



HINDUSTAN COMPOSITES LIMITED
56TH ANNUAL GENERAL MEETING
DATE & TIME: SEPTEMBER 29, 2020 - 11:45 A.M.

TRANSCRIPT OF THE 56TH ANNUAL GENERAL MEETING OF HINDUSTAN COMPOSITES LTD. HELD AT 11.45 A.M. ON TUESDAY, SEPTEMBER 29, 2020 THROUGH VIDEO CONFERENCING / OTHER AUDIO VISUAL MEANS:

Mr. Vikram Soni, Company Secretary & Compliance Officer:

Good Morning! Ladies and Gentleman.

A very warm welcome to all the shareholders, Directors, Auditors and Officers of the Company to the 56th Annual General Meeting (AGM) of Hindustan Composites Limited. Mr. Raghu Mody, Chairman and Whole Time Director of Company is unable to attend the Meeting today due to unavoidable circumstances. In absence of Mr. Raghu Mody, Directors have elected Mr. P. K. Choudhary, Managing Director as Chairman for this 56th Annual General Meeting. Mr. P. K. Choudhary will chair the meeting today conducting for the very first time through Video Conferencing (VC) / Other Audit Visual Means (OAVM) due to Covid-19 pandemic.

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

Members are encouraged to join the meeting through their laptops and head phones for a better experience and use internet with a good speed to avoid any disturbance during the meeting. Participants connecting from mobile devices or tablets or through laptops connecting via a mobile hotspot may experience audio/video loss due to fluctuation in their respective network. It is therefore recommended to use a stable wi-fi or LAN connection to mitigate any kind of aforesaid glitches.

As mentioned in the notice of this AGM, the facility for participation at the 56th AGM through video conferencing or other audio/visual means has been made available for 1000 members on first come first serve basis, except for large shareholders (i.e. Shareholders holding 2% or more shareholding), promoters,

institutional investors, directors, key managerial personnel, the chairperson of the audit committee, nomination and remuneration committee, and stakeholders relationship committee as well as the auditors who are allowed to attend the 56th AGM without any restrictions on account of first come first serve basis.

The registered office of the company situated at Mumbai shall be deemed to be the venue for this 56th AGM and proceedings of the 56th AGM shall be deemed to be made here at.

We have received requests from 4 (Four) members for registering themselves as speaker shareholders in this 56th AGM today. Speakers will be allowed to speak once the Chairman directs the same. We request speakers to limit their speeches to 3-4 minutes for the benefit of other shareholders.

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

Mr. P. K. Choudhary, Managing Director & Chairman for the Meeting:

Good Morning Ladies and Gentlemen,

I welcome you all to this **56TH ANNUAL GENERAL MEETING** of the Company.

Today we miss our Chairman, Mr. Raghu Mody who could not attend the Meeting due to some unavoidable circumstances. However he has conveyed his warm greetings to all the shareholders. He is also missing you.

I hope all of you are safe, keeping well and high spirit during these tough times. We are amidst one of the biggest crises ever seen in our lifetime, the Covid-19 pandemic. I am confident that this crisis too will pass and we will emerge stronger. Social distancing is a norm to be followed, and therefore, this AGM today has been convened through video conferencing or other audio/visual means in compliance with the provisions of the Companies Act 2013, and various circulars issued by the Ministry of Corporate Affairs in this regard. Today we are missing all our dear shareholders, as we always cherish this meeting while having the physical meeting. I am certain that next year we will have physical meeting and will have same fellowship next time.

During this meeting today all the authorized representatives and shareholders are attending through VC and now the Quorum is there, so I call the meeting to order.

Let me first introduce to the Board members and Key Managerial personnel attending this meeting through VC/OAVM.

(Mr. P. K. Choudhary introduces the Directors and other panelists present in the Conference)

- 1) Mr. Lalit Kumar Bararia, Additional Independent Director and Chairman of Audit Committee and Nomination and Remuneration Committee.
- 2) Mr. A. B. Vaidya, Independent Director and Chairman of Stakeholders Relationship Committee.
- 3) Lt. (Retd.) Gen K. S. Brar, Independent Director and Chairman of CSR Committee.
- 4) Mr. Deepak Sethi, Independent Director.
- 5) Mrs. Preeti Agrawal, Additional Independent Director.

Mr. Sunil Jindal, Chief Financial Officer

Mr. Vikram Soni, Company Secretary & Compliance Officer

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

- a. Mr. Vinay Somani representative of M/s. Bagaria & Co. LLP Chartered Accountants, Statutory Auditors of the Company.
- b. CS Manish Baldeva, of M/s. M Baldeva Associates, Practicing Company Secretaries, 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.

