



## **H.P. COTTON TEXTILE MILLS LIMITED**

**(CIN: L18101HR1981PLC012274)**

**Regd. Office:** 15th K.M. Stone, Delhi Road, V.P.O. Mayar, Hisar-125044

**Website:** www.hpthreads.com **E-mail:** info@hpthreads.com

**Tel:** +91 11 41540471/72/73, **Fax:** +91 11 49073410

### **NOTICE OF POSTAL BALLOT**

**Notice** is hereby given pursuant to Section 110 and other applicable provisions, if any of the Companies Act, 2013 (the "Act"), read with the Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014, including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, and other applicable laws and regulations, Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**'SEBI Listing Regulations'**), Secretarial Standard issued by Institute of Company Secretaries of India on General Meetings (**'SS-2'**) that it is proposed to seek the consent of the shareholders (**'Members'**) of H.P. Cotton Textile Mills Limited (the 'Company'), for the resolutions appended herein below through postal ballot (**'Postal Ballot'**) by way of remote electronic voting (**'E-voting'**).

In view of the pandemic situation of COVID-19 and pursuant to the guidelines and notification issued by the Ministry of Home Affairs, Government of India and in light of circulars issued by the Ministry of Corporate Affairs, Government of India (the 'MCA') vide its General Circular No.14/2020 dated April 08, 2020, General Circular No.17/2020 dated April 13, 2020, General Circular No. 20/2020 dated May 05, 2020 and General Circular No. 22/2020 dated June 15, 2020 issued by the Ministry of Corporate affairs, Government of India (the 'MCA Circulars') and pursuant to Section 110 of the Companies Act and the Rules made thereunder, the Company proposes for passing of resolutions as per this Postal Ballot Notice. In terms of said Section of the Companies Act and the Rules, a company may, and in case of resolutions relating to such business as the Central Government may, by notification, declare to be conducted only by Postal Ballot, shall, get any resolution (other than Ordinary Business and any Business in respect of which Directors or Auditors have right to be heard at any meeting) passed by means of Postal Ballot, instead of transacting the business in general meeting of the Company.

In terms of the MCA Circulars, in view of the current extraordinary circumstances due to COVID-19 pandemic requiring social distancing, companies are advised to take all decisions requiring Members' approval, other than items of ordinary business or business where any person has a right to be heard, through the mechanism of Postal Ballot/ E-voting in accordance with the provisions of the Companies Act and Rules made thereunder, without holding a general meeting that requires physical presence of Members at a common venue. The MCA has clarified that for Companies that are required to provide E-voting facility under the Companies Act, while they are transacting any business(es) only by Postal Ballot upto September 30, 2020 or till further orders, whichever is earlier, the requirements provided in Rule 20 of the Rules as well as the framework provided in the MCA Circulars will be applicable mutatis mutandis. Further, the Company will send Postal Ballot Notice by e-mail to all its Members who have registered their e-mail addresses with the Company, their Registrars and Transfer Agents or Depository/ Depository Participants and the communication of assent/ dissent of the Members will only take place through the E-voting system. This Postal Ballot is accordingly being initiated in compliance with the above MCA Circulars.

In compliance with the requirements of the MCA Circulars, hard copy of Postal Ballot Notice along with Postal Ballot Forms and pre-paid business envelope will not be sent to the Members for this Postal Ballot.

Members desiring to opt for e-voting as per the facilities arranged by the Company are requested to read the instructions in the Notes under the section "Voting through electronic means" in this Notice.

You are requested to peruse the following proposed Resolutions along with their respective Explanatory Statements and thereafter record your assent or dissent by means of E-Voting system only provided by the Company.

## **SPECIAL BUSINESS**

### **Resolution No. 1- Waiver of recovery of excess managerial remuneration paid to Mr. Kailash Kumar Agarwal, Managing Director for the financial year ended March 31, 2019**

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 197 of the Companies Act, 2013, and other applicable provisions, if any, of the Companies Act, 2013, (the “Act”), and the Companies (Appointment and Remuneration of Managerial Personnel), Rules 2014, (the “Rules”), including any statutory modification (s) or re-enactment (s) thereof for the time being in the force, applicable regulations, if any, of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2015, and pursuant to the recommendation of the Nomination and Remuneration Committee and Board of Directors, the approval of the Members of the Company be and is hereby accorded to ratify, approve and confirm the waiver of recovery of excess remuneration amounting to Rs. 19.93 lakhs paid to Mr. Kailash Kumar Agarwal, Managing Director, for the financial year 2018-2019, which was originally approved by the members at the 36<sup>th</sup> AGM pursuant to, inter-alia, Section 197, 198 and Schedule V of the Act, however, the limits specified therein could not be availed as the notice calling the 36<sup>th</sup> AGM, at which the resolution w.r.t. Re-appointment of Mr. Kailash Kumar Agarwal was passed, did not include a statement as required under paragraph (iv) of the second proviso after paragraph B of Section II of Part II of the aforesaid Schedule V, and hence the limits specified therein could not be availed;

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, any Director and Company Secretary of the Company be authorised to do all acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and to sign and execute all necessary document(s), application(s), returns and writings as may be necessary, proper, desirable or expedient.”

### **Resolution No. 2- Waiver of recovery of excess managerial remuneration paid to Mr. Raj Kumar Agarwal, Ex-Whole-Time Director for the financial year ended March 31, 2019**

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 197 of the Companies Act, 2013, and other applicable provisions, if any, of the Companies Act, 2013, (the “Act”), and the Companies (Appointment and Remuneration of Managerial Personnel), Rules 2014, (the “Rules”), including any statutory modification (s) or re-enactment (s) thereof for the time being in the force, applicable regulations, if any, of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2015, and pursuant to the recommendation of the Nomination and Remuneration Committee and Board of Directors, the approval of the Members of the Company be and is hereby accorded to ratify, approve and confirm the waiver of recovery of excess remuneration amounting to Rs. 13.31 lakhs paid to Mr. Raj Kumar Agarwal, Ex-Whole Time Director, for the financial year 2018-2019, which was originally approved by the members at the 35<sup>th</sup> AGM pursuant to, inter-alia, Section 197, 198 and Schedule V of the Act, however, the limits specified therein could not be availed as the notice calling the 35<sup>th</sup> AGM, at which the resolution w.r.t. Re-appointment of Mr. Raj Kumar Agarwal was passed, did not include a statement as required under paragraph (iv) of the second proviso after paragraph B of Section II of Part II of the aforesaid Schedule V, and hence the limits specified therein could not be availed;

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, any Director and Company Secretary of the Company be authorised to do all acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise

in this regard and to sign and execute all necessary document(s), application(s), returns and writings as may be necessary, proper, desirable or expedient.”

