



H.P. Cotton Textile Mills Limited
41st Annual General Meeting

**TRANSCRIPT OF 41ST ANNUAL GENERAL MEETING OF
H.P. COTTON TEXTILE MILLS LIMITED
HELD ON
SEPTEMBER 27, 2022**

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

Good Afternoon Everyone,

I Shubham Jain, Company Secretary of H.P. Cotton Textile Mills Limited welcome all of you at the 41st Annual General Meeting of the Company through video conferencing.

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 and 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 41st 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 30 minutes prior to the time of the meeting and will remain open for 30 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**

A very warm good afternoon to each and every one of you.

I Kailash Kumar Agarwal Chairman of H.P. Cotton Textile Mills Limited warmly welcome all the members of the Company, my fellow Board Members, Statutory Auditors, Secretarial Auditor, Scrutinizer at the 41st 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, Mr. Vikram Sumatilal Sheth, Independent Director, Mr. Siddharth Agrawal, Independent Director and Mrs. Ritu Bansal, Non-Executive Director, all are attending this meeting through video conferencing.

Further, Mr Rohit Arora, Partner Walker Chandiook & Co. LLP, Statutory Auditor, Mr. Tarun Jain Proprietor of M/s Tarun Jain & Associates, 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 23.43% 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 41st 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 20, 2022, only shall be entitled to avail the facility of e-voting.

The remote e-voting period commenced on Saturday, September 24, 2022 at 9.00 A.M. (IST) and concluded on Monday, September 26, 2022 at 5.00 P.M. (IST).

Dear Shareholders,

Today, as we convene the 41st Annual General Meeting of your Company. I warmly welcome each one of you.

Like the previous two years, we are once again meeting virtually as the continued impact of the Covid-19 pandemic necessitates adoption of safety precautions to arrest its spread. The digital platform enables more shareholders from across the world to participate in the AGM. However, I miss the warmth and bonhomie of our personal interactions.

It's heartening to see that the world has almost overcome the COVID-19 pandemic. However, there is uncertainty again owing to heightened geopolitical tensions and global risks. High inflation and supply disruptions threaten to trigger a global recession. Amidst this widespread unpredictability, the Government's skilful management of the pandemic, and pragmatic approach in dealing with the ensuing economic challenges, have helped India emerge stronger than before and more resilient than before.

Overcoming these Challenges, your company has shown remarkable resilience and adaptability, coming out stronger than ever, after catastrophic events like the global financial crisis or the pandemic.

Let me now speak about the business and financial performance of your company during the FY 2021-22.

Amid a year that continued to be characterised by several headwinds, I take great pride in sharing that your Company delivered a strong performance.

During the FY 2020-21, your Company's total production increased by 22.17% over the previous financial year.

Your Company's total turnover increased by 36.88% as compared to corresponding previous financial year and the export sales grew by 31.11% due to increased focus and success in the value-added export segment.

Your Company demonstrated tremendous growth in terms of revenue and profitability for the FY 2021-22.

Revenue has been increased by 36.88% as compared to previous financial year

The profitability of your Company has seen a tremendous growth by 95.67% taking to the level of ₹ 703.96 Lakhs as compared to previous year of ₹ 359.76 Lakhs.

These results demonstrate its execution prowess, agility, strategic clarity, and supply chain resilience.

Now, I would like to share your company's performance in Q1 of FY 2022-23.

Company's Revenue from operations has decreased by 35.98% to ₹ 1,980 Lakhs as compared to Q1 last year due to sharp increase in cotton prices in India, leading to high finished good prices and thus reduced cost competitiveness. Company incurred a loss of ₹ 141 Lakhs in Q1 of FY 2022-23 as compared to profit of ₹ 293 Lakhs in Q1 last year.

In the midst of continuous market volatility and an uncertain economic environment. Your Company aims to exceed the internal benchmark so that it can consistently deliver value to its customers, and also perform as a dependable supplier.

I would like to conclude by thanking to all the stakeholders including customers, vendors, employees, banks, governments and our shareholders for their unflinching trust and support. Your support is highly valued and your Company's success is an indication of the faith you have always bestowed upon us.

