



KDDL LIMITED
CIN - L33302HP1981PLC008123
Regd. Office: Plot No. 3, Sector-III, Parwanoo-173 220 (H.P.), India
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NOTICE OF POSTAL BALLOT
(Pursuant to section 110 of the Companies Act, 2013)

Dear Shareholder(s),

Notice is hereby given pursuant to Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014 whereby the Company seeks approval of the Members, to the following special businesses via Postal Ballot:

- 1) To authorize the Board of Directors of the Company to approve loans, investments and guarantees in excess of limits prescribed u/s 186 of the Companies Act, 2013.
- 2) To authorize the Board of Directors of the Company to enter into contracts or arrangement with related party including material related party transactions pursuant to Section 188 of the Companies Act, 2013, and Rule 15 of the Companies (Meeting of Board and its Powers) Rules, 2014 and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015

The proposed resolutions and explanatory statement stating the material facts and the reasons for the proposals are appended below and a postal ballot form is also enclosed for your consideration.

The Company has appointed Mr. Ajay K. Arora, Practicing Company Secretary, as Scrutinizer for conducting the Postal Ballot in a fair and transparent manner.

Please read carefully the instructions printed on the Postal Ballot Notice and Form. Please return the Postal Ballot Form duly completed and signed in all respects in the enclosed self-addressed pre-paid postage envelope so as to reach the Scrutinizer on or before the closing working hours i.e. **5.30 P.M. on 14.04.2016**. Members may choose to vote using e-voting facility, the details whereof are specified under 'Instructions for Voting' given below.

The Scrutinizer will submit his report to the Chairman after completion of the scrutiny and the result of the voting by Postal Ballot will be announced **on or before 16.04.2016** through Notice Board at the Registered Office/Corporate office of the Company, on the Company's website, and through e-voting facilitator's website i.e. <http://evoting.karvv.com> and will also be filed with the respective stock exchanges where the shares of the company are listed.

PROPOSED RESOLUTION

1) To authorise the Board of Directors of the Company to approve Loans, Investments and Guarantees in excess of limits prescribed under Section 186 of the Companies Act, 2013.

To consider and if thought fit, to give ASSENT / DISSENT to the following resolution as a Special resolution:

“RESOLVED THAT pursuant to the provisions of Section 186 of the Companies Act, 2013 (the “Act”) read with the Companies (Meetings of Board and its Powers) Rules, 2014 and other applicable provisions, if any, of the Act (including any modification or re-enactment thereof for the time being in force) and subject to such approvals, consents, sanctions and permissions as may be necessary and provisions of other applicable laws, consent of the Shareholders be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall be deemed to include, unless the context otherwise requires, any committee of the Board or any person(s) authorised by the Board to exercise the powers conferred on the Board under this resolution) to

- (a) give any loan to any person or other body corporate;
- (b) give any guarantee or provide security in connection with a loan to any other body corporate or person; and
- (c) acquire by way of subscription, purchase or otherwise, the securities of any other body corporate,

subject to such limits, directly or indirectly in any form and on such terms and conditions as the Board may deem fit and proper, notwithstanding the fact that the aggregate of the loans and investments so far made in and the amount for which guarantees or securities have so far been provided to all persons or bodies corporate along with the additional investments, loans, guarantees or securities proposed to be made or given or provided by the Company shall not exceed a sum of Rupees 200 Crores (Rupees Two Hundred Crores only) at any time.

RESOLVED FURTHER THAT in order to give effect to this resolution, the Board be and is hereby authorised to execute the documents, deeds or writings required to be made and to do all acts, deeds and things as it may in its absolute discretion deem necessary, proper or desirable, including to settle any question, difficulty or doubt that may arise in respect of such investments/ loans/ guarantees/ securities made or given or provided by the Company as the case may be, from time to time in the best interest of the Company.”

