



THE INDIAN CARD CLOTHING COMPANY LIMITED

Registered Office : "Katariya Capital", A-19, Vidyut Nagar Society,
Lane No. 5, Koregaon Park, Pune - 411001;
CIN : L29261PN1955PLC009579;
E-mail : investor@cardindia.com; Website: www.cardindia.com;
Telefax : +91-20-26151618

NOTICE OF POSTAL BALLOT

[Pursuant to Section 110 of the Companies Act, 2013, read with Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Member(s),
The Indian Card Clothing Company Limited

Notice is hereby given pursuant to Section 110 of the Companies Act, 2013, ("the Act"), read with Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations"), including any statutory modifications or re-enactments thereof for the time being in force and other applicable laws and regulations to transact the following Special Business by the Members of The Indian Card Clothing Company Limited by passing the proposed resolution as an Ordinary Resolution through Postal Ballot (which includes voting by electronic means).

The proposed Resolution and the Explanatory Statement stating the material facts as required in terms of Section 102 of the Act as appended hereto along with Postal Ballot Form forms a part of this Postal Ballot Notice ("Notice").

The Board of Directors of the Company in its meeting held on July 29, 2019, in compliance with Rule 22(5) of the Companies (Management and Administration) Rules, 2014, has appointed Mr. Devendra V. Deshpande (Membership No. F6099 / CP. No. 6515), Proprietor of DVD & Associates, Company Secretaries, Pune, as the Scrutinizer ("the Scrutinizer") for conducting the postal ballot and e-voting process in a fair and transparent manner.

Members wishing to exercise their vote by postal ballot are requested to read the Notes to this Notice and instructions printed on accompanying Postal Ballot Form and return the same alongwith an assent (**FOR**) or dissent (**AGAINST**), in the attached self-addressed business reply envelope so as to reach the Scrutinizer **before the close of working hours (05:00 p.m.) on December 4, 2019**. Please note that any Postal Ballot Form(s) received after the said date will be treated as invalid and as if a reply from such Member has not been received. No other form or photocopy thereof is permitted. The said notice of Postal Ballot is also available on the website of the Company at www.cardindia.com

In compliance with Section 108 and 110 of the Act, read with Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company is pleased to provide the facility of electronic voting ("remote e-voting") to all its Members as an alternate mode to exercise their right to vote. The Company has engaged the services of Karvy Fintech Private Limited ("Karvy") to provide remote e-voting facility to the Members of the Company. The instructions for remote e-voting are provided hereunder. E-voting commences on **November 5, 2019** (09:00 a.m. IST) and ends on **December 4, 2019** (05:00 p.m. IST). Members are requested to follow the procedure as stated in this Notice for casting votes by remote e-voting.

The Scrutinizer will submit his report to the Chairman / any other Director/ Company Secretary of the Company after completion of the scrutiny of the postal ballot forms and the electronic votes. The Results of the Postal Ballot will be declared by the Chairman/ any other Director/ Company Secretary of the Company on December 6, 2019 at 4.00 p.m. at the Registered Office of the Company, viz. "Katariya Capital", A-19, Vidyut Nagar Society, Lane No. 5, Koregaon Park, Pune – 411001.

The result of the Postal Ballot will be posted on the Company's website viz., www.cardindia.com and also communicated to the Stock Exchanges, viz. BSE Limited and The National Stock Exchange of India Limited (where the Company's shares are listed) and on website of Karvy Fintech Private Limited ("Karvy").

The resolution, if passed by the requisite majority, shall be deemed to have been passed on the last date for receipt of duly completed Postal Ballot Forms or e-voting.

Please read and follow the instructions on e-voting enumerated in the Notes to this Notice. Only Members entitled to vote are entitled to fill in the Postal Ballot Form and send it to the Scrutinizer or vote under the e-voting facility offered by the Company, and any other recipient of the Notice who has no voting rights should treat the Notice as an intimation only. Detailed instructions to use the facility are given separately.

