

H.P. Cotton Textile Mills Limited

35th Annual Report 2015-16



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REGISTERED / CORPORATE / BRANCH OFFICES AND WORKS

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CONTENTS

Particulars	Page No.
Notice of Annual General Meeting	3
Directors' Report	15
Auditors' Report	39
Balance Sheet	45
Profit & Loss Account	46
Cash Flow Statement	47
Schedule & Notes to Accounts	48
Proxy Form	63
Postal Ballot Form	65
Route Map	68
Attendance Slip	69



BOARD OF DIRECTORS

Mr. Raj Kumar Agarwal (DIN No. 02950710)	Whole Time Director
Mr. Ashok Kumar Agarwal (DIN No. 00046627)	Joint Managing Director
Mr. Kailash Kumar Agarwal (DIN No. 00063470)	Joint Managing Director
Mr. Parshotam Das Agarwal (DIN No. 00063017)	Independent Director
Mr. Bibhuti Charan Talukdar (DIN No. 00024015)	Independent Director
Mr. Anil Agarwalla (DIN No. 00046615)	Independent Director
Mr. Mohan Lal Jain (DIN No. 00063240)	Independent Director
CA Ritu Bansal (DIN No. 03619069)	Independent Director

CHIEF FINANCIAL OFFICER

CA Ojaswi Singhal (Membership No. 510484)
(Appointed w.e.f. 25.12.2015 & resigned w.e.f. 04.05.2016)

COMPANY SECRETARY

Ms. Priyanka Singal (Membership No. 31594)
(Appointed w.e.f. 25.12.2015)

BANKERS

State Bank of Patiala
Railway Road, Hisar, Haryana 125001
Oriental Bank of Commerce
Railway Road, Hisar, Haryana 125001

STATUTORY AUDITORS

M/s A. K. Associates
Chartered Accountants
Firm Reg. No. 000596N
308 Pearls Best Heights II, Plot No. C9
Netaji Subhash Place, New Delhi-110034
Tel. No. : (011)45651592, 65161592

REGISTRAR & SHARE TRANSFER AGENT

M/s Alankit Assignments Ltd.
2E/21, Alankit Heights, Jhandewalan Extension, New Delhi – 110 055
Tel. No. : (011) 23541234-42541234
Fax No. : (011) 23552001
Email: info@alankit.com
Website: www.alankit.com

NOTICE OF 35TH ANNUAL GENERAL MEETING

Notice is hereby given that the Thirty Fifth Annual General Meeting of the Members of M/s H P Cotton Textile Mills Limited will be held on **Friday, the 23rd day of September, 2016 at 11:00 A.M.** at the Registered Office of the Company at 15th K.M. Stone, Delhi Road, V.P.O. Mayar, Hisar-125044 (Haryana) to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt Audited Financial Statement of the Company for the financial year ended 31.03.2016 including Balance Sheet, the Statement of Profit & Loss A/c as on that date along with the report of the Directors and Auditors thereon.
2. To declare dividend @ 10 % on Paid up Equity Share Capital of the Company for the Financial Year ended 31.03.2016.
3. To appoint a Director in place of Mr. Ashok Kumar Agarwal (DIN 00046627), who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass the following resolution, with or without modification(s), as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the rules framed there under as amended from time to time the Company hereby ratifies the appointment of M/S A.K. Associates, Chartered Accountants (Firm Registration No. 000596N), as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the 36th (Thirty Sixth) Annual General Meeting of the Company to be held in the year 2017, at such remuneration plus applicable service tax, out of pocket expenses etc. as may be mutually agreed between Board of Directors of the Company and the Statutory Auditors."

SPECIAL BUSINESS:

5. To re-appoint Mr. Raj Kumar Agarwal (DIN: 02950710) as Whole Time Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:-

"RESOLVED THAT pursuant to Section 196, 197 read with other applicable provisions and Schedule V of the Companies Act, 2013 and the provisions of Articles of Association of the Company and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the consent of the Members of the Company be and is hereby accorded for the re-appointment of Mr. Raj Kumar Agarwal (DIN: 02950710) as Whole Time Director of the Company for another term of 5 Years with effect from 1st day of July, 2016 till 30th day of June, 2021, on the terms and conditions as set out hereunder recommended by the Nomination and Remuneration Committee and approved by the Board.