**Resolution No. 3- Waiver of recovery of excess managerial remuneration paid to Mr. Ashok Kumar Agarwal, Ex-Joint Managing Director for the financial year ended March 31, 2019**

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 197 of the Companies Act, 2013, and other applicable provisions, if any, of the Companies Act, 2013, (the “Act”), and the Companies (Appointment and Remuneration of Managerial Personnel), Rules 2014, (the “Rules”), including any statutory modification (s) or re-enactment (s) thereof for the time being in the force, applicable regulations, if any, of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2015, and pursuant to the recommendation of the Nomination and Remuneration Committee and Board of Directors, the approval of the Members of the Company be and is hereby accorded to ratify, approve and confirm the waiver of recovery of excess remuneration amounting to Rs. 13.75 lakhs paid to Mr. Ashok Kumar Agarwal, Ex-Joint Managing Director, for the financial year 2018-2019, which was originally approved by the members at the 33<sup>rd</sup> AGM pursuant to, inter-alia, Section 197, 198 and Schedule V of the Act, however, the limits specified therein could not be availed as the notice calling the 33<sup>rd</sup> AGM, at which the resolution w.r.t. Re-appointment of Mr. Ashok Kumar Agarwal was passed, did not include a statement as required under paragraph (iv) of the second proviso after paragraph B of Section II of Part II of the aforesaid Schedule V, and hence the limits specified therein could not be availed;

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, any Director and Company Secretary of the Company be authorised to do all acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and to sign and execute all necessary document(s), application(s), returns and writings as may be necessary, proper, desirable or expedient.”

**Resolution No. 4- Waiver of recovery of excess managerial remuneration paid to Mr. Kailash Kumar Agarwal, Managing Director for the financial year ended March 31, 2020**

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 197 of the Companies Act, 2013, and other applicable provisions, if any, of the Companies Act, 2013, (the “Act”), and the Companies (Appointment and Remuneration of Managerial Personnel), Rules 2014, (the “Rules”), including any statutory modification (s) or re-enactment (s) thereof for the time being in the force, applicable regulations, if any, of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2015, and pursuant to the recommendation of the Nomination and Remuneration Committee and Board of Directors, the approval of the Members of the Company be and is hereby accorded to ratify, approve and confirm the waiver of recovery of excess remuneration amounting to Rs. 19.03 lakhs paid to Mr. Kailash Kumar Agarwal, Managing Director, for the financial year 2019-2020, which was originally approved by the members at the 36<sup>th</sup> AGM pursuant to, inter-alia, Section 197, 198 and Schedule V of the Act, however, the limits specified therein could not be availed as the notice calling the 36<sup>th</sup> AGM, at which the resolution w.r.t. Re-appointment of Mr. Kailash Kumar Agarwal was passed, did not include a statement as required under paragraph (iv) of the second proviso after paragraph B of Section II of Part II of the aforesaid Schedule V, and hence the limits specified therein could not be availed;

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, any Director and Company Secretary of the Company be authorised to do all acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise

in this regard and to sign and execute all necessary document(s), application(s), returns and writings as may be necessary, proper, desirable or expedient.”

**Resolution No. 5- Waiver of recovery of excess managerial remuneration paid to Mr. RaghavKumar Agarwal, Whole-Time Director designated as Executive Director, CEO & CFO for the financial year ended March 31, 2020**

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 197 of the Companies Act, 2013, and other applicable provisions, if any, of the Companies Act, 2013, (the “Act”), and the Companies (Appointment and Remuneration of Managerial Personnel), Rules 2014, (the “Rules”), including any statutory modification (s) or re-enactment (s) thereof for the time being in the force, applicable regulations, if any, of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2015, and pursuant to the recommendation of the Nomination and Remuneration Committee and Board of Directors, the approval of the Members of the Company be and is hereby accorded to ratify, approve and confirm the waiver of recovery of excess remuneration amounting to Rs. 10.78 lakhs paid to Mr. RaghavKumar Agarwal, Whole-Time Director designated as Executive Director, CEO & CFO for the period for the financial year 2019-2020, which was originally approved by the members at the 38<sup>th</sup> AGM pursuant to, inter-alia, Section 197, 198 and Schedule V of the Act, however, the limits specified therein could not be availed as the notice calling the 38<sup>th</sup> AGM, at which the resolution w.r.t. appointment of Mr. RaghavKumar Agarwal was passed, did not include a statement as required under paragraph (iv) of the second proviso after paragraph B of Section II of Part II of the aforesaid Schedule V, and hence the limits specified therein could not be availed;

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, any Director and Company Secretary of the Company be authorised to do all acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and to sign and execute all necessary document(s), application(s), returns and writings as may be necessary, proper, desirable or expedient.”

**Resolution No. 6- Re-Appointment of Mr. Kailash Kumar Agarwal as Managing Director designated as Chairman and Managing Director of the Company & Revision in terms of his Remuneration**

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 Sections 196, 197 and 203 of the Companies Act, 2013 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and applicable Rules thereunder (including any statutory modification or re-enactment thereof for the time being in force), pursuant to applicable Regulations, if any, of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the provisions of Articles of Association of the Company, and subject to such other approvals/Consents/ sanctions/permissions as may be necessary, and on the recommendation of Nomination and Remuneration Committee, Audit Committee and Board of Directors, the consent of the Members of the Company be and is hereby accorded to re-appoint Mr. Kailash Kumar Agarwal as Managing Director designated as Chairman and Managing Director of the Company w.e.f. August 6, 2020 for a period of 5 years, on the following terms and conditions:

**A. REMUNERATION:**

<b>Particulars</b>	<b>Amount (in Rs. per month)</b>
Basic	1,20,000
House Rent Allowance (HRA)	60,000
Other/Special/Grade Allowance	86,100
<b>Gross Salary (A)</b>	<b>2,66,100</b>
<b>Leave Travel Allowance (LTA) (B)</b>	<b>7,500</b>
Provident Fund (Employer's Contribution)	14,400
Statutory Annual Bonus / Ex Gratia	12,000
<b>Other / Statutory Benefits (C)</b>	<b>26,400</b>
<b>Total Cost to Company (per month) - A+B+C</b>	<b>3,00,000</b>
<b>Total Cost to Company (per annum)</b>	<b>36,00,000</b>

**Important Points**

1. LTA and Statutory Annual Bonus / Ex Gratia shall be Payable annually on Earned Basic Salary. In addition, he will be eligible for gratuity and superannuation and leave encashment as per the rules of the Company.
2. In addition to the above, the Managing Director shall be entitled to a Performance Pay, based on his performance, and/or Commission, as determined by the Board / Nomination and Remuneration Committee of the Company, from time to time, subject to overall ceilings on managerial remuneration as per Section 197 read with Schedule V of the Companies Act, 2013.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (which shall be deemed to include the Nomination & Remuneration Committee of the Board of Directors) be authorized to do all such acts and take all such steps as it may consider necessary or desirable to give effect to this resolution and the they are further authorised to alter, vary and/or revise the terms and conditions of the said appointment and / or remuneration as it may, in its absolute discretion and full liberty, deem fit and as may be acceptable to Mr. Kailash Kumar Agarwal, provided however that the total Remuneration payable to him shall not exceed the overall ceiling of the total managerial remuneration as provided under Sections 196, 197, 203 read with Schedule V and other applicable provisions of the Companies Act, 2013;

**RESOLVED FURTHER THAT** the Board of Directors or Nomination and Remuneration Committee be and is hereby authorised to vary, alter, increase, enhance or widen the scope of remuneration and perquisites, to the extent specified in schedule V and other applicable provisions, if any, of the Act and relevant Rules as amended from time to time;

**RESOLVED FURTHER THAT** the consent of the Members of the Company be and is hereby accorded, on the recommendation of Nomination and Remuneration Committee, Audit Committee and Board of Directors, for providing that the payment of remuneration for the period from April 1, 2020 to August 5, 2020, of the current tenure as Managing Director, shall also be eligible under the overall ceiling of remuneration as per Section 197 and/or to the extent permitted under Schedule V of the Companies Act, 2013;