Special Business:

Item No.1:

To approve the External Commercial Borrowings from Holding Company:

To consider and, if thought fit, to give assent or dissent to the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the Provisions of Section 188 and other applicable provisions of the Companies Act, 2013, the provisions of (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”), subject to the provisions of Foreign Exchange Management Act, 1999 and the Regulations made thereunder, External Commercial Borrowings Policy of Reserve Bank of India (RBI) and subject to other guidelines/directions/Policies issued by RBI from time to time, approval of the members of the Company be and is hereby accorded to the Board of Directors of the Company (the “Board”, which term shall include any Committee of Directors duly constituted to exercise its powers conferred by this resolution) to borrow or raise loans from Multi-Act Industrial Enterprises Limited, Mauritius, (MAIEL), the Holding Company, by way of External Commercial Borrowings (ECB) upto a sum not exceeding Rs.25 crore (Rupees Twenty-Five Crore only) in equivalent US Dollars, i.e., approx. US\$ 3.5 Million for repayment of existing Rupee Loan availed by the Company and for other general corporate purposes, on such terms and conditions as may be mutually agreed between the Board and MAIEL, which shall be stipulated in the Loan Facility Agreement to be entered into between the Company and MAIEL in connection with the ECB.

RESOLVED FURTHER THAT charge/mortgage on the movable and/ or immovable assets of the Company present and future including the property (Land, building and Machinery) situated at Village – Manjholi, Tehsil – Nalagarh, Nalagarh Ropar Road, Dist. Solan, Himachal Pradesh, India be created in favour of MAIEL against the ECB facility provided to the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board/Committee of the Board/Directors or Officers authorized by them in this regard be and are hereby severally authorized to finalize and execute Loan Facility Agreement with MAIEL, such other documents/agreements as may be necessary for creating the aforesaid mortgage and/or charge and to do all such things as may be necessary for giving effect to this resolution.”

**By order of the Board of Directors
For The Indian Card Clothing Company Limited**

**Amogh Barve
Company Secretary and
Head – Legal & Corporate Affairs
Membership No.: A33080**

Place : Pune
Date : October 31, 2019

NOTES & GENERAL INSTRUCTIONS

- 01) An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, read with Section 110 of the Companies Act, 2013, is annexed hereto. The said resolution and Explanatory Statement alongwith Postal Ballot Form are being sent to you for your consideration.
- 02) The Postal Ballot Notice is being sent to all the Members whose names appear in the Register of Members / list of Beneficial Owners received from National Securities Depository Limited (“NSDL”) / Central Depository Services (India) Limited (“CDSL”) as on the **cut-off date i.e. November 1, 2019** (as on the close of working hours). The Postal Ballot Notice is being sent to the Members in electronic form to the email addresses registered with their Depository Participant (in case of electronic shareholding) / the Company’s Registrar & Transfer Agent (in case of physical shareholding). In case of Members whose email IDs are not registered, physical copy of Postal Ballot Notice is being sent by permitted mode along with a self-addressed Business Reply Envelope.
- 03) The Board has severally designated Mr. Sanjeevkumar Karkamkar – Director (DIN:00575970) and Mr. Amogh Barve, Company Secretary and Head Legal & Corporate Affairs of the Company, as the persons responsible for the entire postal ballot process.
- 04) The Members, whose names appear in the Register of Members / list of Beneficial Owners received on the cut-off date i.e. November 1, 2019 (as on the close of working hours) will be considered for the purpose of voting.
- 05) The voting rights of the Members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date i.e. November 1, 2019 (as on the close of working hours).
- 06) The Resolutions passed by the Members through Postal Ballot is deemed to have been passed as if they have been passed at a General Meeting of the Members.
- 07) The Members can opt for only one mode of voting i.e. either by physical postal ballot or e-voting. In case the Members cast their votes through both the modes, voting done by e-voting shall prevail and votes cast through physical Postal Ballot Forms will be treated as invalid.