Dear Members,

I would like to present a brief Report on the working of the Company.

During the year under review, Indian economy passed through a challenging time with major slowdown due to liquidity crisis, sluggish private investment, decline in saving rates and high unemployment.

GDP growth for the first 3 quarters of the year was 5.1 % as against 6.30 % in the same period during 2018-19.

Whilst there were positive sign of improvements in the 4th quarter but it was short lived with nationwide lock down in March 20 due to COVID -19. It halted the growth momentum and GDP growth came down to 3.1 % in the fourth quarter.

The Indian automotive sector was particularly affected due to weakness in the overall economy resulting poor demand for Commercial Vehicle, Passenger cars and 2/3 wheelers. The commercial vehicle segment, which constitutes our main business, was most impacted with de-growth of 43 % on account of government's decision to allow higher payloads, challenges of credit availability and rising cost of vehicles due to change in safety norms etc.

Automotive segment of our company also impacted with drop in demand but it was partly compensated with higher business in railway segment.

Investment segment also faced the similar challenges due to falling interest rates, fear of higher NPA, liquidity crisis, banking & NBFC frauds, volatile stock market conditions etc.

Despite all these challenges, company did reasonably well and posted a gross profit of about Rs 20 Crs and maintained a dividend of 40 %.

Outbreak of COVID -19, which lead to country wide lockdown, severally impacted all aspects of our lives and disrupted the business in an unprecedented ways. The challenges are unique as COVID-19 induced complete lockdown from 23rd March, 20 to May-end. Though unlocking process has started but localized lockdown further created the hindrances to the supply chain, logistics and transport of goods.

Automotive sector is one of the worst hit segments with zero sales in April and negligible sale in May, 20, resulting drop of 88 % in sale of CV segment and 84 % in passenger car.

Situation still not under the control with daily infection nearing one lac nos. per day and deaths above 1100 per day.

During this crisis, the company adopted a moderate to conservative approach in managing its business and put major emphasis on health and safety of employees and its stakeholders. Our both plants are working at about 80 % capacity but most of the offices are partly closed. All the employees of Head office are allowed to work from Home.

Of-late there is some improvement in demand of our products and we will continue to put more thrust on new product development, improving market share by providing better customer service, cash preservation and digitalization.

During the first quarter of the current year, total revenue of manufacturing segment was lower by 44 % and investment segment down by 14 %.

Though the situation is not very good, but there is a bright scope in the rural economy there was good agriculture crop and higher price realization. It boosted the demand of tractor, small car, LCV and two wheelers. Our company is working towards to get higher business from these segments. Further Government and RBI are also supporting the economy with various fiscal measures and incentives.

Overall situation still remains tough but we are putting all the efforts to mitigate these challenges with various means.

I would like to place on record my sincere appreciation to all the employees and other stakeholders of the company for their valuable contribution during this COVID period.

Thank you very much once again.

Now let me turn to the agenda of the 56th AGM. The Company has made necessary arrangements for conducting this 56th AGM through video conferencing and for voting by the shareholders on the items being considered at this meeting through remote e-voting platform. The remote e-voting platform was open till 5.00 p.m. yesterday.

The Notice and the Annual Report containing the Standalone and Consolidated Audited Financial Statements of the Company for the financial year ended 31st

March, 2020 along with Board of Directors' Report and Auditors' Report thereon along with relevant annexures have already been circulated to the members.

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

The Auditors' Report does 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' Report in the meeting is not required.

The Secretarial Auditors have made two observations in their Report and I invite the attention of the members to the explanation provided on these observations in the Board of Directors' Report at page no. 22 item no. 28 of the Annual Report.

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

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

As per the required provisions, the Company had provided remote e-voting facility to its members to vote on resolutions to be placed in this 56th AGM. Remote e-voting had commenced on 26th September, 2020 at 9 AM and concluded on 28th September, 2020 at 5 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 through the e-voting system provided by CDSL.

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

Now, I will proceed with the business items, which are included in the notice convening the 56th AGM. I shall proceed with the agenda of the 56th AGM.

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

ITEM NO.1 OF AGENDA

It relates to receive, consider and adopt the Standalone Audited Financial Statements for the financial year ended 31st March, 2020 together with the Reports of the Board of Directors' and Auditors' thereon and Consolidated Audited

Financial Statements for the financial year ended 31st March, 2020 together with the Report of the Auditors' thereon. This is an Ordinary Resolution.