**RESOLVED FURTHER THAT** notwithstanding anything contained herein and subject to the provisions of Schedule V, where in any financial year during the tenure of the MD, the Company has no profits or its profits are inadequate, the Company may pay to the MD the above remuneration and/or any revision in the remuneration as may be approved by the Board and/or the Nomination and Remuneration Committee in future during the currency of tenure of the MD, from time to time, as the minimum remuneration for a period of 3 (three) years with effect from April 01, 2020 or such other period as may be statutorily permitted by way

of salary, perquisites, performance pay, other allowances, commission and benefits as specified hereinabove subject to receipt of the requisite approvals, if any;

**RESOLVED FURTHER THAT** the remuneration as set out in this resolution or as may be revised by the Board and/or the Nomination and Remuneration Committee in future during the currency of tenure of the MD, from time to time, within the overall ceiling of Section 197 and/or Schedule V of the Companies Act, 2013 be paid to Mr. Kailash Kumar Agarwal as minimum remuneration in the event of loss or the profits made are inadequate, subject to the provisions of Schedule V of the Companies Act, 2013;

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, any Director of the Company be authorised to do all acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and to sign and execute all necessary document(s), application(s), returns and writings as may be necessary, proper, desirable or expedient.”

**Resolution No. 7- Approval of revision in Remuneration of Mr. Raghavkumar Agarwal, Whole-Time Director designated as Executive Director, CEO & CFO**

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 Sections 196, 197 and 203 of the Companies Act, 2013, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Schedule V to the Companies Act, 2013, pursuant to applicable Regulations, if any, of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Articles of Association of the Company and such other applicable provisions (including any statutory modification or re-enactment thereof), if any and on the recommendation of Nomination and Remuneration Committee, Audit Committee and Board of Directors, the consent of the Members of the Company be and is hereby accorded to revise the remuneration of Mr. RaghavKumar Agarwal as Whole Time Director designated as ED CEO & CFO of the Company w.e.f. April 1, 2020 for the remainder of his tenure upto May 29, 2024 on the following terms and conditions:

**A. REMUNERATION:**

Particulars	Amount (in Rs. per month)
Basic	1,00,000
House Rent Allowance (HRA)	50,000
Other/Special/Grade Allowance	71,750
<b>Gross Salary (A)</b>	<b>2,21,750</b>
<b>Leave Travel Allowance (LTA) (B)</b>	<b>6,250</b>
Provident Fund (Employer’s Contribution)	12,000
Statutory Annual Bonus / Ex Gratia	10,000
<b>Other / Statutory Benefits (C)</b>	<b>22,000</b>
<b>Total Cost to Company (per month) – A+B+C</b>	<b>2,50,000</b>
<b>Total Cost to Company (per annum)</b>	<b>30,00,000</b>

**Important Points**

1. LTA and Statutory Annual Bonus / Ex Gratia shall be Payable annually on Earned Basic Salary. In addition, he will be eligible for gratuity and superannuation and leave encashment as per the rules of the Company.
2. In addition to the above, the ED CEO & CFO shall be entitled to a Performance Pay, based on his

performance, and/or Commission as determined by the Board / Nomination and Remuneration Committee of the Company, from time to time, subject to overall ceilings on managerial remuneration as per Section 197 read with Schedule V of the Companies Act, 2013

**RESOLVED FURTHER THAT** the Board of Directors of the Company (which shall be deemed to include the Nomination & Remuneration Committee of the Board of Directors) be authorized to do all such acts and take all such steps as it may consider necessary or desirable to give effect to this resolution and the they are further authorised to alter, vary and/or revise the remuneration as it may, in its absolute discretion and full liberty, deem fit and as may be acceptable to Mr. RaghavKumar Agarwal, provided however that the total Remuneration payable to him shall not exceed the overall ceiling of the total managerial remuneration as provided under Sections 196, 197, 203 read with Schedule V and other applicable provisions of the Companies Act, 2013;

**RESOLVED FURTHER THAT** the Board of Directors or Nomination and Remuneration Committee be and is hereby authorised to vary, alter, increase, enhance or widen the scope of remuneration and perquisites, to the extent specified in schedule V and other applicable provisions, if any, of the Act and relevant Rules as amended from time to time;

**RESOLVED FURTHER THAT** notwithstanding anything contained herein and subject to the provisions of Schedule V, where in any financial year during the tenure of the ED CEO & CFO, the Company has no profits or its profits are inadequate, the Company may pay to the ED CEO & CFO the above remuneration and/or any revision in the remuneration as may be approved by the Board and/or the Nomination and Remuneration Committee in future during the currency of tenure of the ED CEO & CFO, from time to time, as the minimum remuneration for a period of 3 (three) years with effect from April 1, 2020 or such other period as may be statutorily permitted by way of salary, perquisites, performance pay, other allowances, commission and benefits as specified hereinabove subject to receipt of the requisite approvals, if any;

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, any Director of the Company be authorised to do all acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and to sign and execute all necessary document(s), application(s), returns and writings as may be necessary, proper, desirable or expedient.”

By Order of the Board of Directors

Place: New Delhi  
Date: July 29, 2020

**Shubham Jain**  
Company Secretary  
ACS No: 49541

**NOTES:**

1. An Explanatory Statement pursuant to Section 102 and 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, setting out the material facts and reasons for the resolutions in respect of the businesses set out above is annexed hereto. A copy of the Postal Ballot Notice is also available on the Company's website [www.hpthreads.com](http://www.hpthreads.com), E-voting website [www.evotingindia.com](http://www.evotingindia.com) and at the relevant sections of the websites of the Stock Exchanges on which the shares of the Company are listed.
2. The Portal for E-voting will remain open for the Members for exercising their voting from **Saturday, August 01, 2020 at 09:00 a.m.** India Standard Time ('IST') till **Sunday, August 30, 2020 at 05:00 p.m. (IST)** both days inclusive. The E-voting needs to be exercised by 05:00 p.m. (IST) on **Sunday, August 30, 2020**. Please note that E-voting module will be disabled for voting by Central Depository Services (India) Limited after the said date and time. During this period, the Members of the Company holding shares either in physical form or dematerialised form, as on **July 24, 2020 ('cut-off date')**, may cast their vote



electronically. Once vote on a resolution is cast by the member, he/ she shall not be allowed to change it subsequently or cast the vote again.