- 08) The Members are requested to exercise their voting rights by using the attached original Postal Ballot Form only.
- 09) In case a Member is desirous of obtaining a printed Postal Ballot Form or a duplicate, he or she may send their email to investor@cardindia.com.
- 10) Duly completed Postal Ballot Form should reach to the Scrutinizer not later than the close of working hours (05:00 p.m.) on December 4, 2019. The Scrutinizer will submit his report to the Chairman / any other Director/ Company Secretary of the Company after completion of the scrutiny on or before December 6, 2019.
- 11) The Chairman or any other Director or the Company Secretary of the Company shall announce the results of the Postal Ballot at the Registered Office of the Company, on Friday, December 6, 2019, at 4:00 p.m. The last date of receiving of postal ballot/e-voting will be taken to be the date of passing of the resolution.
- 12) A copy of the material documents relating to the proposed resolutions shall be open for inspection at the Registered Office of the Company during 11:00 a.m. to 01:00 p.m., on all working days except Saturday, Sunday and Public Holidays upto the date of declaration of the Postal Ballot Result.

INSTRUCTIONS FOR VOTING BY POSTAL BALLOT (IN PHYSICAL FORM)

- 01) You are requested to carefully read the instructions mentioned in the Postal Ballot Form before filling the same.
- 02) A Member desiring to exercise voting right by postal ballot may complete the Postal Ballot Form and dispatch it in the attached self-addressed Business Reply Envelope so as to reach the Scrutinizer, i.e. Mr. Devendra V. Deshpande (Membership No. F6099 / CP. No. 6515), Proprietor of DVD & Associates, Company Secretaries, Pune, C/o. The Indian Card Clothing Company Limited, "Katariya Capital", A-19, Vidyut Nagar Society, Lane No. 5, Koregaon Park, Pune – 411001, **before the close of working hours (05:00 p.m.) on December 4, 2019.** The Postal Ballot Forms received after this date will be treated as if the reply from the Member has not been received. However, envelopes containing Postal Ballot Form, if sent by courier or by registered / speed post at the expense of the registered member will also be accepted.
- 03) The vote should be casted either in favour or against the resolution by putting the tick () mark in the column provided for assent or dissent. Postal Ballot Form bearing tick () mark in respect of the same need to cast all his votes in the same way. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
- 04) The Postal Ballot Form should be completed and signed by the Member. There will be one Postal Ballot Form for every folio / DP ID & Client ID irrespective of the number of joint holders. In case of joint shareholding, this Form should be completed and signed by the first named Member and/or his attorney provided the Power of Attorney has been earlier registered with the Company. In the absence of the first named Member, the Form may be completed and signed by the next named Member. However, where the Form is sent separately by the first named Member and the joint holder(s), the vote of the first named Member would be valid. Voting rights in the postal ballot cannot be exercised by a proxy, though corporate and institutional Members shall be entitled to vote through authorized representatives with proof of their authorization.
- 05) The person signing the Postal Ballot Form should sign as per the specimen signature registered with the Company.
- 06) In case of shares held by the body corporate, trusts, societies, etc., the duly completed Postal Ballot Form should be accompanied by a certified true copy of the relevant Board Resolution / Authorization, together with the specimen signature(s) of the duly authorized signatories.
- 07) Incomplete, unsigned or incorrectly filled Postal Ballot Forms will be subject to rejection by the Scrutinizer. Members are requested to fill the Form in indelible ink and not in any erasable writing mode.
- 08) Members are requested not to send any other paper along with the Postal Ballot Form in the enclosed self-addressed Business Reply Envelope as all such envelopes will be sent to the Scrutinizer, and any extraneous paper found in such envelope may not reach the Company.
- 09) A Member may request for a duplicate Postal Ballot Form, if so required.
- 10) The Scrutinizer's decision on the validity of a postal ballot will be final.

INSTRUCTIONS FOR REMOTE E-VOTING ("e-voting"):

