



HINDUSTAN COMPOSITES LIMITED
60TH ANNUAL GENERAL MEETING
DATE & TIME: 27TH SEPTEMBER, 2024 -11:45 A.M.

TRANSCRIPT OF THE 60TH ANNUAL GENERAL MEETING OF HINDUSTAN COMPOSITES LIMITED HELD AT 11:45 A.M. ON FRIDAY, 29TH SEPTEMBER, 2024 THROUGH VIDEO CONFERENCING / OTHER AUDIO VISUAL MEANS WHICH COMMENCED AT 11.47 A.M.:

Mr. Arvind Purohit, Company Secretary & Compliance Officer:

Good morning Ladies and Gentleman! I, Arvind Purohit, Company Secretary & Compliance Officer of the Company, am pleased to welcome you all to this 60th Annual General Meeting ("AGM") of the members of Hindustan Composites Limited convened and held through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") in compliance with the various circulars issued by the Ministry of Corporate Affairs and Securities and Exchange Board of India. We all regret the sad demise of Shri Raghu Nandan Mody, Chairman and Non-Executive Director of the Company on 8th February 2024 and we all express heartfelt deep condolences.

The Board of Directors have elected Mr. P. K. Choudhary, Managing Director as Chairman for this 60th Annual General Meeting. Mr. P. K. Choudhary will chair the meeting today.

Before I hand over the proceedings to the Chairman to declare the meeting open, I would like to highlight certain points here.

The registered office of the Company is situated at Peninsula Business Park, 'A' Tower, 8th Floor, Senapati Bapat Marg, Lower Parel, Mumbai which shall be deemed to be the venue for this 60th AGM and proceedings of the 60th AGM shall be deemed to be made here at.

We have received requests from 5 members for registering themselves as speaker shareholders in this 60th AGM today. Speakers will be allowed to speak once the Chairman directs for the same. We request speakers to limit their speeches to 3-4 minutes for the benefit of other shareholders.

The Company has received authorized representations for 1,10,73,030 shares, (constituting 74.97 % of the share capital), from Non- individual Members which are valid and accepted by the Company.

With this, I now hand over the proceedings of this meeting to the Chairman. Thank you.

CHAIRMAN

Mr. P. K. Choudhary, Managing Director:

Thank you Arvind.

Good morning and a warm welcome to all the shareholders, directors and other dignitaries to the 60th AGM.

At the outset I regretfully report the sad demise of our respected Chairman Shri Raghu Mody on 8th February, 2024 and express our heartfelt condolences. Mr. Mody was closely associated with this company for 37 years and transformed this company from a sick company to a highly successful & healthy company today what we see. He was an extraordinary human-being, remarkable industrialist and phenomenal business leader. He was extremely popular amongst all our shareholders with his humanity and charming personality. I am sure you must be missing him today. Please join me for a respectful homage to his noble soul.

Coming back to business, I thank you for all participating in today's meeting and sincerely wish that all of you and family members are safe and healthy. This 60th AGM is being held through video conference in accordance with the relevant circulars. The participation of members through video conferencing system is reckoned for the purpose of ascertaining the quorum as per the circulars issued by the MCA and Section 103 of the Companies Act, 2013.

As we have requisite quorum participating through video conferencing for this AGM, I call the meeting to order.

Let me first introduce the Board of Directors and Key Managerial Personnel attending this meeting through VC/OAVM.

- 1) Mr. Lalit Kumar Bararia, Independent Director and Chairman of Audit Committee and Nomination and Remuneration Committee.
- 2) Mr. Vinay Sarin, Non-Executive Director and Chairman of Stakeholders' Relationship Committee and CSR Committee.
Mr. Sarin,

Mr. Vinay Sarin, Non-Executive Director:

Thank you, Ladies and Gentlemen.

Mr. P. K. Choudhary, Managing Director:

- 3) Mr. Rajan Dalal, Independent Director,
- 4) Mr. Deepak Sethi, Independent Director.
- 5) Mrs. Preeti Agrawal, Independent Director.
- 6) Mr. Sunil Jindal, CFO
- 7) Mr. Arvind Purohit, Company Secretary & Compliance Officer

I would also like to inform and note the presence of:

- a. Mr. Ravindra Bafna, representative of M/s. Lodha & Co. LLP, Statutory Auditors of the Company.
- b. CS Manish Baldeva, Proprietor of M/s. M Baldeva Associates, Secretarial Auditors of the Company and Scrutinizer for the meeting.

All of them are attending the meeting through video conferencing from their respective locations.

