

**VELAN HOTELS LIMITED**

**24<sup>th</sup> ANNUAL REPORT FOR THE YEAR ENDED 31ST MARCH 2014**

**BOARD OF DIRECTORS**

SRI.E.V.MUTHUKUMARA RAMALINGAM  
MANAGING DIRECTOR

SRI.M.R.GAUTHAM  
EXECUTIVE DIRECTOR

SRI P.GANESAN  
DIRECTOR

SRI.GIRI BALASUBRAMANIAN  
DIRECTOR

DR. NAMASIVAYAM KARTHIKEYAN  
DIRECTOR

SRI.B.A.MADHUSUDHAN  
WHOLE-TIME DIRECTOR

SMT.M.SASIKALA  
DIRECTOR

SRI.K.SUBRAMANIAM  
DIRECTOR

**COMPANY SECRETARY**

SRI.M.SRINIVASAN

**AUDITORS**

M/S.P.S.KRISHNAN & CO.,  
CHARTERED ACCOUNTANTS  
40-A APACHI NAGAR MAIN ROAD  
TIRUPUR 641 607  
PHONE : 0421-2227526/27/28/29/30  
E-MAIL : pskcetup@gmail.com

**REGISTRAR & SHARE TRANSFER AGENT  
(PHYSICAL & DEMAT)**

SKDC CONSULTANTS LTD.  
"KANAPATHY TOWERS"  
3RD FLOOR, 1391/A-1 SATHY ROAD  
GANAPATHY POST, COIMBATORE 641 006  
PHONE : 0422-6549995  
E-MAIL : info@skdc-consultants.com

**BANKERS**

ALLAHABAD BANK  
ANDHRA BANK  
AXIS BANK LIMITED  
UNION BANK OF INDIA

**REGD. & ADMINISTRATIVE OFFICE**

41 KANGAYAM ROAD  
TIRUPUR - 641 604  
TAMIL NADU

**LOCATION OF HOTELS**

VELAN HOTEL-GREENFIELDS  
41 KANGAYAM ROAD  
TIRUPUR - 641 604  
TAMILNADU

VELAN HOTEL  
RITZ ROAD, BEDFORD  
COONOR 643 101  
TAMILNADU

**LOCATION OF RESTAURANTS**

VELAN UTHARA RESTAURANT  
AVANASHI ROAD  
BEHIND IDBI BANK LTD  
TIRUPUR 641 602

THE VELAN FOOD PARK  
RAJAJI ROAD  
RAM NAGAR  
COIMBATORE 641 009

**PROJECTS IN PROGRESS**

1. THE VELAN ESPLANADE –  
MALL & MULTIPLEX
2. CONVENTION & CONFERENCE HALL
3. THE VELAN RENEWABLE ENERGY  
PLANT (TVREP) : BIO-MASS BASED  
CO-GEN RENEWABLE ENERGY PLANT

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**NOTICE OF THE 24TH ANNUAL GENERAL MEETING**

NOTICE is hereby given that the 24th Annual General Meeting of the Company will be held at the Registered Office of the Company situate at 41, Kangayam Road, Tirupur - 641 604 on Monday, 29th September, 2014 at 12.15 p.m. to transact the following business :

**AGENDA****ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2014 and Profit & Loss Account for the year ended as on that date, the Reports of the Auditors and Directors of the Company and Cash Flow Statement
2. To appoint a Director in place of Sri.K.Subramaniam (holding DIN 01521654) who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Smt.M.Sasikala (holding DIN 01452586) who retires by rotation, and being eligible, offers herself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting and authorize the Board to fix their remuneration.

**SPECIAL BUSINESS****Item No.5. Appointment of Sri.S.P.Sivanandam as an Independent Director**

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

“RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Sri.S.P.Sivanandam (holding DIN 01864334) be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years from the 29th September, 2014 to 28th September, 2019, not liable to retire by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director”

**Item No.6. Appointment of Sri.P.Ganesan as an Independent Director**

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

“RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Sri.P.Ganesan (holding DIN 00049804), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has

received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years from 29th September, 2014 to 28th September, 2019 not liable to retire by rotation.”

**Item No.7. Appointment of Sri.Giri Balasubramanian as an Independent Director**

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

“RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Sri.Giri Balasubramanian (holding DIN 00017497), Director of the Company whose period of office is liable to determination by retirement of directors by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years from the 29th September, 2014 to 28th September, 2019, not liable to retire by rotation.”