3. The resolutions, if passed by the requisite majority, shall be deemed to have been passed on the last date specified by the Company for E-voting i.e. **August 30, 2020**. Further, resolutions passed by the Members through E-voting are deemed to have been passed effectively at a general meeting.
4. The Postal Ballot Notice is being sent by e-mail to all the Members, whose name appears on the Register of Members/ List of Beneficial Owners maintained by the Depositories as on cut-off date i.e. **July 24, 2020** and who have registered their e-mail addresses in respect of electronic holdings with the Depositories through the concerned Depository Participants and in respect of physical holdings with the Company's Registrar and Share Transfer Agent i.e. Alankit Assignments Limited. Each Member's voting rights shall be in proportion to his/ her share of the Paid-Up Equity Share Capital of the Company as on cut-off date, which will only be considered for voting.
5. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only.
6. Voting Rights in the postal ballot cannot be exercised by a proxy.
7. The Board of Directors has appointed Mr. Mukesh Siroya (Membership No. F5682; CoP No. 4157) Proprietor of M/s. M Siroya and Company, Practicing Company Secretaries, as Scrutinizer for scrutinizing the E-voting process and conducting Postal Ballot process in a fair and transparent manner. In case of any failure/ inability to scrutinize E-voting by Mr. Mukesh Siroya, Ms. Bhavyata Acharya (Membership No. A25734; CoP No. 21758), Practicing Company Secretary shall be alternate Scrutinizer to him.
8. The Scrutinizer shall prepare Scrutinizer's Report on the total votes cast in favour or against or abstained, if any. The Scrutinizer will submit his report to the Chairman of the Company or any person authorized by him, after completion of scrutiny of votes received through E-voting. The results of the Postal Ballot will be announced on or before **September 01, 2020**. The results of the Postal Ballot will be posted on the Company's website [www.hpthreads.com](http://www.hpthreads.com) and on CDSL's E-voting website [www.evotingindia.com](http://www.evotingindia.com) and will also be communicated to the Stock Exchanges where the Company's shares are listed. In the event that the national lockdown on account of COVID-19 situation is eased off and the Company's office is open for business, the Company will also display the results of the Postal Ballot at its Registered Office and the Corporate Office.
9. All the documents referred to in this Notice and the Statement pursuant to Section 102 of the Companies Act, 2013, will be posted on the Company's website [www.hpthreads.com](http://www.hpthreads.com) to facilitate online inspection of relevant documents until last date of E-voting of this Postal Ballot i.e. **August 30, 2020**.
10. As required by Rule 20 and Rule 22 of the Companies (Management and Administration) Rules, 2014 read with the MCA Circulars and the Listing Regulations, the details pertaining to this Postal Ballot will be published in one English national daily newspaper circulating throughout India (in English language) and one Hindi daily newspaper circulating in Haryana (in vernacular language, i.e. Hindi).
11. Pursuant to the provisions of Section 110, the MCA Circulars and other applicable provisions, if any, of the Act read with the Companies (Management and Administration) Rules, 2014, assent or dissent of the Members in respect of the resolutions contained in the Notice dated July 29, 2020 is being taken through e-voting only.
12. **To support the "Green Initiative" Members who have not registered their e-mail addresses so far are requested to register their e-mail address with the Company's RTA or the Depository**



**Participants, in respect of shares held in physical/ electronic mode respectively to enable servicing of notices / documents / Annual Reports electronically to their email address.**

13. In compliance with the provisions of Section 108, 110 and other applicable provisions, if any, of the Companies Act, 2013 read with rules made thereunder, Regulation 44 of SEBI Listing Regulations, SS-2 and the provisions of the Ministry of Corporate Affairs Circulars, and any amendments thereto, the Company is providing facility for voting by E-voting to all the Members of the Company to enable them to cast their votes electronically on the items mentioned in the Notice. For this purpose, the Company has engaged the services of Central Depository Services (India) Limited (CDSL) and have made necessary arrangements with CDSL to facilitate E-voting. In terms of the General Circular No.14/2020 dated April 08, 2020 read with General Circular No.17/2020 dated April 13, 2020, General Circular No. 20/2020 dated May 05, 2020 and General Circular No. 22/2020 dated June 15, 2020 issued by the Ministry of Corporate Affairs, Government of India (the 'MCA Circulars'), voting can be done only by E-voting. As the E-voting does not require a person to attend to a meeting physically, the Members are strongly advised to use the E-voting procedure by themselves and not through any other person/ proxies.
14. Due to non-availability of postal and courier services, on account of threat posed by COVID-19 pandemic situation, the Company is sending Postal Ballot Notice in electronic form only and express its inability to dispatch hard copy of Postal Ballot Notice along with Postal Ballot Form and pre-paid business reply envelope to the shareholders for this Postal Ballot. To facilitate such shareholders to receive this notice electronically and cast their vote electronically, Company has made special arrangement with Central Depository Services (India) Limited for obtaining login credentials for e-voting for the resolutions proposed in this notice.
15. **Process for those shareholders whose email addresses are not registered with the depositories for obtaining login credentials for e-voting for the resolutions proposed in this notice:**
  - i. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to **Company/RTA email id**.
  - ii. For Demat shareholders - please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to **Company/RTA email id**.
16. **Voting through electronic means:**

The instructions and other information relating to E-voting are as under:

- (i) The voting period begins on August 01, 2020 at 09:00 a.m. (IST) and ends on August 30, 2020 at 05:00 p.m. (IST). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of July 24, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders / Members
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

OR

Alternatively, if you are registered for CDSL's EASI/EASIEST e-services, you can log-in at <https://www.cdslindia.com> from Login - Myeasi using your login credentials. Once you successfully log-in to CDSL's EASI/EASIEST e-services, click on e-Voting option and proceed directly to cast your vote electronically.

- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN of H.P. Cotton Textile Mills Limited
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xvii) If a demat account holder has forgotten the changed login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) **Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- (xix) **Note for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) If you have any queries or issues regarding e-Voting from the e-Voting System, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact Mr. Nitin Kunder (022-23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).
- (xxi) All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futorex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43.

## **EXPLANATORY STATEMENT PURSUANT TO SECTIONS 102 OF THE COMPANIES ACT, 2013**

### **Resolution No. 1**

Mr. Kailash Kumar Agarwal (DIN: 00063470) was re-appointed as Managing Director of the Company by the Board of Directors in its meeting held on August 06, 2017 and subsequently approved by the members of the Company in their 36<sup>th</sup> Annual General meeting (AGM) held on September 25, 2017 for the period of three (3) years with effect from August 06, 2017.

While approving the remuneration of Mr. Kailash Kumar Agarwal in the 36<sup>th</sup> AGM, the members had also inter alia approved the payment of “Minimum Remuneration” in the event of inadequacy or absence of profits, in any financial year or years during the tenure, subject to requisite approvals.

Further, pursuant to Section 197 of the Companies Act, 2013 read with Schedule V thereto, where a Company has no profits or its profits are inadequate, it may pay any remuneration to the managerial personnel provided that, amongst others, a statement along with a notice calling the general meeting contains certain information. However, due to non-disclosure of statement in the Notice of 36<sup>th</sup> AGM as specified in paragraph (iv) of the second proviso after paragraph B of Section II of Part II of the aforesaid Schedule V, limits specified under the Schedule V could not be availed by the Company.

In Financial year 2018-19, the Company incurred loss/inadequate profit and consequently, upon completion of audit and approval of the annual audited financials, the remuneration paid during the Financial year 2018-19, which was duly approved by the members through Special Resolution passed at the 36<sup>th</sup> AGM, turned out to be in excess of the limits envisaged under the provisions of Section 197 read with schedule V of the Companies Act, 2013.

Accordingly, a part of the remuneration paid to him during the financial year 2018-19 amounting to Rs. 19.93 lakhs, over and above the limits mentioned in Section 197, being treated as excess remuneration.

Pursuant to Section 197(10) of the Act, the members of the Company have been empowered to waive the recovery of excess remuneration by passing a special resolution.