The Register of Directors and Key Managerial Personnel and their Shareholding and Register of Contracts or Arrangements as maintained under Sections 170 and 189 of the Companies Act, 2013 respectively and other documents are available and will remain accessible to the members for inspection who had requested.

Ladies and Gentlemen,

I am delighted to report that performance of our Company in FY 2023-24 has set a new benchmark and achieved a revenue of Rs. 298.00 Crore as against Rs. 283.00 Crore in the previous year. The net manufacturing revenue was higher by 7% from Rs. 235.00 Crore to Rs. 250.00 Crore. Gross profit of the company was higher at Rs. 52.00 Crore, a growth of 26% compared to previous year.

It was another successful year in the journey of excellence and growth with much improved working. It aligned with the overall success of auto & rail sector and can be attributed to several key initiatives including planned capacity expansion, focus on research & development, strong relationship with customers and judicious approach towards fund deployment in various asset class.

I am also delighted to report that our company has now achieved Green status with complete elimination of Asbestos based products at its all the plants.

I refer to the global economy, continues to present a mix trends with challenges due to on-going geo-political conflicts, supply chain disruptions, extreme weather conditions, global energy & food crisis. But there are certain good news, inflation softened over the highs of previous year and expected to remain moderate which is evident with recent reversal of Fed interest rate by the US Government. It is indeed a welcome step, and hopefully other countries will also follow.

Amidst these conditions, Indian economy has continued to grow with resilience at 7.8% in 2023-24 as against 7.2% in 2022-23. India is now 5th largest economy and also the fastest growing economy. The robust performance of the manufacturing and construction sectors fuelled India's GDP growth which helped demand creation for our both the segments for Commercial and Rail segment.

Accordingly, Indian automotive industry also achieved a healthy growth during the year by personal mobility vehicles related to passenger vehicle and two wheelers. However commercial vehicle segment grew marginally. Similarly, railway segment saw a rapid

development towards enhancement of its network, building dedicated freight corridor, introduction of high-speed trains, new metro rail networks and modern safety measures.

Amid this dynamic landscape of both auto and rail segment, our Company continues its growth trajectory and posted improved results. The company will continue to emphasis on improvement in operational efficiencies, higher productivity, and cost control measures.

Our Company has also taken several steps towards sustainability including an installation of 1.4 mwp solar plant at its Paithan plant (which will cater about 25% power requirement of its requirement). We have put up a recycling plant, where the waste material can be recycled and can be reused. We have completely eliminated asbestos as I told earlier, and we are putting up lot of plantations around the plant to better greenery and better eco-system.

The investment segment of the Company faced some challenges related to fluctuations of interest rates, volatile market conditions, stock market, currency depreciation and global uncertainties. However, performance of investment segment remains good with conservative approach toward deployment of funds. Our main purpose is we need to keep our capital protection event at the cost of higher income.

Outlook for the current financial year remain positive with continued growth prospects of auto and rail industry. With clear focus on innovation and customer satisfaction, Company is well positioned to achieve its plan and will remain a major player in its business segment.

You must have seen the results for first quarter of current financial year, whereas company's performance was good with revenue growth of 12% and profit growth of 58%. Though there are some demand challenges in commercial vehicle segment in recent times but with good order book in railway and with the current good monsoon, we are confident that demand will come back and company will improve its performance in coming quarters.

I would like to place on record my sincere appreciation to all the employees and other stake holders for their valuable contribution during this exciting times.

Festival season has just started and my sincere greetings to all of you.

We continue to look forward to your support and blessings as always.

Now let me turn to the agenda of this AGM. The Company has made necessary arrangements for conducting this 60th AGM through video conferencing and for voting by the shareholders on the items being considered at this meeting through e-voting process.

As per the applicable provisions, the Company had provided remote e-voting facility to its members to vote on resolutions to be dealt with in this AGM. Remote e-voting started from 24th September, 2024 at 9.00 AM and concluded on 26th September, 2024 by 5.00 PM.

The shareholders, who could not cast their vote electronically through remote e-voting facility and who are participating in this meeting will have an option to cast their votes during the meeting.

The Notice and the Annual Report containing the Standalone and Consolidated Audited Financial Statements of the Company for the financial year ended 31st March, 2024 along with Board of Directors' Report and Auditors' Reports thereon along with relevant annexures have already been circulated to the members.

With your kind permission, I take the notice convening the meeting as read.

The Auditors' Reports do not have any qualification, observation or comment on financial transactions or matters which have adverse impact on the functioning of the Company, so reading of Auditors' Reports in the meeting is not required.

The Secretarial Auditors have made a few observations in their Report, and I invite the attention of the members to the explanation provided on the observations in the Board of Directors' Report at page no. 27 item no. 27 of the Annual Report.