Thank You

Now I request Mr. Shubham Jain, Company Secretary to proceed with the agenda.

Over to you Mr. Jain

- **Mr. Shubham Jain – Company Secretary, 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 an Ordinary Business:

Resolution No.: 1. To consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2022 and the reports of the Board of Directors and Auditor's thereon

The Statutory Auditor report is available on Page No. 66 and Secretarial Audit report is available on Page No. 62 of the Annual Report. I would like to inform you that the Statutory Auditors, Walker Chandiok & Co. LLP and Secretarial Auditor, Mr. Tarun Jain have expressed unqualified opinion in the respective audit reports for the financial year 2021-22. There were no qualifications, observations or adverse comments on financial statements and matters, which have any material bearing on the functioning of the Company.

Resolution No.: 2 To declare a final dividend of ₹ 1 per equity share for the financial year ended March 31, 2022

Resolution No.: 3 To appoint a Director in place of Mr. Raghavkumar Agarwal (DIN: 02836610), who retires by rotation and being eligible, seeks re-appointment

As a Special Business:

Resolution No.: 4 To appoint Mr. Vikram Sumatilal Sheth as a Director and an Independent Director of the Company

Resolution No.: 5 To appoint Mr. Siddharth Agrawal as a Director and an Independent Director of the Company

Resolution No.: 6 To approve revised Remuneration of Mr. Kailash Kumar Agarwal (DIN: 00063470), Chairman & Managing Director of the Company for the remainder of the current term

Resolution No.: 7 To approve revised Remuneration of Mr. Raghavkumar Agarwal (DIN: 02836610), Whole-Time Director, CEO & CFO of the Company for the remainder of the current term

Thank You,

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

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

Mr. Santosh Kumar Saraf, I think he has not joined the meeting so we can take up the next speaker shareholder

Mr. Abhishek, I think he has also not joined the meeting so we can take up the next speaker shareholder.

Next. Mr. Pratyush Mittal

- **Mr. Pratyush Mittal – Shareholder**

Sir I hope I am audible?

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

Yes...Yes you are audible, please ask your question.

- **Mr. Pratyush Mittal – Shareholder**

Good afternoon, Board of Directors and fellow shareholders. Sir I have already sent my list of questions do you want them to repeat them? Or you have them available with you?

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

So, Hello Mr. Pratyush Mittal and my fellow board members and all the shareholders. Mr. Mittal you have listed a few of the questions and a few of them are general in nature and few of them pertains to the future strategy of the Company. It is not possible for us to answer all of them at this point in time at the AGM itself. I would like to request you if you could ask a few of the important questions and I would be happy to answer them

- **Mr. Pratyush Mittal – Shareholder**

Sir if you feel that this forum is not the right one to ask these questions we can get a separate call as well. So, whatever, uh, you recommend.

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

No, I mean, I am with you on answering your questions, I would just like to request you if you could present a few of the important questions.

- **Mr. Pratyush Mittal – Shareholder**

Sure, sure.

So, one, is that, you know, on our growth, uh, where we have grown by, You know, 27% volume, in the last year. So, how is the demand and pricing situation currently and given the high volatility Cotton prices, do we anticipate any inventory losses in coming months or something like that?

So one question is that and second question is on, high share of exports.

So, can you talk more about, you know, the strength of our business and how do we acquire new customers in the export markets? And we are seeing a huge, demand increase on the Denmark and legal. And so, can you talk a little more about this?

Also, if you can talk a little about our competition, and, you know, what is the growth potential in the export markets and something on our capex, uh, where, you know, we have applied for a large PLI scheme of a 300 crores. So. So how we do this capex, given a balance sheet is a very small right now so what kind of equity will be raised, what kind of debt will be raised, so something on the PLI scheme will be very helpful because that seems like the biggest, growth driver of our business in the future.