The management of the Company believes that the remuneration as previously approved by the members of the Company and paid to Mr. Kailash Kumar Agarwal was very modest and in line with the consistent policies of the Company over years and less than the industry standards and therefore it is just that the excess remuneration be waived off.

The Company has not defaulted in payment of dues to any bank or public financial institution or non-convertible debenture holders or other secured creditor, if any.

The Nomination & Remuneration Committee, Audit Committee and the Board have at their respective meeting(s) held on July 06, 2020, subject to the approval of the members of the Company, accorded their approvals for waiver of the recovery of excess managerial remuneration paid by the Company to Mr. Kailash Kumar Agarwal, in the interest of the Company and have recommended the aforesaid resolution as set out in this Notice for approval of the Members.

The Board of Directors recommend passing of the Special Resolution as set out in Item No. 1 of this Notice.

Accordingly, it is proposed that approval of the members of the Company by way of a Special Resolution be obtained for the waiver of recovery of the excess remuneration paid to Mr. Kailash Kumar Agarwal.

Save and except Mr. Kailash Kumar Agarwal, Managing Director and Mr. RaghavKumar Agarwal, Executive Director, CEO and CFO and their relatives to the extent of their respective shareholding interest, if any, in the

Company for Item no. 1, none of the other Directors / Key Managerial Personnel and their relatives are in any way, concerned or interested, financially or otherwise, in the resolution set out in Item no. 1.

## **Resolution No. 2**

Mr. Raj Kumar Agarwal (DIN: 02950710) was re-appointed as Whole-Time Director of the Company by the Board of Directors in its meeting held on May 28, 2016 and subsequently approved by the members of the Company in their 35<sup>th</sup> Annual General meeting (AGM) held on September 23, 2016 for the period of five(5) years with effect from July 01, 2016. Thereafter, he ceased to be a Whole-Time Director w.e.f. February 5, 2019.

While approving the remuneration of Mr. Raj Kumar Agarwal in the 35<sup>th</sup> AGM, the members had also inter alia approved the payment of “Minimum Remuneration” in the event of inadequacy or absence of profits, in any financial year or years during the tenure, subject to requisite approvals.

Further, pursuant to Section 197 of the Companies Act, 2013 read with Schedule V thereto, where a Company has no profits or its profits are inadequate, it may pay any remuneration to the managerial personnel provided that, amongst others, a statement along with a notice calling the general meeting contains certain information. However, due to non-disclosure of statement in the Notice of 35<sup>th</sup> AGM as specified in paragraph (iv) of the second proviso after paragraph B of Section II of Part II of the aforesaid Schedule V, limits specified under the Schedule V could not be availed by the Company.

In Financial year 2018-19, the Company incurred loss/inadequate profit and consequently, upon completion of audit and approval of the annual audited financials, the remuneration paid during the Financial year 2018-19, which was duly approved by the members through Special Resolution passed at the 35<sup>th</sup> AGM, turned out to be in excess of the limits envisaged under the provisions of Section 197 read with schedule V of the Companies Act, 2013.

Accordingly, a part of the remuneration paid to him during the financial year 2018-19 amounting to Rs. 13.31 lakhs, over and above the limits mentioned in Section 197, being treated as excess remuneration.

Pursuant to Section 197(10) of the Act, the members of the Company have been empowered to waive the recovery of excess remuneration by passing a special resolution.

The management of the Company believes that the remuneration as previously approved by the members of the Company and paid to Mr. Raj Kumar Agarwal was very modest and in line with the consistent policies of the Company over years and less than the industry standards and therefore it is just that the excess remuneration be waived off.

The Company has not defaulted in payment of dues to any bank or public financial institution or non-convertible debenture holders or other secured creditor, if any.

The Nomination & Remuneration Committee, Audit Committee and the Board have at their respective meeting(s) held on July 06, 2020, subject to the approval of the members of the Company, accorded their approvals for waiver of the recovery of excess managerial remuneration paid by the Company to Mr. Raj Kumar Agarwal, in the interest of the Company and have recommended the aforesaid resolution as set out in this Notice for approval of the Members.

The Board of Directors recommend passing of the Special Resolution as set out in Item No. 2 of this Notice.

Accordingly, it is proposed that approval of the members of the Company by way of a Special resolution be obtained for the waiver of recovery of the excess remuneration paid to Mr. Raj Kumar Agarwal.

Save and except Mr. Kailash Kumar Agarwal, Managing Director and Mr. RaghavKumar Agarwal, Executive Director, CEO and CFO and their relatives to the extent of their respective shareholding interest, if any, in the Company for Item no. 2, none of the other Directors / Key Managerial Personnel and their relatives are in any way, concerned or interested, financially or otherwise, in the resolution set out in Item no. 2.

### **Resolution No. 3**

Mr. Ashok Kumar Agarwal (DIN:00046627) was re-appointed as Deputy Managing Director of the Company by the Board of Directors in its meeting held on May 30, 2014 and subsequently approved by the members of the Company in their 33<sup>rd</sup> Annual General meeting (AGM) held on September 26, 2014 for the period of five(5) years with effect from August 02, 2014, which was further re-designated as Joint Managing Director(“JMD”), by the Board. Thereafter, he ceased to be a Joint Managing Director w.e.f. February 5, 2019.

While approving the remuneration of Mr. Ashok Kumar Agarwal in the 33<sup>rd</sup> AGM, the members had also inter alia approved the payment of “Minimum Remuneration” in the event of inadequacy or absence of profits, in any financial year or years during the tenure, subject to requisite approvals.

Further, pursuant to Section 197 of the Companies Act, 2013 read with Schedule V thereto, where a Company has no profits or its profits are inadequate, it may pay any remuneration to the managerial personnel provided that, amongst others, a statement along with a notice calling the general meeting contains certain information. However, due to non-disclosure of statement in the Notice of 33<sup>rd</sup> AGM as specified in paragraph (iv) of the second proviso after paragraph B of Section II of Part II of the aforesaid Schedule V, limits specified under the Schedule V could not be availed by the Company.

In Financial year 2018-19, the Company incurred loss/inadequate profit and consequently, upon completion of audit and approval of the annual audited financials, the remuneration paid during the Financial year 2018-19, which was duly approved by the members through Special Resolution passed at the 35<sup>th</sup> AGM, turned out to be in excess of the limits envisaged under the provisions of Section 197 read with schedule V of the Companies Act, 2013.

Accordingly, a part of the remuneration paid to him during the financial year 2018-19 amounting to Rs. 13.75 lakhs, over and above the limits mentioned in Section 197, being treated as excess remuneration.

Pursuant to Section 197(10) of the Act, the members of the Company have been empowered to waive the recovery of excess remuneration by passing a special resolution.

The management of the Company believes that the remuneration as previously approved by the members of the Company and paid to Mr. Ashok Kumar Agarwal was very modest and in line with the consistent policies of the Company over years and less than the industry standards and therefore it is just that the excess remuneration be waived off.

The Company has not defaulted in payment of dues to any bank or public financial institution or non-convertible debenture holders or other secured creditor, if any.

The Nomination & Remuneration Committee, Audit Committee and the Board have at their respective meeting(s) held on July 06, 2020, subject to the approval of the members of the Company, accorded their approvals for waiver of the recovery of excess managerial remuneration paid by the Company to Mr. Ashok Kumar Agarwal, in the interest of the Company and have recommended the aforesaid resolution as set out in this Notice for approval of the Members.