- 01) The e-voting facility will be available during the following period:
- a) Day, date and time of commencement of e-voting:** Tuesday, November 5, 2019, at 09:00 a.m. (IST)
 - b) Day, date and time of end of e-voting beyond which e-voting will not be allowed:** Wednesday, December 4, 2019, at 05:00 p.m. (IST)
- 02) Members whose e-mail IDs are registered with the Company / Depository Participants, on receiving an e-mail from Karvy Fintech Private Limited, Registrar & Transfer Agent of the Company, can use by manner listed below:
- a) Launch internet browser by typing the URL: <https://evoting.karvy.com>.
 - b) Enter the login credentials (i.e. User ID and initial password as tabulated in the Ballot Form). Your Folio No. / DP ID & Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
 - c) After entering these details appropriately, Click on "LOGIN".
 - d) You will now reach password change Menu wherein you are required to compulsorily change your password. The new password shall comprise of minimum 8 characters with atleast one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
 - e) You need to login again with the new credentials.
 - f) On successful login, the system will prompt you to select the e-voting Event Number for The Indian Card Clothing Company Limited.
 - g) On the voting page, enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as mentioned hereinabove. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the share held will not be counted under either head.
 - h) Members holding multiple folios / demat accounts shall choose the voting process separately for each folios / demat accounts.
 - i) Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
 - j) You may then cast your vote by selecting an appropriate option and click on "Submit".
 - k) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any numbers of times till they have voted on the Resolution.
 - l) Corporate / Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are required to send scanned certified true copy (PDF Format) of the relevant Board Resolution / Authority Letter, etc. together with attested specimen signature(s) of the duly authorized representative(s), who is / are authorized to vote, to the Scrutinizer at e-mail ID: devendracs@gmail.com with a copy marked to evoting@karvy.com. They may also upload the same in the e-voting module in their login. The scanned image of the above-mentioned documents should be in the naming format "Corporate Name_EVENT NO. 5126".
- 03) Members receiving physical copy of the Notice for Postal Ballot by post [for Members whose e-mail IDs are not registered with the Company / Depository Participant(s)] should follow the steps detailed at sub-clauses (a) to (l) under Clause (2) above, to cast your vote.
- 04) The e-voting period commences on Tuesday, November 5, 2019, at 09:00 a.m. (IST) and ends on Wednesday December 4, 2019, at 05:00 p.m. (IST). During this period, the Members of the Company holding shares in physical form or in dematerialized form, as on November 1, 2019, may cast their vote by electronic means in the manner and process set out hereinabove. The e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently. Further, the Members who have casted their vote electronically shall not vote by physical ballot form.
- 05) In case of any queries pertaining to e-voting, you may refer to Frequently Asked Questions (FAQ's) section of <https://evoting.karvy.com> or contact Mr. Anil Dalvi at +91-40-67161631 or Mr. I. L. Murthy at +91-40-67161551, both of Karvy Fintech Private Limited.

- 06) The voting rights of the Members shall be in proportion to their shares of the paid-up equity share capital of the Company, as on the cut-off date being November 1, 2019. Voting rights in the e-voting cannot be exercised by a proxy, though corporate and institutional Members shall be entitled to vote through authorized representatives with proof of their authorization. The voting right of the equity share is one vote per equity share, registered in the name of the member.

Explanatory Statement pursuant to Sections 102(1) of the Companies Act, 2013.

Item No.1

The Company has successfully commissioned its plant and equipment, which was transferred from its factory in Pimpri in Maharashtra to Nalagarh in Himachal Pradesh after offering voluntary retirement to all its workmen in Pimpri. Consolidation of the Company's manufacturing activities in Nalagarh will enable the Company to improve its operational efficiencies and reduce operating costs thereby improving the manufacturing costs of the Company.

In addition, with a view to reducing the finance cost, the Company proposes to repay the existing Rupee Loan being availed from HDFC Bank, by borrowing funds not exceeding Rs. 25 crore (Rupees Twenty-Five Crore only) in equivalent US Dollars, i.e., approx. US\$ 3.5 Million from its holding company. The borrowing will be in the form of an External Commercial Borrowings ("ECB") in United States Dollars ("US\$") at an interest rate which shall be within the per annum all-in-cost ceiling limit permitted under prevailing ECB framework of the Reserve Bank of India ("RBI"). The all-in-cost ceiling limit per annum permitted under the ECB framework is 6-months London Inter Bank Offered Rate ("LIBOR") (referred to as the "Benchmark Rate" under the ECB Framework) applicable to the currency of borrowing plus 4.5% per annum. Considering the per annum all-in-cost ceiling limit as mentioned above, the fact that LIBOR is a moving interest rate being calculated and declared on each business day and considering the fact that 6-months average LIBOR in US\$ as on October 1, 2019 is approx. 2.27%, for the purpose of this ECB fixed interest rate @ 6.50% per annum is proposed to be specified in the Loan Facility Agreement to be executed between MAIEL and the Company.