**Item No.8 – Retirement of a Director**

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

“RESOLVED that Dr.Namasivayam Karthikeyan, Director liable to retire by rotation does not seek re-appointment and is therefore not re-appointed as Director of the Company”

“RESOLVED FURTHER that the vacancy on the Board of Directors of the Company so created be not filled”

**Item No.9 - Increase in Borrowing limits of the Company**

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

“RESOLVED that in supersession of the Resolution passed under Section 293(1)(d) of the erstwhile Companies Act, 1956 at the 21st Annual General Meeting of the Company held on 18th August, 2011 and pursuant to Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time, the consent of the Company be and is hereby accorded to the Board of Directors of the Company or any Committee of the Board (hereinafter referred to as the “Board”) for borrowing from time to time, any sum or sums of monies which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company’s bankers in the ordinary course of business) from any banking company, financial institutions, investment institutions and their subsidiaries, mutual funds, trusts, other bodies corporate, foreign or International Banks, foreign export credit agencies, foreign bodies corporate, foreign citizens, foreign authorities or person resident outside India, may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total outstanding amount so borrowed shall not at any time exceed the sum of Rs. 500 crore.”

**"RESOLVED FURTHER** that the Board be and is hereby authorized and empowered to arrange or settle the terms and conditions on which all such monies are to be borrowed from time to time as to interest, repayment, security or otherwise howsoever as it may think fit and to do all such acts, deeds and things as may be necessary and incidental for giving effect to the above, including execution of all such documents, instruments and writings, as may be required."

#### **Item No.10 - To create Charges on the assets of the Company**

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

**"RESOLVED** that in supersession of the Resolution passed under Section 293(1)(a) of the erstwhile Companies Act, 1956 at the 21st Annual General Meeting of the Company held on 18th August, 2011 and pursuant to Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time, the consent of the Company be and is hereby accorded to the Board of Directors of the Company or any Committee of the Board (hereinafter referred to as the "Board") for creation of such mortgages, charges and hypothecations as may be necessary on such of the assets of the Company, both present and future, in such manner as the Board may direct, together with power to take over the management of the Company in certain events, to or in favour of financial institutions, investment institutions and their subsidiaries, banks, mutual funds, trusts, other bodies corporate, foreign or International Banks, foreign export credit agencies, foreign bodies corporate, foreign citizens, foreign authorities or person resident outside India (hereinafter referred to as the "Lending Agencies") to secure rupee term loans / foreign currency loans, bonds and other instruments of an outstanding aggregate value not exceeding Rs.500 crore together with interest thereon at the agreed rates, further interest, liquidated damages, premium on prepayment or on redemption, costs, charges, expenses and all other moneys payable by the Company to the Lending Agencies under their respective Agreements / Loan Agreements entered / to be entered into by the Company in respect of the said borrowings."

**"RESOLVED FURTHER** that the Board be and is hereby severally authorized to finalize with the Lending Agencies, the documents for creating the aforesaid mortgages, charges and/or hypothecations and to accept any modifications to, or to modify, alter or vary, the terms and conditions of the aforesaid documents and to do all such acts and things and to execute all such documents as may be necessary for giving effect to this Resolution."

#### **Item No.11 Alteration of Articles of Association**

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

"RESOLVED THAT, pursuant to the provision of Section 14 and other applicable provisions, if any, of the Companies Act, 2013 including any statutory modifications or re-enactments thereof for the time being in force, and subject to approvals, permissions and sanctions from the appropriate authority, if any, the Articles of Association of the Company be and are hereby altered in the manner set out herein below:

i) The Existing Article No. 75 be deleted in toto and replaced with the following article:

"75. a) At each annual general meeting of the Company, one-third of such of the directors including nominee directors except Independent Directors for the time being as are liable to retire by rotation, or if their number is neither three nor a multiple of three, then, the number nearest to one-third, shall retire from office.

b) A Managing or Whole Time Director(s) shall be liable to retire by rotation (save as otherwise provided in a contract in terms of provisions of the Act or Rules made thereunder or in a resolution passed by Board or Shareholders of the Company). He shall, however, be subject to the same provisions as to resignation and removal as are applicable to the other Directors. He shall, ipso facto immediately, cease to be a Managing or Whole Time Director, if he ceases to hold the office of Director for any reason whatsoever save that if he shall vacate office whether by, retirement by rotation or otherwise under the provisions of the Companies Act 2013 at any Annual General Meeting and shall be reappointed as a Director at the same meeting, he shall not, by reason only of such vacation, cease to be a Managing or Whole Time Director."

ii) The Existing Article No. 78 be deleted in toto and replaced with the following article:

"78 A meeting of the Board shall be held at least four meetings in a year and the gap between two meetings shall not exceed 120 days.