Salary Basic	₹ 68100/- Per Month
HRA	25% of Basic Salary
Medical	Re-imbursement of medical expenses for self and family up to a limit of 5% of Basic Salary per annum
LTA	Re-imbursement of Leave Travel Concession expenses for self and family up to a limit of 5% of Basic Salary per annum
Bonus	As per Company Rule
Provident Fund & Gratuity	As per Employee Provident Fund and Payment of Gratuity Act and shall not be included in the computation of the ceiling of remuneration.
Minimum Remuneration	Where in any financial year during the currency of the tenure of Mr. Raj Kumar Agarwal (DIN: 02950710), the Company has no profits or its profits are inadequate, the Company may pay to Mr. Raj Kumar Agarwal (DIN: 02950710) the above remuneration as the minimum remuneration for a period not exceeding 3 years or till the tenure of appointment, whichever is earlier, by way of salaries, perquisites and other allowances and benefits as specified above subject to receipt of requisite approvals, if any.

RESOLVED FURTHER that Mr. Raj Kumar Agarwal (DIN: 02950710) in the capacity of Whole Time Director will be entrusted with the powers, authorities, functions, duties, responsibilities etc. by Board of Directors of the Company, from time to time and Board be and is hereby authorized to alter, vary or modify the remuneration of Mr. Raj Kumar Agarwal (DIN: 02950710) within the limit as specified under Schedule V of the Companies Act, 2013.

RESOLVED FURTHER that he is appointed as a whole time Director on Board liable to retire by rotation."

6. To increase the Borrowing power of the Company and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 180 (1) (c) of the Companies Act, 2013 and other applicable provisions, if any of the Companies Act, 2013 including any statutory modification or re-enactments thereof and in supersession of all the earlier resolution passed in this regard, consent of the Company be and is hereby accorded to Board of Directors to borrow money from any Bank and/or Public Financial institution as defined under Section 2 (72) of the Companies Act, 2013, Qualified Institutional Buyer or from any other organization or Body Corporate and/ or eligible foreign lender and/or any entity/ entities and/ or authority/ authorities and/ or through credit suppliers, any other securities or instruments, such as floating rates notes, fixed rates, 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 ` 300 Crores (Rupees Three Hundred 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 are hereby, jointly or severally, 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."

7. To approve creation of charge on movable and immovable properties of the company, both present and future and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as a **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, 2013 including any statutory modifications or re-enactments and in supersession of all the earlier resolution passed in this regards, consent of the Company be and is hereby accorded to Board of Directors to create charge, pledge, hypothecation and/ or mortgage 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), credit facility, working capital facility, Bank guarantee facility, letter of credit 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 branches, upto an aggregate limit of ` 300 Crores (Rupees Three Hundred 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 are hereby, jointly or severally, 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.”

8. To amend/adopt the Article of Association of the Company according to Companies Act, 2013 and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013, (including any amendment thereto or re-enactment thereof), consent of the Company be and is hereby accorded for altering the Articles of Association of the Company by replacing all the existing regulations with the new regulations as are prescribed under Table F of Schedule 1 of companies Act, 2013, with any additions as the Board may think fit.”

“**RESOLVED FURTHER** that for the purpose of giving effect to this resolution all the Directors of the Company, jointly or severally, be and are hereby authorized, on behalf of the Company, to do all such acts, deeds, matters and things as deem necessary, proper or desirable and to sign and execute all necessary documents, applications and returns for the purpose of giving effect to the aforesaid Resolution along with filing of necessary E-forms with the Registrar of Companies, New Delhi.”

9. To amend/adopt the Memorandum of Association of the Company according to Companies Act, 2013 and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 13 and other applicable provisions, if any, of the Companies Act, 2013, (including any amendment thereto or re-enactment thereof) and rules made in this behalf or any amendment thereto under the Companies Act, 2013, consent of the Company be and is hereby accorded for altering the Memorandum of Association of the Company by replacing the existing format without any change in any of the existing clauses/objects/regulation/part as incorporated in the existing MOA, with the format as is given under the Table A of Schedule 1 of Companies Act, 2013.”