ITEM NO. 2 OF AGENDA

It relates to declaration of dividend on Equity Shares @ 40% out of the current profits of the Company for the year ended 31st March, 2020 i.e. @ Rs. 2.00 per share of face value of Rs. 5 each. This is an Ordinary Resolution.

ITEM NO. 3 OF AGENDA

It relates to my appointment as Director, retire by rotation and being eligible, have offered myself for re-appointment as Director of the Company. This is an Ordinary Resolution.

ITEM NO. 4 OF AGENDA

It relates to re-appointment of Mr. Raghu Mody as Executive Chairman and Whole Time Director of the Company for a further period of 3 years w.e.f. 1st October, 2020 to 30th September, 2023, who shall be liable to retire by rotation. This is a Special Resolution.

ITEM NO. 5 OF AGENDA

It relates to appointment of Mr. Lalit Kumar Bararia, as an Independent, Non-Executive Director of the Company for a period of 5 years w.e.f. 13th February, 2020 to 12th February, 2025 who shall not be liable to retire by rotation. This is an Ordinary Resolution.

ITEM NO. 6 OF AGENDA

It relates to appointment of Mrs. Preeti Vimal Agrawal, as an Independent, Non-Executive Director of the Company for a period of 5 years w.e.f. 13th February, 2020 to 12th February, 2025 who shall not be liable to retire by rotation. This is an Ordinary Resolution.

ITEM NO. 7 OF AGENDA

It relates to payment of commission of Rs. 2 Lakhs to the Independent Directors of the Company for the financial year ended 31st March, 2020. This is an Ordinary Resolution.

ITEM NO. 8 OF AGENDA

It relates to waiver of excess remuneration paid to Mr. Raghu Mody, Executive Chairman and Whole Time Director of the Company for the financial year 2019-20. This is a Special Resolution.

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

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.

Now the shareholders, who have sent their requests for speaking in the AGM can speak and I request the host to announce the names of the speaker and make necessary arrangements for the same.

I thank members for taking keen interest in the affairs of the Company. Over to you administrator.

Host/Administrator of the AGM from CDSL:

Thank you so much Chairman Sir, now there are total 4 (Four) registered speakers who are willing to speak in this AGM.

1st speaker is Mrs. Asha Lata Maheshwari, unfortunately Mrs. Asha Lata Maheshwari has not joined the Meeting.

So I would shift to the next speaker i.e. Mrs. Shobhana Sudhir Mehta.

Mrs. Shobhana Sudhir Mehta has also not joined the meeting.

Now we will shift to Mrs. Celestine Elizabeth Mascarenhas.

Mrs. Celestine Elizabeth Mascarenhas:

Hello, Mrs. Mascarenhas here.

Respected Chairman, Today's Chairman Mr. P. K. Choudhary, other Honorable Directors, Board Director specially our greetings to Lady Director to all shareholders who are attending and greetings to all.

First of all, I must also give a good applause to our Company Secretary, Mr. Vikram Soni and his team for bringing out a very good document a very nice picture and adhering to all the corporate norms and very self-explanatory.

Now coming to the accounts, our annual revenue down PBT and PAT also down but good gesture of dividend of Rs. 2 per share of Rs. 5 i.e 40% which is same as last year but I was expecting more because of the COVID crisis.

I was really thinking this is a difficult period and I am sure you please convey to Mr. Mody as he is not there today as he is not well that I am hearing, that Mrs. Mascarenhas is expecting some interim dividend during this festival season of Dussera and Diwali so I look out for that and if not dividend but if at least good Market cap as we are not enjoying that. May be we can get a very good market cap if some deep pocketed investor like KKR, BEN capital, look at JB Chemicals Sequent scientific and not to forget RIL they are getting very deep pocketed investors. I hope that our Company also gets some investors. Now I congratulate for whatever awards received and also appreciate the social work done under the CSR specially during this COVID crisis.

Sir now my queries, I am not going to ask many of them because there are so meetings and I am getting so many calls that we have registered you as a first and second speaker and where are you and all. I hope next year we get sufficient time and I hope physical meeting would be better.

Query: 1. We have two plants one at Paithan in Aurangabad and another in Bhandara specially Aurangabad was very hit COVID place so many industries had to keep closed also and heavy lockdowns. How many months we had lockdowns or we were able to escape that any COVID among the staff any fatalities any COVID care fund created to take care of the eventualities.

2. Do we import any parts from China because our Prime Minister Mr. Mody always says vocal for Local, so if there are any imports are we seeing any alternatives, because some industries like electronic and Pharma they have to depend on China, so could you throw some light on it.