Notwithstanding anything contained in the Articles, the Director(s) of the Company may participate in the Meetings of the Board / Committee(s) through Video Conference facility and / or any other permissible electronic or communication facility. Provided that such participation by the Director(s) at Meeting(s) of the Board / Committee(s) through Video Conference facility and/or use of any other permissible electronic or communication facilities shall be subject to the Rules, Guidelines and permission issued / laid down by the Regulatory / Statutory Authorities in this regard from time to time and meeting(s) so conducted and attended by the Directors in the prescribed manner shall be deemed to have been conducted and attended as if the same has been at a duly convened meeting of the Board/ Committee(s)".

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take all the requisite, incidental, consequential and necessary steps to implement the forgoing resolution and to do and perform all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, desirable or appropriate in the best interest of the Company, to settle any question, query, doubt or difficulty that may arise in this regard, and to execute/publish all such notices, applications, deeds, agreements, documents, papers, undertakings/bonds and writings as may be necessary and required for giving effect to this resolution".

## **EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

### **Item No.5**

The Company has in terms of provisions of Section 160 of the Companies Act, 2013, received a Notice alongwith a deposit of Rs.1,00,000/- from a member proposing candidature of Sri.S.P.Sivanandam for the office of Independent Director to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company received from Sri.S.P.Sivanandam (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Director) Rules, 2014, (ii) intimation in Form DIR-8 in terms of Companies ((Appointment & Qualification of Director) Rules, 2014, to the effect that he is not disqualified under sub-section(2) of Section 164 of the Companies Act, 2013 and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section(6) of Section 149 of the Companies Act, 2013.



Sri.S.P.Sivanandam does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Sri.S.P.Sivanandam, aged 56 years, belongs to a reputed industrialist cum financiers family of Sri.S.Palaniswamy Chettiar, Tirupur, his father. He brings in experience in the fields of textiles - from raw material to finished products - and finance. He also has reputation of being a successful agriculturist. He is currently on the board of M/s. Sree Guru Textile Pvt Ltd and M/s. Sri Gajalakshmi Theatre Pvt Ltd. His family is known of philanthropy. With the rich experience, he can participate in deliberation of the Board and give valuable suggestion in taking the right decisions.

He meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and in the opinion of the Board, Sri.S.P.Sivanandam fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. In terms of section 149(10) of the Companies Act, 2013, an Independent Director shall hold office for a term up to five consecutive years on the Board of a company but shall be eligible for reappointment on passing of a special resolution by the company for a further period of upto five years.

A copy of the draft letter for the appointment of Sri.S.P.Sivanandam as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day up to the date of the AGM.

The Board considers that his appointment would be of immense benefit to the Company and it is desirable to avail services of Sri.S.P.Sivanandam as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Sri.S.P.Sivanandam as an Independent Director, for the approval by the shareholders of the Company.

Except Sri.S.P.Sivanandam being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 5.

This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

#### **Item No.6**

Sri.P.Ganesan is a Non-Executive - Independent Director of the Company. He joined the Board of Directors of the Company since incorporation. Sri.P.Ganesan retires by rotation at the ensuing Annual General Meeting under the provisions of the erstwhile Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Sri.P.Ganesan being eligible and seeking re-appointment, is proposed to be appointed as an Independent Director for five consecutive years from 29th September, 2014 to 28th September, 2019.

A notice has been received alongwith a deposit of Rs.1,00,000/- from a member proposing Sri.P.Ganesan as a candidate for the office of Director of the Company under the provisions of Section 160 of the Companies Act, 2013.

Sri.P.Ganesan holds 33050 equity shares of the company by himself and 16950 equity shares held by his relatives.

Sri.P.Ganesan has a Diploma in Textile Technology from Bolton Institute of Technology, U.K. and has vast experience of over 35 years in several different disciplines such as Textile, Hosiery Garment and Finance. He was the Managing Directors of Velan Textiles Pvt Ltd, a company engaged in the business of spinning and weaving.