“**RESOLVED FURTHER** that for the purpose of giving effect to this resolution all the Directors of the Company, jointly or severally, be and are hereby authorized, on behalf of the Company, to do all such acts, deeds, matters and things as deem necessary, proper or desirable and to sign and execute all necessary documents, applications and returns for the purpose of giving effect to the aforesaid Resolution along with filing of necessary E-forms with the Registrar of Companies, New Delhi.”

By Order of the Board of directors
For H.P. Cotton Textile Mills Limited

Place: Hisar

Date: 12th August, 2016

Priyanka Singal
Company Secretary and Compliance Officer

Regd. Office : 15th K.M. Stone, Delhi Road,

V.P.O. Mayar, Hisar – 125 044 (Haryana).

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E-mail : hisar@hpthreads.com

Website : www.hpthreads.com

CIN: L18101HR1981PLC012274

Corporate Office:

1E/12, Jhandewalan Extension

Sewak Bhawan, New Delhi-110055

Ph. (011)-23524439/41

Fax No.: (011) 23541076/23610076

E-Mail: info@hpthreads.com

NOTES:

1. The Explanatory Statement pursuant to section 102(1) of the Companies Act, 2013 in respect of the special businesses under item no. 5, 6, 7, 8 and 9 as stated above is annexed hereto. The relevant detail as required under regulation 36(3) of SEBI (LODR) Regulations, 2015 of person seeking appointment / reappointment of Directors under Item No. 3 & 5 of the notice are also annexed.
2. Member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote on his behalf pursuant to Section 105 of the Companies Act 2013. A proxy need not be a member of the Company. The instrument appointing a Proxy, in order to be effective, must be duly filled, stamped and signed and must reach the Registered Office of the Company not less than forty-eight hours before the commencement of the Annual General Meeting.

A person can act as a proxy on behalf of Members not exceeding fifty and holding in aggregate not more than ten percent of the total paid up Share Capital of the Company carrying voting rights. Provided that a member holding more than ten percent of the total paid up share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
3. The attendance slip, Postal Ballot form and Proxy form is placed at the end of this Annual Report.
4. Corporate Members are requested to send to the Company a duly certified copy of the Board Resolution, pursuant to Section 113 of the Companies Act, 2013, authorizing their representative to attend and vote at the Annual General Meeting.
5. Only bonafide Members of the Company whose names appears on the Register of Members/Proxy holders, in possession of valid attendance slips duly filled and signed will be permitted to attend the meeting. The Company reserves its right to take all steps as may be deemed necessary to restrict non-Members from attending the meeting.
6. Members are requested to bring their copies of Annual Report to the Meeting. In order to enable us to register your attendance at the venue of the Annual General Meeting, Members are requested to please bring their Folio number/ Demat Account number/DP ID-Client ID to enable us to provide a duly filled attendance slip for your signature and participation at the meeting.
7. 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.
8. The Company has notified closure of Register of Members and Share Transfer Books from Thursday, **15th September, 2016 to Friday, 23rd September, 2016** (both days inclusive) for determining the names of Members eligible for dividend on Equity Shares; if declared, at the Meeting.
9. The dividend in respect of equity shares; if declared at the meeting, will be paid to those Members whose name will appear on the Company's Register of Members on Record date i.e. **15th September, 2016** in respect of Shares held in Physical form and in respect of the shares held in dematerialized form, the dividend will be paid to Members whose names are furnished by National Security Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.
10. Members holding shares in electronic form are requested to furnish the new 10-digit Bank Account Number allotted to them by their bank, (after implementation of CBS), along with photocopy of a cheque pertaining to the concerned account, to their Depository Participant (DP). Please send these details to the Company/ Registrars, if the shares are held in physical form, immediately.
11. Members holding shares in the certificate/Physical form are requested to notify / send the following to the Company's Registrars and Share Transfer Agents, Alankit Assignments Limited, Alankit House, 2E/21, Jhandewalan Extension, New Delhi-110055 to facilitate better servicing:-
 - a. Any change in their address / mandate / Bank details.
 - b. Particulars of their Bank account, in case the same have not been furnished earlier, and