The Board of Directors recommend passing of the Special Resolution as set out in Item No. 3 of this Notice.

Accordingly, it is proposed that approval of the members of the Company by way of a Special resolution be obtained for the waiver of recovery of the excess remuneration paid to Mr. Ashok Kumar Agarwal.

Save and except Mr. Kailash Kumar Agarwal, Managing Director and Mr. RaghavKumar Agarwal, Executive Director, CEO and CFO and their relatives to the extent of their shareholding interest, if any, in the Company for Item no. 3, none of the other Directors / Key Managerial Personnel and their relatives are in any way, concerned or interested, financially or otherwise, in the resolution set out in Item no. 3.

#### **Resolution No. 4**

Mr. Kailash Kumar Agarwal (DIN: 00063470) was re-appointed as Managing Director of the Company by the Board of Directors in its meeting held on August 06, 2017 and subsequently approved by the members of the Company in their 36<sup>th</sup> Annual General meeting (AGM) held on September 25, 2017 for the period of three(3) years with effect from August 06, 2017.

While approving the remuneration of Mr. Kailash Kumar Agarwal in the 36<sup>th</sup> AGM, the members had also inter alia approved the payment of “Minimum Remuneration” in the event of inadequacy or absence of profits, in any financial year or years during the tenure, subject to requisite approvals.

Further, pursuant to Section 197 of the Companies Act, 2013 read with Schedule V thereto, where a Company has no profits or its profits are inadequate, it may pay any remuneration to the managerial personnel provided that, amongst others, a statement along with a notice calling the general meeting contains certain information. However, due to non-disclosure of statement, in the Notice of 36<sup>th</sup> AGM as specified in paragraph (iv) of the second proviso after paragraph B of Section II of Part II of the aforesaid Schedule V, limits specified under the Schedule V could not be availed by the Company.

In Financial year 2019-20, the Company incurred loss/inadequate profit and consequently, upon completion of audit and approval of the annual audited financials, the remuneration paid during the Financial year 2019-20, which was duly approved by the members through Special Resolution passed at the 36<sup>th</sup> AGM, turned out to be in excess of the limits envisaged under the provisions of Section 197 read with schedule V of the Companies Act, 2013.

Accordingly, a part of the remuneration paid to him during the financial year 2019-20 amounting to Rs. 19.03 lakhs, over and above the limits mentioned in Section 197, being treated as excess remuneration. Pursuant to Section 197(10) of the Act, the members of the Company have been empowered to waive the recovery of excess remuneration by passing a special resolution.

The management of the Company believes that the remuneration as previously approved by the members of the Company and paid to Mr. Kailash Kumar Agarwal was very modest and in line with the consistent policies of the Company over years and less than the industry standards and therefore it is just that the excess remuneration be waived off.

The Company has not defaulted in payment of dues to any bank or public financial institution or non-convertible debenture holders or other secured creditor, if any.

The Nomination & Remuneration Committee, Audit Committee and the Board have at their respective meeting(s) held on July 06, 2020, subject to the approval of the members of the Company, accorded their approvals for waiver of the recovery of excess managerial remuneration paid by the Company to Mr. Kailash Kumar Agarwal, in the interest of the Company have also recommended the aforesaid resolution as set out in this Notice for approval of the Members.

The Board of Directors recommend passing of the Special Resolution as set out in Item No. 4 of this Notice.

Accordingly, it is proposed that approval of the members of the Company by way of a Special resolution be obtained for the waiver of recovery of the excess remuneration paid to Mr. Kailash Kumar Agarwal.



Save and except Mr. Kailash Kumar Agarwal, Managing Director and Mr. RaghavKumar Agarwal, Executive Director, CEO and CFO and their relatives to the extent of their respective shareholding interest, if any, in the Company for Item no. 4, none of the other Directors / Key Managerial Personnel and their relatives are in any way, concerned or interested, financially or otherwise, in the resolution set out in Item no. 4.

#### **Resolution No. 5**

Mr. RaghavKumar Agarwal (DIN: 02836610) was appointed as Whole-Time Director designated as Executive Director, CEO & CFO (ED, CEO & CFO) of the Company by the Board of Directors in its meeting held on May 30, 2019 and subsequently approved by the members of the Company in their 38<sup>th</sup> Annual General meeting (AGM) held on November 08, 2019 for the period of five(5) years with effect from May 30, 2019.

While approving the remuneration of Mr. RaghavKumar Agarwal in the 38<sup>th</sup> AGM, the members had also inter alia approved the payment of “Minimum Remuneration” in the event of inadequacy or absence of profits, in any financial year or years during the tenure, subject to requisite approvals.

Further, pursuant to Section 197 of the Companies Act, 2013 read with Schedule V thereto, where a Company has no profits or its profits are inadequate, it may pay any remuneration to the managerial personnel provided that, amongst others, a statement along with a notice calling the general meeting contains certain information. However, due to non-disclosure of statement in the Notice of 38<sup>th</sup> AGM as specified in paragraph (iv) of the second proviso after paragraph B of Section II of Part II of the aforesaid Schedule V, limits specified under the Schedule V could not be availed by the Company.

In Financial year 2019-20, the Company incurred loss/inadequate profit and consequently, upon completion of audit and approval of the annual audited financials, the remuneration paid during the Financial year 2019-20, which was duly approved by the members through Special Resolution passed at the 38<sup>th</sup> AGM, turned out to be in excess of the limits envisaged under the provisions of Section 197 read with schedule V of the Companies Act, 2013.

Accordingly, a part of the remuneration paid to him during the financial year 2019-20 amounting to Rs. 10.78 lakhs, over and above the limits mentioned in Section 197, being treated as excess remuneration.

Pursuant to Section 197(10) of the Act, the members of the Company have been empowered to waive the recovery of excess remuneration by passing a special resolution.

The management of the Company believes that the remuneration as previously approved by the members of the Company and paid to Mr. RaghavKumar Agarwal was very modest and in line with the consistent policies of the Company over years and less than the industry standards and therefore it is just that the excess remuneration be waived off.

The Company has not defaulted in payment of dues to any bank or public financial institution or non-convertible debenture holders or other secured creditor, if any.

The Nomination & Remuneration Committee, Audit Committee and the Board have at their respective meeting(s) held on July 06, 2020, subject to the approval of the members of the Company, accorded their approvals for waiver of the recovery of excess managerial remuneration paid by the Company to Mr. RaghavKumar Agarwal, in the interest of the Company and have recommended the aforesaid resolution as set out in this Notice for approval of the Members.

The Board of Directors recommend passing of the Special Resolution as set out in Item No. 5 of this Notice.

Accordingly, it is proposed that approval of the members of the Company by way of a Special Resolution be obtained for the waiver of recovery of excess remuneration paid to Mr. RaghavKumar Agarwal.

Save and except Mr. Kailash Kumar Agarwal, Managing Director and Mr. RaghavKumar Agarwal, Executive Director, CEO and CFO and their relatives to the extent of their shareholding interest, if any, in the Company for Item no. 5, none of the other Directors / Key Managerial Personnel and their relatives are in any way, concerned or interested, financially or otherwise, in the resolution set out in Item no. 5.