3. The road map for the next three years specially post COVID, Sir do we have any CAPEX plan any acquisitions plan as there are many plants and industries are becoming cheap in our line of business so any acquisition plans for further growth.

Rest of course I support all the resolutions and I specially, strongly support Mr. Raghu Mody's Resolution with this I wish the Company all the best, may our Company grow in strength.

Thank you for giving me a patient hearing.

Thank you.

Host/Administrator of the AGM from CDSL:

Thank you so much Mrs. Mascarenhas. Now there is other speaker Mr. Vaibhav Badjatya. I am unmuting him.

Mr. Vaibhav Badjatya:

Good Morning and thank you for the opportunity,

First of all, I would like to congratulate the management for organizing this Video Conference AGM and on the decent results by the Company.

I have certain questions and I have already sent my questions via email. Shall I repeat those questions or do you have my questions in front of you right now sir?

Mr. P. K .Choudhary:

No, we have got the questions so we will take up all your questions.

Mr. Vaibhav Badjatya:

All right sir, I would request you to answer those point by point so that it is easy for me to get the answer.

I thank you for giving me the opportunity.

Thank you sir.

Host/Administrator of the AGM from CDSL:

Thank you Mr. Vaibhav, I think there are only four speakers and we have attended all four of them so I request Mr. Pawan Choudhary to answer all the questions.

Mr. P. K .Choudhary:

Thank you Shareholders and Thank you Mrs. Mascarenhas as usual you rightly mentioned that you are missing the physical meeting and we too are missing the meeting so thank you for the appreciation for the good balance sheet and to our Secretarial department.

You mentioned two, three points regarding the plants at Paithan and Bhandara, the COVID situation. You are right at Aurangabad in between things were quite bad, so during lockdown our plant was closed for almost 1 month. Then we took special permission from government to run our railway products after that we are running the plants continuously. There were a few cases of COVID but we are taking proper care and generally the health conditions of our employees are good and we have taken medical insurance for everyone.

Regarding your question of import from China, yes we do import some of the raw materials but we are having some local manufacturers as well so we are not completely depended on China.

You also mentioned about the dividend, yes we maintained the dividend of 40% and regarding the interim dividend, this is management's decision and we will look into this thing at an appropriate time.

Thank you for supporting the resolutions as you mentioned.

Now Mr. Vaibhav Badjatya's question he has given very good questions.

- 1) His first question is the succession plan of the management?

The Company is having the succession planning at place for appointment of Board Members and senior management and BOD are responsible for guiding the succession planning and process in respective department and agencies.

Normally we prefer to fill up the vacancy by promoting the deserving mid-level management, employee in the organization. The policy is already given in our website.

- 2) Regarding the involvement of the promoter family in the business - Our Chairman Mr. Raghu Mody is Chairman and Whole Time Director of the Company and looking after the overall management of the Company.

Mr. Varun Mody is President Treasury of the Company and is involved in handling the investment activities.

So their commitment is there and they are fully involved in the business.

- 3) Regarding the expansion plan you mentioned that there were no major expansion in the last few years and the plan for the future.

Yes the Company follows conservative approach and we would like to stick to our main business that is friction materials is a niche segment and keep on increasing our manufacturing capacity in the friction material. We have also put a joint venture plant with one of the largest Japanese Company and we keep on looking for other opportunities in our core business.

- 4) You asked about three major customers of the Company.

Our largest customer is Indian Railways through its various Zonal Railways and last year our revenue from Indian Railways was close to 40 Cr.

After that 2nd largest customer is Ashok Leyland where we sold close to 15 Cr.

Then Brakes India Chennai based company where we sold close to 6 Cr.

So these were your queries. We answered all the queries of the shareholders

Now I would like to thank all the shareholders for attending the meeting, for showing support to the Company and for raising valid and important questions.

The result of voting on each resolution will be announced within 48 hours from the conclusion of this meeting and it will be disseminated on the Company's website 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 all 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 56th AGM. The e-voting window will remain open for another 15 minutes from now. After which the voting window shall stand closed.

Mr. Vikram Soni:

I would like to share Vote of thanks for giving such wonderful speech in this 56th Annual General Meeting to the chairman of the meeting for today.

I would like to thank Mr. P. K. Choudhary, Chairman of this meeting for conducting the proceedings of this Annual General Meeting. I also thank all the members for participating and attending the meeting and showing the confidence in us.

As we have dealt with all the items of agenda, I declare the meeting as concluded.

Thank You.