

CHITRADURGA SPINTEX LIMITED



24TH
ANNUAL REPORT (2014-15)

BOARD OF DIRECTORS

Mr. Shivanna Vishwanath	Managing Director
Mr. Shivanna Rajasekharappa	Executive Director & CFO
Mr. Shivanna Chandrashekhar	Non-Executive Director
Mr. Thippeswamy Siddappa Thippeswamy	Independent Director
Mr. Thippeswamy Sadashivamurthy	Independent Director
Mr. Prasannakumar Siddappa	Independent Director
Ms. Namrata Subhash Malu	Independent Director (w.e.f. 25 th March 2015)

REGISTERED OFFICE

Address : P.B.No. 9, Bangalore Road, Siddapura Village,
Challakere - 577522 - Karnataka

Tel. No. : 08195-222258

Fax No. : 08195-222336

Website : www.chitradurga.co.in

Email : chitraspin@gmail.com

AUDITORS**MR. CHETAN N. DEDHIA**

Chartered Accountants

Add : 48, Patwa Chambers, 104/108 Clive Road,
Masjid Bunder, Mumbai - 400 009

Tel No. : +91-22-23481354

Fax : +91-22-23484334

Email : cachetandedhia@gmail.com

REGISTRAR & SHARE TRANSFER**CANBANK COMPUTER SERVICES LIMITED**

Add : 218, J P Royale, 1st Floor, 2nd Main Sampige Road,
(Near 14th Cross) Malleshwaram, Bangalore - 560003

Tel : 080-23469660, 23469668

Email : canbank_computer@dataone.in

Web : www.canbankrta.com

ANNUAL GENERAL MEETING

Day	Thursday
Date	24 th September, 2015
Venue	P.B No. 9, Bangalore Road, Challakere, Karnataka - 577522
Time	11.00 AM

INDEX

Sr. No.	Particulars	Pg. No
1.	Notice	2
2.	Directors' Report	10
	i MGT-9	16
	ii MR-3	26
3.	Independent Auditor's Report	30
	i Balance Sheet	33
	ii Statement of Profit & Loss Account	34
	iii Cash Flow Statement	35
	iv Notes to the Financial Statement	36
4.	Proxy Form	44
5.	Attendance Slip	45

NOTICE TO THE MEMBERS

Registered office: P B No. 9, Bangalore
Road, Challakere, Karnataka - 577522
CIN: L85110KA1990PLC011467
Website: www.chitradurga.co.in
Email: chitraspin@gmail.com
Tel. No. : 08195-222258
Fax. No. : 08195-222336

NOTICE is hereby given that the 24th Annual General Meeting of the Members of **CHITRADURGA SPINTEX LIMITED** will be held on **Thursday, 24th September, 2015** at **11.00 AM** at P.B. No. 9, Bangalore Road, Challakere, Karnataka - 577522 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2015, the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint Mr. Chetan Dedhia, Chartered Accountants (Membership No. 044402), as the Statutory Auditor of the Company to hold office from the conclusion of this Meeting until the conclusion of the 27th (Twenty Seventh) Annual General Meeting of the Company (subject to ratification of his appointment at every Annual General Meeting) on such remuneration as may be agreed between the Board of Directors of the Company and the Auditor.

SPECIAL BUSINESS

3. **Appointment of Ms. Namrata Malu (DIN: 03583659) as an Independent Director as per Companies Act, 2013.**

To consider and, if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 149, 152, Schedule IV and all other applicable provisions of the Companies Act, 2013 read with (Appointment and Qualification of Directors) Rules, 2014, including any statutory modification(s) or re-enactment thereof for the time being in force Ms. Namrata Malu (DIN: 03583659), who was appointed as an Additional Director (Independent) pursuant to the provisions of Section 161 of the Companies Act, 2013 and the Articles of Association of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office, for five years effective from the date of appointment by the Board that is from 25th March 2015 to 24th March, 2020."

