

# Walker Chandiook & Co LLP

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## Independent Auditor's Certificate on compliance with the conditions of proposed preferential allotment of share warrants by H.P. Cotton Textile Mills Limited in accordance with Chapter V of the Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018

To  
The Board of Directors  
H.P. Cotton Textile Mills Limited  
F-0 Mira Corporate Suites, 1&2 Old  
Mathura Road, Ishwar Nagar  
New Delhi- 110065

1. This certificate is issued in accordance with the terms of our engagement letter dated 08 January 2022 with H.P. Cotton Textile Mills Limited ('the Company').
2. The accompanying statement containing details of proposed preferential issue of share warrants (the 'specified securities') on a private placement basis as approved by the Board of directors of the Company in its meeting dated 12 January 2022 (hereinafter 'proposed preferential issue') and confirming compliance with the conditions of the proposed preferential issue in accordance with Chapter V of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) regulations 2018, as amended (the 'ICDR Regulations') to the extent applicable (hereinafter referred to as the 'Statement'), has been prepared by the Company's management in order to place this certificate before the shareholders in the extra-ordinary general meeting considering aforesaid proposed preferential issue, as required by sub-regulation 2 of regulation 163 of the ICDR Regulations. We have initialed the Statement for identification purposes only.

### Management's Responsibility for the Statement

3. The preparation of the Statement including preparation and maintenance of all accounting and other relevant supporting records and documents, is the sole responsibility of the management of the Company. This responsibility includes design, implementation and maintenance of internal controls relevant to the preparation and presentation of the Statement, applying appropriate basis of preparation and making estimates that are reasonable in the circumstances.



Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Gurugram, Hyderabad, Kochi, Kolkata, Mumbai, New Delhi, Noida and Pune

Walker Chandiook & Co LLP is registered with limited liability with identification number AAC-2085 and its registered office at L-41 Connaught Circus, New Delhi, 110001, India

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4. The management is also responsible for ensuring that the Company complies with all the regulatory requirements, as applicable, for the purpose of furnishing the accompanying Statement and for providing all relevant information to the shareholders of the Company and BSE Limited (hereinafter referred to as the 'Stock exchange'). In addition, the management is responsible for ensuring that the Company complies with the ICDR Regulations.

## Auditor's Responsibility

5. Pursuant to the requirements of 163(2) of Part III of chapter V of the ICDR Regulations, it is our responsibility to express limited assurance in the form of a conclusion as to whether anything has come to our attention that causes us to believe that the proposed preferential issue, the details of which are included in the accompanying Statement, is not in accordance with the requirements of Chapter V of the ICDR Regulations, to the extent applicable to such proposed preferential issue.
6. We conducted our examination of the accompanying Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) ('Guidance Note'), issued by the Institute of Chartered Accountants of India (the 'ICAI'). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements issued by the ICAI.
8. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement; and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. The procedures selected depend on the auditor's judgement, including the assessment of the areas where a material misstatement of the subject matter information is likely to arise. Accordingly, we have performed the following procedures in relation to the accompanying Statement:
  - a) With respect to conditions specified in Regulation 159 and 160 of the SEBI Regulations, we have performed the following procedures to confirm the compliance with required conditions:
    - Noted the relevant date, for the preferential issue is as per the SEBI Circular, being the date thirty days prior to the date on which the meeting of the shareholders is held to consider the proposed preferential issue;
    - Verified that the Company has obtained requisite undertaking from the proposed allottees to ensure that they have not sold or transferred any equity shares of the Company during the six months preceding the relevant date of 07 January 2022;
    - Obtained the confirmation received by the Company that the shares held by the proposed allottees prior to the proposed preferential issue in the issuer are in dematerialised form;
    - Examined that the Notice issued stated that the preferential issue of share warrants of the Company shall be made at an amount equivalent to at least twenty five per cent. of the consideration determined in terms of regulation 164 on the date of allotment of warrants and the balance seventy five per cent. of the consideration shall be paid at the time of allotment of the equity shares pursuant to exercise of options against each such warrant by the warrant holder;
    - Examined and confirmed that the Notice issued includes special resolution to be sought in relation to the proposed preferential issue of share warrants of the Company;
    - Obtained and read the certified copy of the resolution passed at the meeting of the Board of Directors held on 12 January 2022 in respect of the proposed preferential issue;