2. To authorize the Board of Directors of the Company to enter into contracts or arrangement or transactions with related party including material related party contracts or arrangements or transactions

To consider and if thought fit, to give ASSENT / DISSENT to the following resolution as an Ordinary resolution:

“RESOLVED THAT pursuant to the provisions of Section 188 and all other applicable provisions, if any, of the Companies Act, 2013 (“the Act”), (including any modification and re-enactment thereof for the time being in force), read with the applicable rules there under, Regulation

23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 governing the Related Party contracts or arrangements or Transactions and all other provisions of applicable law/rules and subject to the approval/consent of such appropriate authorities, as may be required, under any statute for time being in force, consent of the Shareholders, be and is hereby accorded to the Board of Directors of the Company {hereinafter referred to as the "Board", which term shall include any committee constituted by the Board of Directors of the Company) for entering into related party contracts or arrangements or transactions by the Company whether by way of investment / providing any security(ies) / guarantee(s) in connection with loan(s) and/or any form of debt and/or provide inter corporate loan(s) or any sale/purchase/services transaction(s) or a combination thereof, upto an amount of Rs. 150 Crore (Rupees one hundred fifty Crore Only) with its subsidiary company viz., Ethos Limited"

RESOLVED FURTHER THAT the Board of Directors of the Company and/or a Committee thereof, be and is hereby authorized to take from time to time all decisions and steps necessary or expedient or proper in respect of the above investment/ loan(s)/ guarantee(s) /security(ies) /sale/purchase/ service contract transactions including the timing, the amount and other terms and conditions of such investment / loan(s)/guarantee(s)/security(ies) /sale/purchase/service contract transactions and further and to settle all matters arising out of and incidental thereto, and to sign and execute all deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all acts, deeds, matters and things that may be necessary, proper, expedient or incidental thereto for the purpose of giving effect to this Resolution in the best interests of the Company".

By order of the Board of Directors
For **KDDL Limited**

(P.K.Goyal)

Company Secretary

Membership No. FCS 2338

Address: SCO 88-89, Sector 8-C, Chandigarh

Date: March 5, 2016

Place: Chandigarh

INSTRUCTIONS FOR VOTING

Voting through Physical Postal Ballot Form

1. The Members are requested to carefully read the instructions given below and return the Postal Ballot Form duly completed with the assent (for) or dissent (against), in the enclosed postage pre-paid self addressed envelope, so as to reach the Scrutinizer, on or before **14.04.2016 up to 5.30 p.m.**, to be eligible for being considered, failing which, it will be strictly treated as if no reply has been received from the Members.
2. The Members are requested to exercise their voting rights by using the attached Postal Ballot Form only. No other form or photocopy of the form is permitted.

Envelopes containing Postal Ballot Form, if deposited in person or sent by courier at the expense of the members, will also be accepted.

3. The voting rights of the members shall be in proportion to their shares held in the paid up equity share capital as on the record date i.e. **26.02.2016**.

E-Voting Facility

The instructions for e-voting are as under:

- i. Use the following URL for e-voting: **Karvy website: <http://evoting.karvy.com>**
- ii. Shareholders of the Company holding shares either in physical form or in dematerialized form, as on the record date, i.e. **26. 02. 2016** (End of Day) may cast their vote electronically.
- iii. Enter the login credentials i.e. User ID and password given in the Postal Ballot Form. Please follow the instructions given in the e-voting portal.
- iv. After entering the details appropriately, click on LOGIN.
- v. You will reach the Password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. The system will prompt you to change your password and update any contact details like mobile, email etc. on first login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- vi. You need to login again with the new credentials.
- vii. On successful login, the system will prompt you to select the EVENT, i.e. KDDL Limited.
- viii. On the voting page, enter the number of shares as on the cut off date under FOR/AGAINST or alternatively you may enter partially any number in FOR and partially in AGAINST but the total number in FOR/AGAINST taken together should not exceed the total shareholding.
- ix. Shareholders holding multiple folios/demat account shall choose the voting process separately for each folios/demat account.
- x. Cast your vote by selecting an appropriate option and click on SUBMIT. 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, shareholders can login any number of times till they have voted on the resolutions.