Now I would like to proceed with the agenda of the meeting.

First, we will proceed with the agenda, thereafter will invite queries, if any, from the registered speaker members.

CS Manish Baldeva, Proprietor of M/s. M Baldeva Associates, Company Secretaries, Mumbai have been appointed as Scrutinizer to scrutinize the e-voting in a fair and transparent manner.

Now, let me turn to the business items, which are included in the notice convening the 60th AGM. I shall proceed with the agenda of the 60th AGM. First three items are Ordinary Business.

ITEM NO. 1 OF AGENDA

The first item of agenda is to receive, consider and adopt the Standalone Audited Financial Statements for the financial year ended 31st March, 2024 together with the reports of the Board of Directors' and Auditors' thereon and Consolidated Audited Financial Statements for the financial year ended 31st March, 2024 together with the report of the Auditors' thereon. These are Ordinary Resolutions.

I request the members to record their assent or dissent to the resolutions through the e-voting process.

ITEM NO. 2 OF AGENDA

The second item of agenda is relating to declaration of dividend on Equity Shares @ 40% out of the current profits of the Company for the financial year ended 31st March, 2024 i.e. @ Rs. 2.00 per share of face value of Rs. 5.00 each. This is an Ordinary Resolution.

I request the members to record their assent or dissent to the resolution through the e-voting process.

ITEM NO. 3 OF AGENDA

The third item of agenda is relating to my appointment as Director, retired by rotation and being eligible, have offered myself for re-appointment as Director of the Company. This is an Ordinary Resolution.

I request the members to record their assent or dissent to the resolution through the e-voting process.

Now onwards are Special Business:

ITEM NO. 4 OF AGENDA

The fourth item of agenda is regarding re-appointment of Mr. Lalit Kumar Bararia as Non-Executive Independent Director of the Company. This is a Special Resolution.

I also invite the attention of the members to the particulars provided in the explanatory statement attached to the notice of the 60th AGM regarding re-appointment of Mr. Bararia as Non-Executive Independent Director of the Company.

I request the members to record their assent or dissent to the resolution through the e-voting process.

ITEM NO. 5 OF AGENDA

The fifth item of agenda is regarding re-appointment of Mrs. Preeti Vimal Agrawal as Non-Executive Independent Director of the Company. This is a Special Resolution.

I also invite the attention of the members to the particulars provided in the explanatory statement attached to the notice of the 60th AGM regarding re-appointment of Mrs. Preeti Vimal Agrawal as Non-Executive Independent Director of the Company.

I request the members to record their assent or dissent to the resolution through the e-voting process.

ITEM NO. 6 OF AGENDA

The sixth item of agenda is regarding appointment of Mr. Snehal Muzoomdar as Non-Executive Independent Director of the Company. This is a Special Resolution.

I also invite the attention of the members to the particulars provided in the explanatory statement attached to the notice of the 60th AGM regarding appointment of Mr. Snehal Muzoomdar as Non-Executive Independent Director of the Company.

I request the members to record their assent or dissent to the resolution through the e-voting process.

ITEM NO. 7 OF AGENDA

The seventh item of agenda is regarding payment of commission of Rs. 2.00 Lakh each to Mr. Deepak Sethi, Mr. Lalit Bararia and Mrs. Preeti Agrawal, Independent Directors of the Company for the financial year ended 31st March, 2024. This is an Ordinary Resolution.

I also invite the attention of the members to the particulars provided in the explanatory statement attached to the notice of the 60th AGM regarding payment of commission to the Independent Directors of the Company.

I request the members to record their assent or dissent to the resolution through the e-voting process.

Now for next two resolutions, being interested in the next agenda item nos. 8 and 9 of the Notice, I vacate the Chair and request Mr. Vinay Sarin, Non-Executive Director, to Chair and proceed with agenda item nos. 8 and 9. Mr. Vinay Sarin, over to you please.

Mr. Vinay Sarin, Non-Executive Director:

Good afternoon Ladies and Gentlemen!

ITEM NO. 8 OF AGENDA

The eighth item of agenda is to approve the revision in remuneration payable to Mr. P. K. Choudhary, Managing Director of the Company w.e.f. 1st April, 2024 for the remaining period of his current tenure. This is an Ordinary Resolution.

I also invite the attention of the members to the particulars provided in the explanatory statement attached to the notice of the 60th AGM regarding revision in remuneration of Mr. P. K. Choudhary, Managing Director of the Company.

I request the members to record their assent or dissent to the resolution through the e-voting process.

ITEM NO. 9 OF AGENDA

The ninth item of agenda is regarding re-appointment of Mr. P. K. Choudhary as Managing Director of the Company. This is a Special Resolution.