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- Obtained the calculation of minimum price of Equity Shares as given in the accompanying Statement for the proposed preferential issue calculated in accordance with pricing formula given in Regulation 164 and verified the arithmetical accuracy of the same;
  - Enquired from the management of the Company and obtained representations to confirm that the Company has adhered to conditions for continuous listing of equity shares as specified in the listing agreement with the stock exchanges where the equity shares of the Company are listed;
  - Obtained the Permanent Account Numbers of the proposed allottees; and
  - Conducted relevant inquiries and obtained the necessary representations from the management of the Company.
- b) Read the notice issued for the proposed extra-ordinary general meeting for considering the proposed preferential issue and verified that the following disclosures have been made in accordance with Regulation 163(1) of the SEBI Regulations therein:
- the objects of the preferential issue;
  - the maximum number of equity shares to be issued;
  - the intent of the promoters, directors or key managerial personnel of the issuer to subscribe to the offer;
  - the shareholding pattern of the issuer before and after the preferential issue;
  - the time frame within which the preferential issue shall be completed;
  - the undertaking that the issuer shall re-compute the price of the equity shares in terms of the provision of Regulation 164(1) of the SEBI Regulations where it is required to do so; and
  - the identity of the natural persons who are the ultimate beneficial owners of the proposed preferential issue and/or who ultimately control the proposed allottees, the percentage of post preferential issue capital that may be held by them and change in control, if any, in the issuer consequent to the proposed preferential issue.
- c) With respect to the compliance with minimum price for preferential issue in accordance with Regulation 164(1) of the SEBI Regulations, we have obtained the calculation of minimum price of Equity Shares as given in the accompanying Statement for the proposed preferential issue calculated in accordance with pricing formula given in Regulation 164 and verified the mathematical accuracy of the same and further noted that the issue price is not less than the minimum price.

## Conclusion

9. Based on our examination and the information and explanations given to us, along with representations provided by the Management, nothing has come to our attention that causes us to believe that the proposed preferential issue, the details of which are included in the accompanying Statement, is not in accordance with the requirements of Chapter V of the ICDR Regulations, to the extent applicable to such proposed preferential issue, except that the special resolution required for approval of shareholders for proposed preferential issue is yet to be obtained as per the ICDR Regulations.

## Restriction on distribution or use

10. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the requirements as stated in paragraph 2 above. Our obligations in respect of this certificate are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have as statutory auditors of the Company or otherwise. Nothing in this certificate, nor anything said or done in the course of or in connection with the services that are the subject of this certificate, will extend any duty of care we may have in our capacity as statutory auditors of the Company.



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11. The certificate is addressed to and provided to the Board of Directors of the Company solely enabling it to comply with the requirements mentioned in paragraph 2 above which inter alia, requires to place it before extra-ordinary general meeting of the shareholders considering the proposed preferential issue and therefore should not be used, referred to or distributed for any other purpose or to any other party without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other party to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

**For Walker Chandiook & Co LLP**  
**Chartered Accountants**

Firm Registration No: 001076N/N500013

*Rohit Arora*

**Rohit Arora**  
Partner

Membership No.: 504774

**UDIN:** 22504774AAAAAO1456



**Place:** New Delhi

**Date:** 13 January 2022



Statement on the compliance with the conditions of proposed preferential allotment of share warrants by H.P Cotton Textile Mills Limited in terms of Chapter V of the Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018

Computation of Minimum Issue price

Computation of minimum issue price for the proposed preferential issue of share warrants of H.P Cotton Textile Mills Limited, based on the pricing formula prescribed under Regulation 164 of Chapter V of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018

Date of Extra-ordinary General meeting (EGM) : 07 February 2022  
Relevant Date (30 days prior to EGM): 07 January, 2022

Criteria I:

Average of weekly high & low of the volume weighted average price (VWAP) of the equity shares of H.P Cotton Textile Mills Limited quoted on the BSE Limited during the last twenty-six weeks preceding the relevant date (considering relevant date as 07 January 2022)

(Amount in Rs.)

Week	From	To	High	Low	Average
1	09-July-2021	15-July-2021	96.68	77.85	87.27
2	16-July-2021	22-July-2021	90.90	86.85	88.88
3	23-July-2021	29-July-2021	92.23	83.19	87.71
4	30-July-2021	05-Aug-2021	106.70	93.08	99.89
5	06-Aug-2021	12-Aug-2021	101.66	89.31	95.49
6	13-Aug-2021	19-Aug-2021	98.97	92.22	95.60
7	20-Aug-2021	26-Aug-2021	89.55	82.89	86.22
8	27-Aug-2021	02-Sep-2021	90.52	86.34	88.43
9	03-Sep-2021	09-Sep-2021	96.87	86.41	91.64
10	10-Sep-2021	16-Sep-2021	94.72	91.70	93.21
11	17-Sep-2021	23-Sep-2021	92.21	87.30	89.76
12	24-Sep-2021	30-Sep-2021	90.61	85.44	88.03
13	01-Oct-2021	07-Oct-2021	105.17	92.02	98.60
14	08-Oct-2021	14-Oct-2021	104.52	94.67	99.60
15	15-Oct-2021	21-Oct-2021	96.02	92.91	94.47
16	22-Oct-2021	28-Oct-2021	102.50	92.65	97.58
17	29-Oct-2021	04-Nov-2021	106.99	96.72	101.86
18	05-Nov-2021	11-Nov-2021	130.71	113.17	121.94