4. **Re-Appointment of Mr. Thippeswamy Siddappa Thippeswamy (DIN: 02752190) as an Independent Director as per Companies Act, 2013.**

To consider and, if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 149, 150, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 including any statutory modification(s) or re-enactment thereof for the time being in force and Companies (Appointment and Qualification of Directors) Rules, 2014, Mr. Thippeswamy Siddappa Thippeswamy (DIN: 02752190), a non-executive Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office, for four consecutive years for a term up to the conclusion of the 28th Annual General Meeting of the Company in the Calendar Year 2019."

5. **Re-Appointment of Mr. Prasannakumar Siddappa (DIN: 02752176) as an Independent Director as per Companies Act, 2013.**

To consider and, if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 149, 150, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 including any statutory modification(s) or re-enactment thereof for the time being in force and Companies (Appointment and Qualification of Directors) Rules, 2014, Mr. Prasannakumar Siddappa (DIN: 02752176), a non-executive Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office, for four consecutive years for a term up to the conclusion of the 28th Annual General Meeting of the Company in the Calendar Year 2019.

6. **Re-Appointment of Mr. Thippeswamy Sadashivamurthy (DIN: 02752123) as an Independent Director as per Companies Act, 2013.**

To consider and, if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of section 149, 150, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 including any statutory modification(s) or re-enactment thereof for the time being in force and Companies (Appointment and Qualification of Directors) Rules, 2014, Mr. Thippeswamy Sadashivamurthy (DIN: 02752123), a non-executive Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office, for four consecutive years for a term up to the conclusion of the 28th Annual General Meeting of the Company in the Calendar Year 2019.

7. **Adoption of New Articles of Association as per Companies Act, 2013.**

To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to provisions of Section 14 and all other applicable provisions, if any, of Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or amendment thereto or re-enactment thereof for the time being in force), the new set of Articles of Association as placed before the meeting and initialed by the Chairman for the purpose of identification be and is hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company."

"RESOLVED FURTHER THAT any one of the directors of the Company be and is hereby authorized to sign and execute such forms, papers, documents, deeds and instrument and to do all such acts, deeds, matters and things as may be considered necessary, desirable and expedient by them for the purpose of giving effect to this resolution."

8. **Creation of Charge on Movable and Immovable Properties of the Company, Both Present & Future**

To consider and, if thought fit, to pass, with or without modifications, the following resolution as **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 180 (1) (a) of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modifications or re-enactments thereof the members of the Company hereby accord their consent to the Board of Directors, including any committee thereof for the time being exercising the powers conferred on them by this resolution, to create

mortgage and/or charge on all or any of the moveable and/or immovable assets of the Company, both present and future and/or whole or any part of the Company in favour of the lenders, agents, trustees for securing the borrowings of the Company availed/to be availed by way of loans (in foreign currency and/or in Indian currency) and securities (comprising of fully/partly convertible debentures and/or secured premium notes and/or floating rates notes/ bonds or other debt instruments) issued/to be issued by the Company from time to time, in one or more tranches, up to an aggregate limit of 5 Crores (Rupees Five Crores Only), together with interest as agreed, additional interest in case of default, accumulated interest, liquidated damages and commitment charges, all other costs, charges and expenses and all other monies payable by the Company in terms of respective loan agreement(s) or any other document entered / to be entered into between the Company and the lenders/agents/investors and trustees in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors or any committees thereof and the lenders, agents or trustees."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to finalize the terms and conditions for creating the aforesaid mortgage and/or charge and to execute the documents and such other agreements and also to agree to any amendments thereto from time to time as it may think fit for the aforesaid purpose and to do all such acts, deeds, matters and things as may be necessary and expedient for giving effect to the above resolution."

9. Powers to the Board of Directors to Borrow Moneys in Excess of Paid up Capital and Free Reserves of the Company

To consider and if thought fit to pass with or without modification(s), the following resolution as **Special resolution**:

"RESOLVED THAT subject to the provisions of Section 180 (1) (c) of the Companies Act, 2013 including any statutory modifications or re-enactments thereof and in supersession of all the earlier resolutions passed in this regard, the Board of Directors (hereinafter referred to as the Board), including any committee thereof for the time being exercising the powers conferred on them by this resolution, be and are hereby authorized to borrow money, as and when required, from, including without limitation, any Bank and/or Public Financial Institution as defined under Section 2 (72) of the Companies Act, 2013 and/or eligible foreign lender and/or any entity/entities and/or authority/authorities and/ or through suppliers credit, any other securities or instruments, such as floating rate notes, fixed rate notes, syndicated loans, debentures, commercial papers, short term loans or any other instruments etc. and/or through credit from official agencies and/or by way of commercial borrowings from the private sector window of multilateral financial institution, either in rupees or in such other foreign currencies as may be permitted by law from time to time, as may be deemed appropriate by the Board for an aggregate amount not exceeding Rs. 5 Crores (Rupees Five Crores Only), notwithstanding that money so borrowed together with the monies already borrowed by the Company, if any (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specified purpose."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to sign and to execute deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution."

By Order of the Board of Directors

Place: Challakere
Date: 13th August, 2015

S. Rajasekharappa
Chairman

REGISTERED OFFICE:
P B No. 9, Bangalore Road, Challakere
Karnataka - 577522

NOTES

1. The relevant Explanatory Statement pursuant to section 102 (1) of the Companies Act, 2013, in respect of Special Business at the Meeting, is annexed hereto and forms part of this notice.
2. A statement giving the relevant details of the Director seeking appointment under Item no. 3 and Directors seeking re-appointment under Item Nos. 4, 5, and 6 of the accompanying Notice.
3. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. Proxies in order to be effective must be received by the Company not later than Forty Eight (48) hours before the Meeting. Proxies submitted on behalf of Limited Companies, Societies, etc., must be supported by appropriate resolutions/authority, as applicable.

A person can act as proxy on behalf of Members not exceeding Fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

4. Members are requested to bring their attendance slips duly completed and signed mentioning therein details of their DP ID and Client ID/ Folio No.
5. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote at the Meeting.
6. Share Transfer Books of the Company will remain closed from 18th September, 2015 to 24th September, 2015 (both days inclusive) for the purpose of Annual General Meeting (AGM) of the Company to be held on 24th September, 2015.
7. Relevant documents referred to in the accompanying Notice and in the Explanatory Statements are open for inspection by the Members at the Company's Registered Office on all working days of the Company, during business hours up to the date of the Meeting.
8. Corporate Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of the relevant Board Resolution together with their respective specimen signatures authorizing their representative(s) to attend and vote on their behalf at the Meeting.
9. Members seeking any information with regard to the Accounts are requested to write to the Company at an early date, so as to enable the Management to keep the information ready at the Meeting.
10. The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its Members. To support this green initiative of the Government in full measure, members are requested to register their e-mail addresses in respect of electronic holdings with the Depository through their concerned Depository Participants.
11. Members who hold shares in physical form are requested to send their e-mail address to the following: chitraspin@gmail.com
12. The Notice of the AGM along with the Annual Report 2014-15 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Registrar i.e. M/s. Canbank Computer Services Limited, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.
13. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to the Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form should submit their PAN to the Company.

14. E-Voting process

- I. (a) The Company has provided 'remote e-voting' (e-voting from a place other than venue of the Annual General Meeting (AGM) facility through National Securities Depository Limited (NSDL) as an alternative, for all members of the Company to enable them to cast their votes electronically, on the resolutions mentioned in the notice of the 24th Annual General Meeting of the Company dated 13th August, 2015. (the AGM Notice)
- II. The facility for voting through ballot / polling paper shall be made available at the AGM and the members attending the Meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the Meeting through ballot paper. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- III. The remote e-voting period commences on 21st September, 2015 (09:00 am) and ends on 23rd September, 2015 (5:00 pm). During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 17th September, 2015 may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is casted by the member, the member shall not be allowed to change it subsequently.
- IV. The Company has appointed Ms. Shilpa Parekh, Proprietress of S. G. Parekh & Co., a Practicing Company Secretary, as a Scrutinizer for conducting the remote e-voting and the voting process at the AGM in a fair and transparent manner. E-voting is optional. In terms of requirement of the Companies Act, 2013 and the relevant Rules, the Company has fixed 17th September, 2015 as the 'Cut-off Date'. The remote e-voting/voting rights of the shareholders / beneficial owners shall be reckoned on the equity shares held by them as on the cut-off Date i.e. 17th September, 2015 only.