- xi. Once the vote on the resolutions is cast by the shareholder, he shall not be allowed to change it subsequently.
- xii. The Portal will be open for e-voting from **9:30 A.M. on 14.03.2016 to 5.30 P.M. till 13.04.2016.**
- xiii. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting User Manual for shareholders available at the download section of <http://evoting.karvy.com> or contact Karvy Computershare Pvt Ltd at Tel No. 1800 345 4001 (toll free).
- xiv. The Company has appointed Mr. Ajay K. Arora, Practicing Company Secretary, (ICSI Membership No. FCS – 2191 and Certificate of Practice No. 993) as the Scrutinizer to scrutinize and collate the e-voting process in a fair and transparent manner.
- xv. The Scrutinizer shall within a period not exceeding three working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- xvi. The results alongwith the Scrutinizer's Report shall be placed on the Company's website **www.kddl.com** and on the website of **Karvy i.e. <http://evoting.karvy.com>**.
- xvii. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to Mr. Ajay K. Arora, Practicing Company Secretary, at his e-mail address ajaykcs@gmail.com with a copy marked to Company Secretary, KDDL Limited, Chandigarh at pawan.goyal@kddl.com.

General

- 1) The Scrutinizer will submit the report to the Chairman after completion of the scrutiny and the results of the Postal Ballot will be announced on or before 16.04.2016 at the registered office/corporate office of the Company. The results of the Postal Ballot will be hosted on the Company's website at www.kddl.com for information of the Members, besides being communicated to the stock exchanges on which the shares of the Company are listed. The date of declaration of the Postal Ballot results will be taken as the date of passing the Resolutions.
- 2) Members can opt only one mode of voting i.e. either by physical ballot or electronic mode. In case, any member casts vote through postal ballot as well as electronic mode, then voting done through postal ballot shall prevail and voting done by electronic mode will be treated as invalid.
- 3) The Scrutinizer's decision on the validity of the Postal Ballot shall be final and binding.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 FORMING PART OF THE NOTICE OF POSTAL BALLOT

For Item No. 1

Section 186(2) of the Companies Act, 2013 provides that no company is permitted to, directly or indirectly-

- (a) give any loan to any person or other body corporate;
- (b) give any guarantee or provide security in connection with a loan to any other body corporate or person; and
- (c) acquire by way of subscription, purchase or otherwise, the securities of any other body corporate,

exceeding sixty percent of its paid-up share capital, free reserves and securities premium account or one hundred per cent of its free reserves and securities premium account, whichever is more.

Section 186(3) of the Act read with rule 13 of the rules provides that where the aggregate of the loans and investments so far made and the amount for which guarantees or securities so far provided to or in all other bodies corporate along with the investment, loan, guarantee or security proposed to be made or given by the Board of Directors (the "Board") of a Company exceed the limits specified under Section 186(2) of the Act, no investment or loan is permitted to be made or given or guarantee/ security permitted to be provided unless previously authorised by a Special Resolution.

In this regard, it may be noted that for the purposes of calculating the limits specified under Section 186(2) of the Act, the investments/ loans/ guarantees/ securities made or given or provided to the wholly owned subsidiaries (as the case may be) and to other persons (not being bodies corporate) are also required to be taken into consideration. Notwithstanding the above, it may be noted that as per Rule 11(1) of the Rules, no approval of the Shareholders is required if a company gives loans/ guarantees or provides securities to its wholly owned subsidiary company or a joint venture company or makes investments in the securities of its wholly owned subsidiary company, in excess of the limits specified under Section 186(2) of the Act

It may be mentioned here that shareholders had granted permission to the Board through the Postal Ballot to make Investment(s), loan(s), guarantee(s) and security (ies), as the case may up to an amount of Rs 125 crores on 28.08.2014. Now approval of Shareholders is again sought pursuant to the provisions of Section 186 of the Companies Act, 2013 to give powers to the Board of Directors or any duly constituted Committee thereof or any person(s) duly authorized by the Board, for making further investment, providing loans or give guarantee or provide security in connection with loans to any persons or any other body corporate including its own subsidiary or wholly owned subsidiary or joint venture companies for an amount not exceeding Rs. 200 crores (including existing limit of Rs 125 crores).

The investment(s), loan(s), guarantee(s) and security (ies), as the case may be, will be made in accordance with the applicable provisions of the Companies Act, 2013 and relevant rules made there under. These investment, loan(s), guarantee(s) and security (ies), as the case may be, are

proposed to be made out of own/surplus funds/internal accruals and or any other sources including borrowings, if necessary, to achieve long term strategic and business objectives.

As per the provisions of Rule 22(16)(j) of the Companies (Management and Administration) Rules, 2014, the resolution for giving loan or extending guarantee or providing security in excess of the limit as specified under Section 186(2) of the Act can be passed only through Postal Ballot process. The Board recommends the resolution as set out at item no. 1 of the Notice for your approval.