I also invite the attention of the members to the particulars provided in the explanatory statement attached to the notice of the 60th AGM regarding re-appointment of Mr. P. K. Choudhary as Managing Director of the Company.

I request the members to record their assent or dissent to the resolution through the e-voting process.

Upon conclusion of agenda item nos. 8 and 9, I vacate the Chair and request Mr. P. K. Choudhary, Chairman of the meeting, to re-occupy the Chair and proceed with the remaining agenda of this meeting. Over to you Mr. Choudhary.

Mr. P. K. Choudhary, Managing Director:

Thank you, Mr. Sarin.

ITEM NO. 10 OF AGENDA

The tenth item of agenda is for ratifying the remuneration payable to Cost Auditors for the financial year ended 31st March, 2024 and financial year ending 31st March, 2025. This is an Ordinary Resolution.

I also invite the attention of the members to the particulars provided in the Explanatory Statement attached to the Notice of the 60th AGM regarding ratification of remuneration of the Cost Auditors for the financial year ended 31st March, 2024 and financial year ending 31st March, 2025.

I request the members to record their assent or dissent to the resolution through the e-voting process.

I would like to mention that a few shareholders have sent their questions earlier on the accounts and annual report of the Company and I shall reply to such questions after sometime.

Now the shareholders who have sent their requests for speaking in the AGM can speak and I request Mr. Arvind Purohit to announce the names of the speakers and make necessary arrangements for the same.

Kindly do not repeat the questions already raised by the members. Thank you, Arvind.

Mr. Arvind Purohit, Company Secretary and Compliance Officer:

Thank you, Sir,

We have received 1st registration from Mrs. Celestine Elizabeth Mascarenhas

I request the host to please unmute her and please allow her to speak.

Mrs. Celestine Elizabeth Mascarenhas:

Hello, am I audible? Hello!

Mr. Arvind Purohit, Company Secretary and Compliance Officer:

Yes Ma'am, you are audible.

Mrs. Celestine Elizabeth Mascarenhas:

I am audible, Thank you very much. Respected Chairman Mr. P. K. Choudhary, MD and other members on the board. I really miss.

Mr. Arvind Purohit, Company Secretary and Compliance Officer:

Ma'am, you are not audible.

Mrs. Celestine Elizabeth Mascarenhas:

I miss Mr. Mody, may his soul rest in peace. I am audible now?

Hello, hello, am I audible?

Mr. Arvind Purohit, Company Secretary and Compliance Officer:

Yes Ma'am, you are audible.

Mr. P. K. Choudhary, Managing Director:

Yes Ma'am, please continue.

Mrs. Celestine Elizabeth Mascarenhas:

Yaa, okay okay, Thank You. Our working is good. PBT, PAT is up, and very good reserves we have sent, Rs. 4000.00 Lakhs, which is really very good, transfer to General Reserves. And even dividend of Rs. 2.00 on par value of Rs. 5.00 is really very nice. Now I come directly to the queries, because some network also issues are coming. LHB disc brake pad for high-speed trains have received order. How much of order have we received for this? We have two plans and one at Paithan and another at Bhandara, what is capacity utilization of each plant? Due to geopolitical tension specially the rate c, how we are derisking the risk? what is the GST rate on our products is it 18% or 15%? lastly but not least organics as well as inorganic growth which vertical will be the main growth engine for the next 5 years with good margin? with this I support all the resolutions and specially wish you all good health because health is wealth and thank you for giving me opportunity to speak once again thank you and god bless.

Mr. Arvind Purohit, Company Secretary and Compliance Officer:

Thank you, Ma'am.

We will now move to the next speaker who is Mr. Bimal Kumar Agarwal

I request the host to please unmute Mr. Bimal Kumar Agarwal.

(As we did not receive any response we moved to the next speaker)

Mr. Arvind Purohit, Company Secretary and Compliance Officer:

Okay, we will move to the third speaker which is Mr. P. Jaichand.

I request the host to please unmute Mr. P. Jaichand

(As we did not receive any response we moved to the next speaker)

Mr. Arvind Purohit, Company Secretary and Compliance Officer:

We will move to the next speaker which is Mr. Chandulal Kiran.

I request the host to please unmute Mr. Chandulal Kiran.

Mr. Chandulal Kiran:

Hello, am I audible?

Mr. Arvind Purohit, Company Secretary and Compliance Officer:

Yes Sir, you are audible.