#### **Resolution No. 6**

Mr. Kailash Kumar Agarwal (DIN: 00063470) was re-appointed as Managing Director of the Company by the Board of Directors in its meeting held on August 06, 2017 and subsequently approved by the members of the Company in their 36th Annual General meeting held on September 25, 2017 for the period of 3 years with effect from August 06, 2017. Subsequently, the Board of Directors of the Company, at its meeting held on November 13, 2019, appointed Mr. Agarwal as the Chairman of the Board of Directors of the Company with effect from that date and accordingly Mr. Agarwal is currently designated as the Chairman & Managing Director.

Since, the term of Mr. Kailash Kumar Agarwal (DIN: 00063470), Managing Director of the Company expired on August 05, 2020, the Board of Directors in its meeting held on July 06, 2020, re-appointed him as a Managing Director of the Company for further period of five (5) years, in accordance with Nomination and Remuneration Policy and Article of Association of the Company and based on the recommendations of Nomination & Remuneration Committee and Audit Committee, with effect from August 06, 2020 on such terms and conditions as decided by the Board of Directors of the Company subject to approval of the members.

Mr. Agarwal is not disqualified from being appointed as Managing Director in terms of section 196 and Schedule V of the Act and other provisions of the act as applicable and has given his consent to act as Managing Director of the Company. The Company has also received declaration from Mr. Agarwal under Section 164 and 184 of the Act, that he is duly qualified for the above said post.

In the opinion of the Board, Mr. Agarwal possesses appropriate skills, experience & knowledge. Considering his experience and performance during last decade, your directors proposed to re-appoint him as a Managing Director of the Company as proposed in the resolution set out at Item No. 6 for approval by the members. The profile and specific areas of expertise of Mr. Agarwal are provided as Annexure-II to this Notice.

For this purpose, Special Resolution is required to be passed in the General Meeting and accordingly, your approval is solicited by way of Special Resolution.

The Company has received a notice in writing pursuant to Section 160 of the Companies Act, 2013, from a Member signifying his intention to propose the candidature of Mr. Kailash Kumar Agarwal as Managing Director, to be re-appointed as such under the provisions of Section 196 of the Companies Act, 2013.

The Company has received requisite consent/declarations like Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014, (ii) Intimation in DIR-8 in terms of the Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Section 164 (2) of the Companies Act, 2013, confirming his eligibility for such re-appointment as required under the Act and rules made thereunder.

The Board of Directors are of the view that the re-appointment of Mr. Kailash Kumar Agarwal as the Managing Director of the Company will be beneficial to the operations of the Company and the remuneration payable to him is commensurate with his abilities and experience and accordingly the Board of Directors recommend passing of the Special Resolution as set out in Item No. 6 of this Notice.

Save and except Mr. Kailash Kumar Agarwal, Managing Director and Mr. RaghavKumar Agarwal, Executive Director CEO and CFO and their relatives to the extent of their respective shareholding interest, if any, in the Company for Item no. 6, none of the other Directors / Key Managerial Personnel and their relatives are in any way, concerned or interested, financially or otherwise, in the resolution set out in Item no. 6.

The information as required to be disclosed under paragraph (iv) of the second proviso of Paragraph B of Section II of Part II of Schedule V to the Companies Act, 2013 is given in the Annexure -I to the Notice in regard of Mr. Kailash Kumar Agarwal.

#### **Resolution No. 7**

Mr. Raghavkumar Agarwal (DIN: 02836610) was appointed as a Whole Time Director (Executive Director) of the Company for a period of five years with effect from May 30, 2019 till May 29, 2024, by means of Special Resolution passed by the Members at the 38<sup>th</sup> Annual General Meeting (38<sup>th</sup> AGM) of the Company held on November 08, 2019 on the terms and conditions including payment of remuneration as mentioned therein.

In view of the performance and tireless efforts of Mr. Raghavkumar Agarwal in establishing many new internal projects, improving the operational efficiency, achieving a record consolidated and export turnover of the Company in a short span, and bringing in a new dynamic vision, road-map and professionalism for growth and re-alignment, your Directors proposed to revise his remuneration as proposed in the resolution set out in Item No. 7 for approval of Members.

The Nomination and Remuneration Committee, Audit Committee and the Board have at their respective meeting(s) held on July 06, 2020, subject to the approval of the members of the Company, accorded their approvals for payment of aforesaid remuneration to Mr. RaghavKumar Agarwal w.e.f. April 1, 2020 for the remainder of his tenure upto May 29, 2024. The Board also, in the interest of the Company, recommends the aforesaid resolution as set out in this Notice for approval of the Members at item no. 7.

For this purpose, Special Resolution is required to be passed in the General Meeting and accordingly, your approval is solicited by way of Special Resolution.

The Board of Directors recommend passing of the Special Resolution as set out in Item No. 7 of this Notice.

Save and except Mr. Kailash Kumar Agarwal, Managing Director and Mr. RaghavKumar Agarwal, Executive Director, CEO and CFO and their relatives to the extent of their respective shareholding interest, if any, in the Company for Item no. 7, none of the other Directors / Key Managerial Personnel and their relatives are in any way, concerned or interested, financially or otherwise, in the resolution set out in Item no. 7.

The information as required to be disclosed under paragraph (iv) of the second proviso of Paragraph B of Section II of Part II of Schedule V to the Companies Act, 2013 is given in the Annexure – I to the Notice in respect of Mr. RaghavKumar Agarwal.

By Order of the Board of Directors

Place: New Delhi  
Date: July 29, 2020

**Shubham Jain**  
Company Secretary  
ACS No: 49541

**THE STATEMENT CONTAINING ADDITIONAL INFORMATION AS REQUIRED UNDER SCHEDULE V OF THE ACT IN RESPECT TO RESOLUTION NO. 6 AND 7 OF THE NOTICE**

**I. GENERAL INFORMATION**

**1. Nature of Industry**

Established in 1981, HP Cotton Textile Mills Limited (HP Cotton), as a part of Dora Group, a leading textile group of India, specializes in manufacturing cotton yarns and threads with its integrated manufacturing plant at Hisar, and Corporate Office at New Delhi. The company is the largest exporter of Cotton Sewing Thread, exporting to more than 40 countries worldwide being a leader in its product segment globally.

**2. Date or expected date of commencement of commercial production:**

The Company was incorporated on September 03, 1981 and the Certificate of Commencement of Business was granted on January 05, 1982. Since then, the Company had commenced its business.

**3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:**

Not Applicable

**4. Financial performance based on given indicators:**

	(Rs. In Lakhs)		
Financial year	2019-20	2018-19	2017-18
Gross Revenue	8,363.08	9,350.19	10,822.95
Profit before Interest, Depreciation and Tax	632.07	490.66	431.28
Profit after Tax	33.92	(28)	235.41
Rate of Dividend	Nil	Nil	10%
Earning per Share	0.90	(0.73)	6.18

**5. Foreign investments or collaborations, if any:**

The Company has not entered into any material foreign collaboration and no direct capital investment has been made in the Company during the previous three financial years. The foreign investors, mainly comprising FIIs and NRIs are investors in the Company on account of past issuances of securities and/or secondary market purchases. As on June 30, 2020, the aggregate foreign shareholding in the Company was approx 0.09%.