- c. Share certificates held in multiple accounts in identical names or joint accounts in the same order of names, for consolidation of such shareholdings into a single account.
12. Members desirous of making a nomination in respect of their shareholdings, as permitted by Section 72 of the Companies Act, 2013, are requested to write to the Share Transfer Agent of the Company in the prescribed form.
13. Members desirous of getting any information/documents in respect of the contents of this Annual Report is required to forward their queries/request to the Company at least ten days prior to the Meeting so that, if the Chairman of the Meeting so permits, the required information/documents can be made available at the meeting.
14. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their Demat accounts. Members holding shares in physical form can submit their PAN to the Company / Registrar.
15. The Route map of the Venue of the Annual General Meeting forms part of this Notice and is given on the last page of this Annual Report.
16. **Voting through electronic means:**
In compliance with provisions of Section 108 of the Companies Act, 2013 (the Act) read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (LODR), 2015, the Company is providing facility to exercise right to vote on resolutions proposed to be considered at the ensuing Annual General Meeting (AGM) by electronic means to Members holding shares as on **15th September 2016** being the Cut-off date (Record date for the purpose of Rule 20 (3)(vii) of the said Rules) fixed for determining voting rights of Members, entitled to participate in the e-voting process, through the e-voting platform provided by CDSL. The detailed procedure to be followed in this regard has been given in Annexure A to the notice. The Members are requested to go through the procedure carefully.
17. **Voting through Postal Ballot**
Pursuant to the Companies (Management and Administration) Rules, 2014, a Company shall pass the resolution only through Postal Ballot for the Items as are specified under the list of Rule 22 (16) of the said rules and it is discretionary for the Company to pass any other resolution by way of Postal Ballot other than:
 - Ordinary Business Items
 - Any business in respect of which Director or Auditors have a right to be heard at the meeting.

Pursuant to the provisions of Section 110 of the Companies Act, 2013 and all other applicable provisions in this regard, read together with the Companies (Management and Administration) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force) for the Item no. 5, 6, 7, 8 and 9 as are specified under the head of special business, Company has provided the facility of Voting through postal Ballot. The explanatory statement for the items as mentioned under the head of Special business and all other necessary information with regard to Postal ballot voting is prescribed in this notice.

Members are requested to carefully read the instructions printed in Ballot form duly completed with the assent (for) and/or dissent (against) in the attached envelope so as to reach the scrutiniser on or before 5.00 P.M. of Thursday, 22nd September, 2016, being the last date for receipt of Postal Ballot Form by the Scrutinizer, providing sufficient time for postal transit.
18. A brief resume of the Directors, Mr. Ashok Kumar Agarwal (DIN- 00046627) who retires by rotation and being eligible has offered himself for re-appointment as Director and Mr. Raj Kumar Agarwal (DIN -02950710) – Director whose re-appointment is proposed as Whole Time Director, at the ensuing Annual General Meeting, is given below:

DETAILS OF DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING
(PURSUANT TO REGULATION 36(3) OF SEBI (LODR) AND SS-2)

1

Name	Mr. Ashok Kumar Agarwal
Directors Identification Number (DIN)	00046627
Date of Birth	04.10.1957
Qualification	B.com
Expertise in Specific Area	More than 35 years experience with this Company itself
Date of first appointment on the Board of the Company	03.08.1989
Directorship in other limited Companies	M/s Atishay Investments and Finance Private Limited M/s Radha Tanjore Arts Private Limited M/s Siram Apartments Pvt Ltd M/s Supermax Premoters Pvt Ltd M/s Shivani Consultants Pvt Ltd M/s Annapurna Farms Pvt Ltd
Membership/Chairmanship of Committee of Directors of the Company	Member in CSR Committee Member in Risk Management Committee Member in Share Transfer Committee Stakeholder Relationship Committee
Relationship with other Directors	Mr. Ashok Kumar Agarwal is Cousin of Mr. Kailash Kumar Agarwal (Joint Managing Director) and Mr. Raj Kumar Agarwal (Whole Time Director)
Membership/Chairmanship of Committee of Directors of other Companies	Nil
No. of Shares held as on 31-03-2016	75896