The instructions for shareholders voting electronically are as under:

- A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)] :
 - (i) Open email and open PDF file viz; "remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
 - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
 - (iii) Click on Shareholder - Login
 - (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
 - (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
 - (vii) Select "EVEN" of "Chitradurga Spintex Limited"
 - (viii) Now you are ready for remote e-voting as Cast Vote page opens.
 - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
 - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
 - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned

copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to csshilpaparekh@gmail.com with a copy marked to evoting@nsdl.co.in

- B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy] :
 - (i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM:
EVEN (Remote e-voting Event Number) USER ID PASSWORD/PIN
 - (ii) Please follow all steps from Sr. No. (ii) to Sr. No. (xii) above, to cast vote.
- IV. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at downloads Section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.
- V. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- VI. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- VII. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 17th September, 2015.
- VIII. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 17th September, 2015, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or Issuer/RTA.

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.
- IX. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- X. 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 only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- XI. Ms. Shilpa Parekh, Proprietress of S. G. Parekh & Co., a Practicing Company Secretary has been appointed as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- XII. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" or "Polling Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- XIII. The Scrutinizer shall after the conclusion of voting at the General Meeting, will first count the votes cast at the Meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than 3 (Three) days of the conclusion of the AGM, a consolidated Scrutinizer's report of the total votes casted in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- XIV. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013**ITEM NO. 3**

Ms. Namrata Subhash Malu (DIN: 03583659) was appointed as an Additional Independent Director by the Board of Directors on 25th March, 2015. In accordance with the provisions of Section 161 of the Companies Act, 2013, pursuant to the said Section the above director holds office up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member of the Company proposing her candidature for appointment as Director of the Company in accordance with the provisions of Section 160 of the Companies Act, 2013. Ms. Namrata Subhash Malu is not disqualified from being appointed as a Director in terms of Section 164 and Section 149 of the Act stipulates the criteria of Independence and pursuant to said Section an Independent Director can hold office for a term up to 5 (Five) consecutive years on the Board of the Company and shall not be included in the total number of directors for retirement by rotation. The Company has received a declaration from Ms. Namrata Subhash Malu that she meets the criteria of Independence as prescribed under Sub- Section (6) of Section 149 of the Act. The Board feels that presence of Ms. Namrata Subhash Malu on the Board is desirable and would be beneficial to the Company and hence recommend the resolution for adoption.

None of the Directors/Key Managerial Personnel of the Company/their relatives are in any way, concerned or interested in the proposed resolution except Ms. Namrata Subhash Malu to the extent of her appointment.

ITEM NO. 4 to 6

Mr. Thippeswamy Siddappa Thippeswamy (DIN: 02752190), Mr. Prasannakumar Siddappa (DIN: 02752176) and Mr. Thippeswamy Sadashivamurthy (DIN: 02752123) were appointed as Independent Directors of the Company on 31st October, 2003, 29th January, 2009 and 20th December, 2009 respectively. They were liable to retire by rotation at Annual General Meetings of the Company as per their terms of appointment and also as per Article 11 of Articles of Association of the Company.

In terms of provisions of Section 149 and 152 of the Companies Act, 2013, an Independent Director of a Company can be appointed for a term of 5 consecutive years and he shall not be liable to retire by rotation.

To comply with the above provisions, it is proposed to appoint Mr. Thippeswamy Siddappa Thippeswamy (DIN: 02752190), Mr. Prasannakumar Siddappa (DIN: 02752176) and Mr. Thippeswamy Sadashivamurthy (DIN: 02752123) as Independent Directors of the Company to hold office for 4 (Four) consecutive years for a term up to the conclusion of the 28th Annual General Meeting of the Company in the Calendar Year 2019, who shall not be liable to retire by rotation. Mr. Thippeswamy Siddappa Thippeswamy (DIN: 02752190), Mr. Prasannakumar Siddappa (DIN: 02752176) and Mr. Thippeswamy Sadashivamurthy (DIN: 02752123) have given the requisite declarations pursuant to Section 149 (7) of the Companies Act, 2013, to the effect that they meet the criteria of independence as provided in Section 149 (6) of the Companies Act, 2013. The Company has also received notices along with requisite deposit under Section 160 of the Companies Act, 2013 proposing their candidature for the office of Independent Director.