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

Right, thank you. Mr. Mittal for your questions firstly, I'd like to answer the questions with respect to the growth. we actually, you know, you see, the company has been working on improving its fundamentals for, you know, since a long time. I mean, we started this exercise of improving the operational efficiencies of improving some fundamentals of the company and in the process, the growth has come in last year, but the efforts were actually started a few years ago. So, you know, our approach is never short term. Our, approach is always long term and you start making efforts today. Maybe, you know, you've been able to achieve all your objectives this year, but the effect of the result only comes out in the third year. So, with respect to the volatility, as you all know, you know, there is crisis going on in Europe, and you know due to high inflation, we are exporting to these countries. However, our product is very resilient to these turbulent times. We've shown that in pandemic and we've shown that over and over that again that are, you know, business model is quite sustainable. Yes. We've been impacted by increase in cotton prices because they've been abnormal. They've been extraordinary with Q2, which obviously, in the short term we've been affected by, you know, input, cost pressures. pressures However, as in, without input price pressures, and, you know, come under control, I'm sure that we'll be able to move forward in the in the positive direction as we are in the value-added segment.

And with respect to your questions regarding, you know, export markets that we're catering to 31 countries, and you should be proud that your company caters to 31 countries and, you know, is one of the leading players in the segment that it operates, and then the Denmark and Netherlands, you know, have been very important countries, like many other countries in Europe. Netherlands, we've been growing since the last 7-8 years, Denmark since the last 3 years. And we are, you know, our approach is to actually acquire more and more territories as we move on. So, that has been the focus and our export strategy is been simple. Most of it is driven by word of mouth our quality, our service which is over the period of time, helped us, you know, to learn a lot. correct ourselves. And, make a name for ourselves in this market.

With respect to competition, I mean, you know, there is no specific names that I can throw out right now. It's also, you know, I would believe, confidential in nature, I cannot disclose all the strategies of the company on this forum.

With respect to export markets, you already know what a period of time we've grown tremendously and we target most of the territories we continue to do that.

And with respect to PLI, of course, you know, it's a big, it's a growth strategy, that the company, wishes to foray into, but at this point in time, it's an evaluation phase and there are multiple options being evaluated and I believe that, you know, when the time is right, and when the management is taken informed decision on it, you to definitely be informed about it. We will come out in the public domain with all of our strategies to enlighten our shareholders about the company's growth strategy. I think, with this, I've answered most of his questions. So, Shubham we can move on to the next shareholder. So, thank you for your, you know, questions. I really appreciate that.

Thank you.

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

Now, Mr. Praveen Kumar. Can you please ask your question?

- **Mr. Praveen Kumar – Shareholder**

I am Audible Sir?

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

Yes...Yes

- **Mr. Praveen Kumar – Shareholder**

A very very good afternoon to my chairperson and my fellow shareholders joining this meeting online. Sir myself Praveen Kumar joining this meeting.

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

We can't hear you Mr. Praveen Kumar. Your connection is very poor. We can't hear you Mr. Praveen Kumar unfortunately, if you could just. Now you are audible

- **Mr. Praveen Kumar – Shareholder**

Hello, I am audible Sir?

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

Your voice is breaking

- **Mr. Praveen Kumar – Shareholder**

Sir. Sir, thank you. Very much for giving me this.

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

That seems to be a connection issue. Can't hear him maybe we can move on to next one. We'll come back to you. Mr. Kumar later. If your connection improves, I would recommend you moving into an area where you have better connection

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

Next one, Mr. Bharat Raj. I think he has not joined the meeting

Next, Mr. Sarvjeet Singh. I think he has also not joined the meeting.

Now, Mr. Sanjay Kumar Sarawagi. Yes, Mr. Sanjay you can ask your question.

- **Mr. Sanjay Kumar Sarawagi – Shareholder**

So, can you hear me?

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

Yes, we can hear you.