H.P. Cotton Textile Mills Limited  
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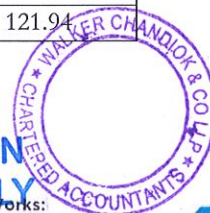
E: info@hpthreads.com

SIGNED FOR  
IDENTIFICATION  
PURPOSES ONLY

Regd. Office & Works:

15 K.M. Stone, Delhi Road,  
V.P.O Mayar, Hisar - 125 044,  
Haryana, India

CIN NO. L18101HR1981PLC012274





**Statement on the compliance with the conditions of proposed preferential allotment of share warrants by H.P Cotton Textile Mills Limited in terms of Chapter V of the Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018 (cont'd)**

19	12-Nov-2021	18-Nov-2021	127.06	113.98	120.52
20	19-Nov-2021	25-Nov-2021	118.47	109.67	114.07
21	26-Nov-2021	02-Dec -2021	114.12	111.01	112.57
22	03-Dec-2021	09-Dec -2021	133.13	112.69	122.91
23	10-Dec-2021	16-Dec -2021	134.44	128.99	131.72
24	17-Dec-2021	23-Dec -2021	166.26	123.33	144.80
25	24-Dec-2021	30-Dec -2021	194.98	164.47	179.73
26	31-Dec-2021	06-Jan-2022	186.38	173.18	179.78
				<b>Average Price</b>	<b>108.16</b>

**Criteria II:**

Average of weekly high & low of the volume weighted average price (VWAP) of the equity shares of H.P Cotton Textile Mills Limited quoted on the BSE Limited during the last two weeks preceding the relevant date (considering relevant date as 07 January 2022)

(Amount in Rs.)

Weeks	From	To	High	Low	Average
1	24 -Dec-2021	30-Dec -2021	194.98	164.47	179.73
2	31-Dec-2021	06-Jan-2022	186.38	173.18	179.78
				<b>Average Price</b>	<b>179.75</b>

**1. Applicable Minimum Price:**

I] Average of 26 weeks high low of the VWAP	<b>108.16</b>
II] Average of 2 weeks high low of the VWAP	<b>179.75</b>
<b>Applicable Minimum Price (Higher of the I or II)</b>	<b>179.75</b>

**Notes:**

- The proposed preferential issue is to allot up to 1,12,000 warrants of Rs. 10.00/- each (Rupees Ten only) each on preferential basis at an issue price of Rs. 180 (Rupees one hundred and eighty only) per warrant including a premium of Rs. 170 (Rupees one hundred and seventy only) which is not less than the price determined in accordance with Chapter V of SEBI ICDR Regulations, for cash consideration, from Mr. Kailash Kumar Agarwal and Mr. Raghav Kumar Agarwal ("Proposed Allottees") for an aggregate amount up to Rs. 2.02 crores. The same has been notified to the shareholders through the notice issued to shareholders for extra-ordinary general meeting to be held on 07 February 2022.



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Haryana, India

CIN NO. L18101HR1981PLC012274





**Statement on the compliance with the conditions of proposed preferential allotment of share warrants by H.P Cotton Textile Mills Limited in terms of Chapter V of the Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018 (cont'd)**

3. The relevant date for the purpose of arriving at minimum price in terms of the ICDR Regulations is 07 January 2022 being the working day immediately preceding the 30 days prior to the date on which the meeting of members is held to consider the proposed issue of warrants.
4. We have obtained undertaking from the proposed allottees to ensure that they have not sold or transferred any equity shares of the Company during the six months preceding the relevant date of 07 January 2022. The details of the proposed allottees is given in the notice issued to shareholders for extra-ordinary general meeting to be held on 07 February 2022;
5. We have disclosed all the required details to shareholders as required by regulation 163 (1) of Chapter V of SEBI ICDR Regulations as part of the explanatory statement issued along with the notice issued to shareholders for extra-ordinary general meeting to be held on 07 February 2022.
6. The average of the weekly high and low of the volume weighted average prices of equity shares is as quoted on the BSE Limited during the 26 weeks and 2 weeks immediately preceding the relevant date as mentioned above. The data is taken from www.bseindia.com
7. The issue of securities on preferential basis is being made in accordance with SEBI (ICDR) Regulations, 2018 and amendments thereof.

For and on behalf of **H.P. Cotton Textile Mills Limited**

Digitally signed  
by SHUBHAM  
JAIN  
Date: 2022.01.13  
12:01:51 +05'30'

**Shubham Jain**  
Company Secretary & Compliance Officer



**SIGNED FOR  
IDENTIFICATION  
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