None of the Directors/Key Managerial Personnel of the Company/their relatives are in any way, concerned or interested in the proposed resolution except Mr. Thippeswamy Siddappa Thippeswamy, Mr. Prasannakumar Siddappa and Mr. Thippeswamy Sadashivamurthy to the extent of their appointment.

The Board recommends the Resolutions as set out at item Nos. 4 to 6 of the Notice for your approval.

ITEM NO. 7

The Articles of Association (hereinafter referred to as "AOA") of the Company as presently in force are based on the Companies Act, 1956 and several regulations in the existing AOA contain references to specific Sections of the Companies Act, 1956 which is no longer in force. Consequent upon coming into force of the Companies Act, 2013 several regulations of the existing AOA of the Company require alteration or deletion in several Articles. It is expedient to replace the existing AOA by the new set of Articles. The Company cannot alter its Articles of Association without the approval of members by passing a Special Resolution. The new set of Articles of Association is available for inspection at the registered office of the Company during normal business hours on any working day, excluding Saturday.

None of the Directors/Key Managerial Personnel of the Company/their relatives are in any way, concerned or interested in the proposed resolution.

ITEM NO. 8

In furtherance to the Resolution No. 8 of this notice, the said borrowings/ issue of securities may be required to be secured by way of mortgage/ charge over all or any part of the movable and/or immovable assets of the Company and as per provisions of Section 180 (1) (a) of the Companies Act 2013, the mortgage or charge on all or any part of the movable and/or immovable properties of the Company, may be deemed as the disposal of the whole, or substantially the whole, of the undertaking of the Company and hence, requires approval from the shareholders of the Company. Accordingly, it is proposed to pass an enabling resolution authorizing the Board to create charge on the assets of the Company for a value not exceeding Rs. 5 Crores (Rupees Five Crores Only).

The Directors recommends the resolution for members' approval as a Special Resolution. None of the Directors, Key Managerial Personnel or their relatives are in any way concerned or interested, financially or otherwise in this resolution.

ITEM NO. 9

As per Section 180 (1) (c) of the Companies Act, 2013, borrowings (apart from temporary loans obtained from the Company's bankers in ordinary course of business) by the Company beyond the aggregate of the paid up capital of the company and its free reserve requires approval from the shareholders of the Company.

The Company is in need of funds in order to recover from the accumulated losses. With a view to meet the funds requirements of the Company for both short term as well as long term, the Company may require to borrow from time to time by way of loans and/or issue of Bonds, Debentures or other securities and the existing approved limit may likely to be exhausted in near future and it is therefore recommended to enhance the borrowing limits of the Company up to Rs. 5 Crores (Rupees Five Crores Only).

ANNEXURE TO ITEMS 3, 4, 5 & 6 OF THE NOTICE

Details of Directors seeking re-appointment at the forthcoming Annual General Meeting

Name of the Director	Ms. Namrata Subhash Malu	Mr. Thippeswamy Siddappa Thippeswamy	Mr. Prasannakumar Siddappa	Mr. Thippeswamy Sadashivamurthy
Director Identification Number (DIN)	03583659	02752190	02752176	02752123
Date of Birth	19/09/1982	09/02/1941	20/07/1960	01/07/1962
Nationality	Indian	Indian	Indian	Indian
Date of Appointment on Board	25/03/2015	31/10/2003	29/01/2009	20/12/2009
Qualification	B.Com , MBA	BA	B. Com	BA
Shareholding in the Company	NIL	NIL	NIL	NIL
List of Directorships held in other Companies	1. Shree Manufacturing Co. Ltd. 2. Emgee Housing Private Limited	NIL	NIL	NIL
Memberships / Chairmanships of Audit and Stakeholders' Relationship Committees across Public Companies	NIL	NIL	NIL	NIL

There are no inter-se relationships between the Board Members.

By Order of the Board of Directors

Place: Challakere

Date: 13th August, 2015

S. Rajasekharappa
Chairman