**II. INFORMATION ABOUT THE APPOINTEE(S):**

**1. Mr. Kailash Kumar Agarwal, Chairman and Managing Director**

**a) Background details, Job Profile and his suitability:**

Mr. Kailash Kumar Agarwal holds LLB (Bachelor in Law) Degree from Delhi University and a Bachelor Degree in Commerce from the University of Calcutta, is one of the Founder Directors and Promoter of HP Cotton.

Being one of the First Directors of the company, he has been serving the company for more than 3 decades, and guided the company through various ups and downs since its inception more than 35 years ago.

He is also the Chairman and Managing Director of HP Cotton with 36 years' experience with HP Cotton itself, starting his textile journey from garments and hosiery knitwear division in Dora Undergarments. He has an immense experience technically and commercially in the company's product segments, and with his contribution to the company becoming a leader in its products segment not only in India but globally. With his experience and knowledge, Company has reached various milestones in achieving a record growth in export of the Company, thereby continuing its leading position in the cotton thread segment worldwide and is continuous guiding light to the company's new vision of achieving greater heights in the textile industry.

**b) Past remuneration and remuneration proposed:**

Details on proposed remuneration have been stated in Resolution no. 6 of the Notice. In monetary terms, the remuneration for the last 3 financial years is given hereunder:

Financial Year	Rs. In Lakhs		
	2019-20	2018-19	2017-18
Mr. Kailash Kumar Agarwal	22.84	22.84	21.04

**c) Recognition or awards:**

He was a recipient of Udyog Rattan Award in 2016 conferred by the Institute of Economic Studies.

**d) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of origin):**

Taking into consideration the size of the Company, the profile of the Managing Director, the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid is commensurate and modest and is less than the remuneration packages paid to similar senior levels in other companies.

**e) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:**

Mr. Kailash Kumar Agarwal has no pecuniary relationship with the Company or its Key Managerial Personnel other than his remuneration in the capacity of the Managing Director. As on date of this notice, he holds 89,385 shares in the Company in his personal capacity and is the Significant Beneficial Owner and a promoter of the Company.

**2. Mr. RaghavKumar Agarwal, Whole-Time Director**

**a) Background details, Job Profile and his suitability:**

Mr. RaghavKumar Agarwal, a Bsc in Management Sciences, from Warwick Business School, University of Warwick, England, UK. He completed his industrial training in textiles from Manchester and he is the current CEO and Executive Director of the company. He has been full-time associated with the Company for more than 5 years now. He has been instrumental in transforming the Company's vision

dynamically with the introduction of technology and modern manufacturing techniques and harnessing the human capital of the Company, with a core focus on achieving highest levels of efficiencies and has a strong vision for sustainable growth for the Company being achieved through economic, social and environmental sustainability.

He has also been the serving as the CFO of the Company as an additional responsibility for the last few years.

His passion, commitment, knowledge and the dynamic approach towards the business, has resulted in tangible and intangible gains for the Company.

**b) Past remuneration and remuneration proposed:**

Details on proposed remuneration have been stated in Resolution no. 7 of the Notice. In monetary terms, the remuneration for the last 3 financial years is given hereunder:

Financial Year	Rs. In Lakhs		
	2019-20	2018-19	2017-18
Mr. RaghavKumar Agarwal	14.59	Not Applicable	Not Applicable

**c) Recognition or awards:**

Nil

**d) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of origin):**

Taking into consideration the size of the Company, the profile of the Whole-Time Director, CEO & CFO, the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid is commensurate and modest and is less than the remuneration packages paid to similar senior levels in other companies.

**e) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:**

Mr. RaghavKumar Agarwal has no pecuniary relationship with the Company or its Key Managerial Personnel other than his remuneration in the capacity of the Executive Director, CEO & CFO. As on date of this notice, he holds 10,054 shares in the Company in his personal capacity and is the son of Mr. Kailash Kumar Agarwal, Managing Director and Promoter of the Company.

**III. OTHER INFORMATION:**

**1. Reason of loss or inadequate profits:**

Although the company has posted a nominal profit, the profits are still inadequate as per the provisions of the act. The main reason for inadequacy is firstly loss of crucial production towards the end of March due to onset of COVID-19 pandemic and subsequent lockdown restrictions by the authorities, a significant amount of company's revenue could not be recognized besides a direct loss of production during lockdown. All the contribution from the unrecognized revenue would have directly contributed to bottom line of the company significantly boosting the profitability for the company, it was recognized.

Secondly, certain markets worldwide, suffered from economic slowdown and devaluation of their currencies leading to lesser demand from the markets in the first half of the year, thereby reducing the performance at the beginning of the year.

**2. Steps taken or proposed to be taken for improvement:**

The company has made significant efforts to boost production and revenue, and has already achieved pre-COVID levels of production and has recorded better performance despite COVID-19 restrictions and production loss compared to Q1 last year.

The company is making continuous efforts to add new geographies markets to its market portfolio, focussed on new product development, and lastly further seriously looking at technology upgradation to be at par with modern cost efficiency standards and benchmarks, besides de-bottlenecking and adding new allied product lines.

**3. Expected increase in productivity and profits in measurable terms:**

With increasing market portfolio and technology upgradation, the business is expected to improve in the coming financial year. With the introduction of new products and addition of geographies, the company is seeing a significant increase in demand for its products from global markets, also enhanced by quicker turnaround time. The management is cautiously optimistic towards the external economic environment and expects consumer demand to become more consistent and robust in the current financial year. Further, various policy decisions taken would act as growth channel for the Company which would contribute in increased revenues and higher margins.

By Order of the Board of Directors

Place: New Delhi  
Date: July 29, 2020

**Shubham Jain**  
Company Secretary  
ACS No: 49541



**Details of the Directors seeking appointment/re-appointment as per the Postal Ballot Notice**

[Pursuant to Regulations 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings]

<b>Name</b>	<b>Mr. Kailash Kumar Agarwal</b>
Directors Identification Number (DIN)	00063470
Date of Birth	17-07-1961
Age	59 years
Nationality	Indian
Qualification	B.Com from Kolkata University and LL.B from Delhi University
Brief Profile	Mr. Kailash Kumar Agarwal holds LLB (Bachelor in Law) Degree from Delhi University and a Bachelor Degree in Commerce from the University of Calcutta, is one of the Founder Directors and Promoter of HP Cotton.
Terms and conditions of appointment and re-appointment	Not Liable to retire by rotation
Designation	Chairman and Managing Director
Expertise in Specific Area	36 years' experience in Textile Industry including garments and hosiery knitwear.
Date of first appointment on the Board of the Company	03.09.1981
Directorship in other limited companies (excluding HP Cotton Textile Mills Limited)	1. Achhar Investments Limited 2. Sailesh Textile Mfg Co Ltd 3. Jainish Products Limited 4. Sacred Trading and Investment Company Limited
Relationship with other Directors and Key Managerial Personnel	Father of Mr. Raghav Kumar Agarwal
Membership/Chairmanship of committee of Directors of other companies	Nil
No. of Share held as on 31-03-2020	89,385
Number of Meetings of the Board attended during the financial year 2019-20	6(Six)
Details of remuneration last drawn by such person (FY 2019-20)	22.84 Lakhs
Details of remuneration sought to be paid	As per Resolution No. 6

By Order of the Board of Directors

Place: New Delhi  
Date: July 29, 2020

**Shubham Jain**  
Company Secretary  
ACS No: 49541