- **Mr. Sanjay Kumar Sarawagi – Shareholder**

Namashkar Sir mein apko aur apki team ko bhot bhot badhai dena chata hu. Last year jo company ne har paimane pe topline, bottom-line growth har prakar se and firstly dividend declare krne ke liye pore board ko aur apko bhot bhot badhai dena chata hu. Sir mein ye janna chata tha sir hum logo ne jo wholly subsidiary company create ki hai uska production aur plant kab tak lag jayega aur uska commercial production kab tak aa jayega aur vo optimum capacity mein approx. company mein kitna contribute kr payegi jis se company ka ek next level ka vision smajh mein aa ske. Secondary bat ye hai ki company ke board ko aur sabhi ko badhai dena chaunga kyunki company jis prakar se improve hua hai ussi prakar se aapne apna remuneration increase kia hain na ki company pe ek extra burden krke jaise apne phle kia tha uske liye shareholder ki taraf se mein bolna chaunga ki aap logo ke jaisi corporate governance har company aur har board mein hona chaiye. Sir mera ek complaint bhi hai meine multiple times apke company secretary aur apko reach krne ki chesta ki magar as on day company ki taraf se koi bhi reply apki side se aya n hiss prakar ki purshottam ji jaise senior person jo india mein renowed admi hai unke hote hue abhi iss tarh se shareholder ke sath mein behaviour vo shi nahi hai mere hisab se to pls usko thk kijiye. Aur khas taur pr jo apni subsidiaries company hai uske liye kya planning hai kaise uska aage future prospect hai aur kab tak iska production aa jayega aur isme approx. kitna investment hoga aur isme debt aur equity ka kitna ratio hoga vo bta payenge toh bht jada badia hai. Dhanywad.

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

Dhanywad Sanjay Kumar Ji. Apki shubkamnao ke liye aur apki greetings ke liye ye apke jitne bhi shabd hai hume encourage krte hai company ko aage badan eke liye aur lagatar mehnat krne ke liye. Apko jo phle question hai vo hai wholly owned subsidiary se related ki wholly

owned subsidiary mein kya activity hogi isme kitni investment hogi debt aur equity ka ratio kya hoga toh mein apko iss same ye batana chata hu ki management ko iss same kuch bhi comment krne se phle ye abhi bht pre-mature stage pr hai agr mein koi bhi comment krunga koi bhi number dunga apko with respect to humare plan kya hai with respect to kya investment hogi with respect to kya production hogi kya capacity hogi mein ye bta skta hu ki as per PLI Scheme hume investment krni hai march 2024 tak complete krni hai ye humari deadline hai lekin hum lagatar iss Vishay pr kam kr rhe hai ki kaise hum isko jo humne ek ambitious step uthane ki koshish ki hai usko hum achieve krne ke liye prayas kre aur aage bade lekin at this point in time jab bhi sahi same hoga mein apko vishwas dilata hu ki mein khud company khud press release kregi apne shareholder ko btayegi ki vo kya krne ja rahi hai jis se unka utsa badega aur apke support ke sath awashay hum ye prapt kr payenge. With respect to your complaint, you know jo apne queries raise ki humare forum pe humare shareholders forum pe aur secretarial forum pe aur unke jawab apko nhi diye gye mei iska khed krta hu aisa nh hona chaiye tha abhi tak humara track record corporate governance mein bht acha hai koi investor complaints nh hai aur usko hum aage badate rhna dena chate hai aur apki aise koi bhi mere khyal se Company Secretary Mr. Shubham Jain iska awashaye answer de payenge lekin mere hisab se koi specific karan nh rha hoga ki apko jawab nh dene ka ye hi karan rha hoga ki may be apke jawab jo hai humare pas shi same tak puch nh paye ho aur ya ye rha hoga ki may be iss same kuch pandemic ke same company aur working kuch disturb rhi hogi to huss same kiya ho to uss same apke sawal ka jawab dene se skip ho gya ho lekin aage chalte apke jo bhi sawal hai awashay aap usko dobara se bhejiye aur hum ye pora prayas krenge ki within the guidelines hum jitne bhi dayare hai law ke insider trading norms ke confidential insider information ke uss dayare mein jitni information hum de payenge hum denge. Shubham aap kuch khan chate hai.

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

Aapki jo bhi queries hai aap mujhe mail kre direct apko pora revert milega and by chance koi meeting mein ho toh it's not possible ki uss time aapko reply de pau but agr aap direct mail krenge to mein apko revert jarur karunga.

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

Aur mera aapse ye hi nivedan hai ki aap please apni jo queries hai vo email kre taki hum unko achi tarh pad ke samjh ke jawab de paye aur phone apna communication na kre.

- **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 resolutions 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.