Since the Company has annual average export sales of US\$ 1.84 million over the past three financial years representing approx. 26% of its total sales, there is a natural hedge against any exchange risk, which may ensue from the depreciation of the Indian Rupee as against US\$. The Company incurs interest cost of approximately 10.35% per annum which is equivalent to Rs. 156.34 Lakhs for the current credit facilities availed from HDFC Bank.

As per the prevailing ECB Framework of RBI, the Minimum Average Maturity Period ("MAMP") for the ECB from the foreign equity holder should be 5 years. Accordingly, it is proposed that the Maturity Period for the captioned ECB would be 7 years from the date of ECB draw down. The principal repayment would commence after initial period of five years and is proposed to be structured in 4 six monthly installments with an option to roll over the repayment installments of the principal depending on the free cash accruals of the Company. The interest would be serviced on half-yearly basis. As against the leverage in respect of repayment of principal amount (MAMP of 5 years) provided under ECB Framework, out of the current credit facilities of approx. Rs. 13 crores; which includes working capital facilities of approx. Rs. 10 Crores and Term Loan of approx. Rs. 3 Crores, the Company is under obligation to repay the working capital facilities merely on demand of HDFC Bank.

The current credit facility availed from HDFC Bank has been secured against the inventory, receivables and the property (land, building and machinery) of the Company situated at Nalagarh in Himachal Pradesh. This mandatorily requires the Company to maintain minimum inventory of Rs. 9 Crores plus book debts to the tune of Rs. 9 Crores, which means assets of approx. Rs. 18 crores always remain encumbered with HDFC Bank. As per the Facility Agreement executed with HDFC Bank, the Company is also required to incur related expenses towards the mandatory compliances specified in the Facility Agreement including but not limited to submission of monthly stock statements and physical inventory valuation by the bank every year. Further, the existing credit facility is required to be renewed every year with critical assessment of the Bank and related expenses.

In addition to the anticipated savings in the interest cost outlined above, it is expected that with the proposed ECB from Multi-Act Industrial Enterprises Ltd. ("MAIEL"), the Company would be able to dispense with the above stated administrative processes and economic disadvantages. Further, the balance funds remaining after repayment of existing credit facility availed from HDFC Bank would be used to accommodate any increase in the working capital requirements with the expected improvement in the operations of card clothing division.

It is proposed to secure the ECB with interest, charges, expenses and all other moneys payable to MAIEL by creation of charge/mortgage on the movable and/ or immovable assets of the Company present and future including the property (land, building and machinery) situated at Nalagarh in Himachal Pradesh, subject to approvals of requisite authorities as may be necessary, as per the enabling resolution passed under Section 180 (1) (a) of the Companies Act, 2013 for creation of charge/mortgage/pledge by the Company on its moveable and/ or immovable properties; vide the Special Resolution passed by the members of the Company at the Annual General Meeting held on August 6, 2015.

MAIEL is the Holding Company of the Company and as such is a Related Party in terms of provisions of Section 2 (76) and Section 188 of the Companies Act, 2013 read with Companies (Meetings of the Board and its Powers) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The proposed transaction being a related party transaction requires approval of members of the Company.

Therefore, the resolution seeks such approval of the shareholders, for borrowing ECB from the Holding Company, under Section 188 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time).

The Board of Directors commends this resolution for approval of the members to be passed as an Ordinary Resolution. Mr. Prashant Trivedi and Mr. Mehul Trivedi, Directors of the Company are concerned / interested in the said resolution. None of the other Directors and Key Managerial Personnel of the Company are concerned or interested in the Resolution. MAIEL, the Holding Company and majority shareholder (57.35%) of the Company, is interested in this transaction, as it is a party to this transaction.

Copies of all documents relevant to the above resolution at Item No 1 will be available for inspection during the office hours at the Registered Office of the Company till the date of conclusion of voting.

**By order of the Board of Directors
For The Indian Card Clothing Company Limited**

**Amogh Barve
Company Secretary and
Head – Legal & Corporate Affairs
Membership No.: A33080**

Place : Pune
Date : October 31, 2019