Mr. Chandulal Kiran:

Ok first of all thank you for the opportunity, I have list of 5 questions that I would like to ask management, so first of all good to see the company completely moving out of asbestos based brake lining as per company understanding in the OEM space what percentage newly manufactured vehicle still used asbestos in two wheelers, passenger vehicles and MHCVs.

2. Likewise, in aftermarket also what percentage after-market vehicle still used asbestos based brake lining?

3. What is price difference between an asbestos and asbestos free brake linings and pads?

4. one of your competitors Rane Enterprise still used asbestos based brake lining in aftermarket while we and Sundaram Brake Lining have completely moved away however Rane's loss margins higher than Hindustan Composites Limited and Sundaram Brake Lining what could be reason for this?

5. Hindustan Composites Limited is largely focused on passenger vehicles so is there any material difference in the product make and structure for passenger vehicles as compare to commercial vehicles and two wheelers? Thank you.

Mr. Arvind Purohit, Company Secretary and Compliance Officer:

Okay, now we will move to the next speaker Mrs. Yashvee Kothari.

I request the host to please unmute Mrs. Yashvee Kothari.

(As we did not receive any response we moved to the next speaker)

Mr. Arvind Purohit, Company Secretary and Compliance Officer:

We have received some queries from the shareholders which I would request MD Sir to please answer on behalf of the speakers.

Mr. P. K. Choudhary, Managing Director:

Thank you, Arvind, so, you know, I'm happy Mrs. Mascarenhas very old shareholder and very active shareholder, thank you madam for kind words about the company and you remembered our beloved Chairman. Regarding your queries this LHB disc brake pad for railway we recently got the order and this order will be recurring order so we believe that monthly there could be more than Rs. 20 Lakh per month order coming from various railway. Regarding capacity utilization, our capacity utilization is close to 80 to 85 percent in both the plants. Geopolitical days scheme, so we structure program so we have already taken all the measures and we are not really affected also, because we don't import too many items from those countries. GST, our GST is mostly 18% not 15%. Growth engine of course our all the segment are having good potential we got three segments – auto, rail and industry and we conceive the potential in rail and auto also doing well and industry is small segment but we conceive good potential. Coming back to Mr. Chandulal Kiran, I think, he has good knowledge about the business and I appreciate and he has sent few questions so first question is whether OEM is still using the asbestos? No, no OEM is using asbestos now. Everybody has switched towards asbestos free. In aftermarket now most of the aftermarket products are asbestos free but still small percentage may be 15% may be asbestos from unorganized sector and one or two components. Regarding price difference, initially the price difference was quite high, but slowly the difference is now coming down, so difference is not much, because lot of R & D work is being done on asbestos free products. You mentioned about our competitor Sundaram Brake Lining is not making any asbestos based products. They stopped asbestos many many years back. Rane is still making some products, but I'm sure they will also stop asbestos. Regarding our business profile, we are primarily in the commercial vehicle segment. Our presence in passenger vehicle much lower whereas Rane Brake Lining is much more in commercial passenger vehicle segment. That's why our profile does not exactly match with Rane Brake Lining. Other competitors now all the figures everything available so you can compare the working of these companies. We have got our own strength, and our competitors have got their own strength, but we are doing well and will continue to do well. So I think I could able to answer all the questions of our respected shareholders.

I would like to thank all the shareholders for attending the meeting, for showering support to the Company and for raising relevant questions.

The result of voting on resolutions dealt in this meeting will be announced within 2 working days from the conclusion of this meeting and will be disseminated on the Company's website viz. www.hindcompo.com and the website of CDSL viz. www.evotingindia.com and communicated to the Stock Exchanges where the shares of the Company are listed.

Now I request shareholders who are attending this meeting and who have not cast their vote through remote e-voting to exercise their vote on CDSL e-voting platform, using the same login credentials as are being used by them for attending this live 60th AGM. The e-voting window will remain open for another 15 minutes from now. After that the e-voting window will be closed.

I think we concluded all the agenda of this AGM. I thank you everyone once again. Now Mr. Arvind will propose a vote of thanks. Thank you.

VOTE OF THANKS:

Mr. Arvind Purohit, Company Secretary and Compliance Officer:

Thank you, Sir.

I thank Mr. P. K. Choudhary, Chairman of the meeting for successfully conducting the proceedings of this Annual General Meeting. I also thank all the members and all other dignitaries for participating and attending the meeting and the confidence reposed in us.

Thank you.

Mr. P. K. Choudhary, Managing Director:

Ladies and gentlemen, we have dealt with all the items of agenda, I declare the meeting as concluded. Thank you very much.

Thank you.

Mr. Lalit Kumar Bararia, Independent Director:

Thank you.

Host / Administrator of the AGM from CDSL:

Dear host, kindly close the meeting.