2

Name	Mr. Raj Kumar Agarwal
Directors Identification Number (DIN)	02950710
Date of Birth	04.10.1952
Qualification	B.com
Expertise in Specific Area	More than 30 years' experience in Textile industries
Date of first appointment as Whole Time Director on the Board of the Company	01.07.2011
Directorship in other limited Companies	M/s Sailesh Textile Mfg Co Ltd M/s Kaushalpati Infra Equipments Private Limited
Membership/Chairmanship of Committee of Directors of the Company	Member in Risk management committee Member in Share Transfer Committee Stakeholder Relationship Committee
Relationship with other Directors	Mr. Raj Kumar Agarwal is cousin of Mr. Kailash Kumar Agarwal (Joint Managing Director) and Mr. Ashok Kumar Agarwal (Joint Managing Director)
Membership/Chairmanship of Committee of Directors of other Companies	Nil
No. of Shares held as on 31-03-2016	6786

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**ITEM NO. 5:**

Mr. Raj Kumar Agarwal (DIN: 2950710) has completed his 5 years as Whole Time Director of the Company on 30th June, 2016 and the Board of Directors after ascertaining his qualification, experience and contribution in the growth of the Company, re-appointed him as Whole time Director of the Company for the further term of 5 Years in Board meeting duly held on 28.5.2016 subject to the approval of Shareholders in the forthcoming Annual General meeting. Company has received a notice in writing from a member proposing the candidature of Mr. Raj Kumar Agarwal along with the deposit of ₹ 1 Lac for the office of Whole Time Director under the provision of section 160 of the Companies Act, 2013.

Mr. Raj Kumar Agarwal (DIN: 2950710) is not disqualified from being appointed as Whole time Director in terms of section 164 of the Companies Act, 2013 and other provisions of the act as applicable and has given his consent to act as Whole time Director of the Company.

The Company has also received declaration from Mr. Raj Kumar Agarwal (DIN: 2950710) under Sec-184 and Sec.164 that he is duly qualified for the above said post.

The Board considers that the appointment of Mr. Raj Kumar Agarwal (DIN: 2950710) as a member of the Board would be beneficial for the Company. It is proposed to re-appoint Mr. Raj Kumar Agarwal (DIN: 2950710) as Whole Time Director of the Company, liable to retire by rotation, for a further period of five consecutive years w.e.f. 1st July, 2016 to 30th June, 2021.

Save and Except Mr. Raj Kumar Agarwal (DIN : 2950710) himself Mr. Ashok Kumar Agarwal (DIN : 00046627) and Mr. Kailash Kumar Agarwal (DIN : 00063470) who are relatives of Mr. Raj Kumar Agarwal none of the Directors or the Key Managerial Personnel of the Company including their relatives are in any way concerned or interested in this resolution.

ITEM NO. 6 and 7:

Keeping in view the Company's existing and future financial requirements to support its business operations, the Company needs additional funds. For this purpose, the Company is desirous of raising finance from various Banks and/or Financial Institutions and/or any other lending institutions and/or Bodies Corporate and/or such other persons/ individuals as may be considered fit, which, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital and the free reserves of the Company. Hence it is proposed to increase the maximum borrowing limits to ₹ 300 crores (Rupees Three Hundred Cores only).

Pursuant to Section 180(1)(c) of the Companies Act, 2013, the Board of Directors cannot borrow more than the aggregate amount of the paid-up capital of the Company and its free reserves at any one time except with the consent of the members of the Company in a general meeting by way of Special resolution.

Further in order to raise secured funds it would be necessary to create charge on the assets or whole of the undertaking of the Company, section 180(1)(a) of the Companies Act, 2013 provides for the power to sell, lease or otherwise dispose off whole or substantially the whole of the undertaking of the Company subject to the approval of members in the general meeting by way of Special resolution.

The Board of the Company has already approved the said limits under Section 180 (1) (a) and 180 (1)(c), in their Board meeting duly held on 12-08-2016, subject to the approval of Shareholders.

For altering the said limit, Special Resolution is required to be passed in the Annual general Meeting and the Board recommends these resolutions for the approval of the members as Special Resolutions.

None of the Directors or the Key Managerial Personnel of the Company including their relatives are in any way concerned or interested in these resolutions.

Item No. 8

Increase in the Power of the Board of the Company under Section 180(1)(a) and 180(1)(c) will result into alteration of the sub regulation (a) and (b) of regulation 59 under the head of 'Borrowing powers' of existing Article of Association