of the second proviso after paragraph B of Section II of Part II of the aforesaid Schedule V, and hence the limits specified therein could not be availed. Accordingly, the Company has regularized the same by obtaining shareholders waiver/approval by special resolutions passed by postal ballot through remote e-Voting on August 30, 2020 wherein the shareholders have approved the waiver of the excess

remuneration to respective Managing/Whole Time/Executive Directors pursuant to Section 197(10) of the Companies Act, 2013.

Resolution No.: 2 To appoint a Director in place of Mr. RaghavKumar Agarwal (DIN: 02836610), who retires by rotation and being eligible, seeks re-appointment.

Special Business:

Resolution No.: 3 To appoint Mrs. Ritu Bansal as a Director (Non-Executive) of the Company.

Thank You,

Now, we would like to take up the questions from the shareholders who had registered themselves as the Speaker Shareholders. I request the moderator to take up the questions.

Now, I would like to request. Mr. Santosh Kumar Saraf to please read out his question. I think Mr. Santosh Kumar Saraf has not joined in, although he had registered for the question, but he's not available in the meeting has not joined in. So, I would like to proceed to the next speaker shareholder. I would like to request the next speaker shareholder Mr. Prabhjot Singh Sahani to kindly go ahead and ask his question. It again seems like that Prabhjot Singh Sahani is not available he has not joined in.

- **Mr. Shubham Jain – Company Secretary, H.P. Cotton Textile Mills Limited**

Now, the next speaker shareholder is Bharat Kankanala. Please unmute and ask your question.

- **Mr. Raghavkumar Agarwal – Executive Director, CEO & CFO, H.P. Cotton Textile Mills Limited**

It seems like Mr. Bharat has also not joined.

- **Mr. Shubham Jain – Company Secretary, H.P. Cotton Textile Mills Limited**

Mr. Bharat Kankanala Are you there? You can ask your question. I think he's not joined it as well. There are no more speaker shareholders who have registered themselves.

- **Mr. Raghavkumar Agarwal – Executive Director, CEO & CFO, H.P. Cotton Textile Mills Limited**

So, with that, I would now request chairman sir to take up the proceedings of the matter to proceed with the AGM.

- **Mr. Kailash Kumar Agarwal – Chairman and Managing Director, H.P. Cotton Textile Mills Limited**

As the discussion on all the matters has been completed and since the process of remote e-voting for the resolutions as specified in the AGM notice has already been circulated. The members are requested to note that E-Voting facility will remain open for the next 15 minutes

to enable the members to cast their vote on the proposed resolution number 1 to 3 as set out in the Notice of the AGM.

Members are requested to note that those Members who have already voted electronically through remote e-voting are not eligible to vote in the AGM.

Mr. Mukesh Siroya, Proprietor of M/s M Siroya and Co. and/or Ms. Bhavyata Acharya has been appointed as the Scrutinizer for remote e-voting and also for the votes casted by members during the AGM by e-voting system under Section 108 of the Companies Act, 2013 to scrutinize the e-voting process in a fair and transparent manner. The Scrutinizer shall submit his report in the prescribed manner to me within 48 hours of the conclusion of the meeting.

The results of the e-voting will be informed not later than 48 hours of the conclusion of the AGM to the Stock Exchange i.e. BSE and will also be uploaded on the Company's website i.e. www.hpthreads.com. The Scrutinizer has verified the process for remote e-voting and e-voting during the AGM.

Members are requested to vote on each of the resolution.

I believe that all the members have voted on all the resolutions and if not, then the members are requested to vote the same and CDSL shall disable the e-voting in sometime. Voting Results on each resolution will be an aggregation of remote e-voting and votes casted through e-voting during the AGM, in favour or against.

All resolutions contained in the Notice if carried with requisite majority shall be deemed to be passed on the date of the AGM.

I thank the shareholders for attending the meeting and for your continuous support. I also thank the Directors for joining the meeting. I wish all the shareholders and their families to Stay Safe and Stay Healthy and look forward to your continued support to the company in the years to come.

With your consent, I declare the meeting as concluded.

Thank You.