None of the Directors, Key Managerial Personnel of Company and their relatives except to the extent of their shareholdings in Company are in any way, deemed to be concerned or interested financially or otherwise in the Special resolution as set out at Item No. 1 of the Notice.

For Item No. 2:

The provisions of Section 188(1) of the Companies Act, 2013 read with applicable rules and Regulation 23 of the SEBI [Listing Obligations and Disclosure Requirements (LODR)] Regulations 2015 that govern the related party transactions/material related party transactions require a company to obtain prior approval of the Audit Committee/Board of Directors and in case the transactions exceeds specified limits, the prior approval of shareholders by way of ordinary resolution.

Since the proposed related party contracts or arrangements or transactions which fall under the ambit of related party as per Section 2(76) of the Companies Act, 2013 and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, is between the holding and subsidiary company for entering into related party contracts or arrangements or transactions/material related party contracts or arrangements or transactions by the holding company whether by way of investment / providing any security(ies) / guarantee(s) in connection with loan(s) and/or any form of debt and/or provide inter corporate loan(s) or any sale/purchase/service contract transaction(s) or a combination thereof, up to an amount of Rs. 150 Crore (Rupees one hundred fifty Crore Only) with its subsidiary company viz., Ethos Limited , it would attract Section 188 of the Companies Act, 2013 and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, and therefore require your approval.

The disclosures required to be provided under the provisions of the Companies Act, 2013, Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, and the Companies (Meeting of Board and its Powers) Rules, 2014 are given herein below for perusal of the members.

Name of the related party and nature of relationship: M/s Ethos Limited, being the subsidiary company as detailed in item no.2 of the Notice.

Name of the director or key managerial personnel who is related, if any: Except Mr. Yashovardhan Saboo and Mr. Rajendra Kumar Saboo, none of the Directors or Key managerial personnel are related except to the extent of their shareholdings in the subsidiary company.

Nature of relationship: Subsidiary Company

Nature, material terms, monetary value and particulars of the contract or arrangement : The proposed contracts/arrangements/transactions involving investment/providing any security(ies) / guarantee(s) in connection with loan(s) and/or any form of debt and/or provide inter corporate loan(s) or any sale/purchase/service contract transaction(s) or a combination thereof are as per Related Party Transaction Policy of the Company so the same may be decided by the Board of Directors at relevant time as mutually agreed between the Company and Ethos Limited within the overall limits approved by the members.

Any other information relevant or important for the members to take a decision on the proposed resolution: All related party contracts/arrangements/transactions are generally carried out on arms-length basis in the ordinary course of business, sharing the material facts required u/s 102(1) of the Companies Act, 2013.

As the Ethos Limited is material subsidiary of your Company, so for funding its growth, it becomes imperative that the KDDL limited, being holding company, should fully support its expansion plan keeping in view the long term growth potential.

Moreover, in view of the compliance with Statutory requirements required under Section 188 of the Companies Act, 2013 and SEBI (LODR), Regulations, 2015 and in keeping with good corporate governance practices, prior approval of the members for entering into material related party transactions by the holding company as described above, is being sought by way of ordinary resolution via postal ballot / e-voting pursuant to Section 188 and all other applicable provisions, if any, of the Companies Act, 2013, (subject to any modification and re-enactment thereof), read with the applicable rules there under, Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 governing Related Party Transactions.

The above material related party contracts or arrangements or transaction(s) were approved by the Audit Committee and the Board of Directors of the Company in their meetings held on February 06th, 2016 respectively. The Board recommends passing the resolution as an Ordinary Resolution.

None of the Directors or Key Managerial Personnel and/or their relatives, except Mr. Yashovardhan Saboo and Mr. Rajendra Kumar Saboo, is deemed to be concerned or interested in the resolution. In compliance with the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations 2015, the related parties shall abstain from voting on the proposed resolution.

By order of the Board of Directors
For **KDDL Limited**

(P.K.Goyal)

Company Secretary

Membership No. FCS 2338

Address: SCO 88-89, Sector 8-C, Chandigarh

Date: March 5, 2016

Place: Chandigarh

Encl: 1. Postal Ballot Form

2. Self-addressed postage pre-paid envelope

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