Further, in terms of Sections 149, 152 read with Schedule IV of the Companies Act, 2013, the Board of Directors have reviewed the declaration made by Sri.P.Ganesan that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and in the opinion of the Board, Sri.P.Ganesan fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. In terms of section 149(10) of the Companies Act, 2013, an Independent Director shall hold office for a term up to five consecutive years on the Board of a company but shall be eligible for reappointment on passing of a special resolution by the company for a further period of upto five years.

A copy of the draft letter for the appointment of Sri.P.Ganesan as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day up to the date of the AGM.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Sri.P.Ganesan as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Sri.P.Ganesan as an Independent Director, for the approval by the shareholders of the Company.

Except Sri.P.Ganesan being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 6.

This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

#### **Item No.7**

Sri.Giri Balasubramanian is a Non-Executive - Independent Director of the Company. He joined the Board of Directors of the Company in September, 2013. Sri.Giri Balasubramanian is a director whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act 2013, Sri.Giri Balasubramanian being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years from 29th September, 2014 to 28th September, 2019.

A notice has been received alongwith a deposit of Rs.1,00,000/- from a member proposing Sri.Giri Balasubramanian as a candidate for the office of Director of the Company under the provisions of Section 160 of the Companies Act, 2013.

Sri.Giri Balasubramanian does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Sri.Giri Balasubramanian is a founding Executive Director of Kinship Technologies (P) Ltd., (A Unit of PRA International). PRA International is the fourth largest contract research organization in the



globe headquarters in Raleigh, NC, USA. Kinship Technologies is a global player in the automation of clinical trial industry serving world's leading pharmaceutical organization. Sri.Giri Balasubramanian was instrumental in the innovation of a revolutionary product: EXACT that expedites the clinical trial analysis and standardization of trial data for the pharmaceutical companies involved in Drug Discovery.

Prior to founding Kinship, Sri.Giri Balasubramanian had worked in various organizations such as CHM2HILL and Tata Consultancy Services. During this tenure, Sri.Giri Balasubramanian had worked with global clients such as GE Appliances, APL, Eli Lilly, AXA, Sun Life, BT, CDS as a lead consultant in providing turnkey solutions in different business areas.

Sri.Giri Balasubramanian holds a Master degrees in Mathematics, Statistics & Computer Science from Marquette University, Milwaukee, USA and Bachelors degree in Electronics & Communication Engineering from Govt. College of Engineering, University of Madras, India.

Further, in terms of Sections 149, 152 read with Schedule IV of the Companies Act, 2013, the Board of Directors have reviewed the declaration made by Sri.Giri Balasubramanian that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and in the opinion of the Board, Sri.Giri Balasubramanian fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. In terms of section 149(10) of the Companies Act, 2013, an Independent Director shall hold office for a term up to five consecutive years on the Board of a company but shall be eligible for reappointment on passing of a special resolution by the company for a further period of upto five years.

A copy of the draft letter for the appointment of Sri.Giri Balasubramanian as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day up to the date of the AGM.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Sri.Giri Balasubramanian as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Sri.Giri Balasubramanian as an Independent Director for the approval by the shareholders of the Company.

Except Sri.Giri Balasubramanian being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 7.

This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

#### **Item No.8**

Dr.Namasivayam Karthikeyan is a Non-Executive - Independent Director of the Company. He joined the Board in May, 2004. Dr.Namasivayam Karthikeyan retires by rotation at the ensuing Annual General Meeting under the provisions of the erstwhile Companies Act, 1956 and does not seek re-appointment owing to his busy schedule and commitments on other overseas function. Accordingly, Dr.Namasivayam Karthikeyan retires at this AGM and the Board has decided not to fill, the vacancy caused due to his retirement.

**Item Nos.9 & 10 :**

At the Annual General Meeting of the Company held on 18th August, 2011, the Members had, by way of an Ordinary Resolution and erstwhile provisions of Section 293(1)(a) and (d) of the Companies Act, 1956, authorized the Board to:

- (I) borrow monies on behalf of the Company (apart from temporary loans obtained or to be obtained from the Lending Agencies in the ordinary course of business) in excess of the aggregate of the paid-up capital of the Company and its free reserves, subject to the total outstanding amount so borrowed not exceeding a sum of Rs.250 crore at any point of time; and
- (II) create a mortgage or charge or hypothecation on the Company's assets in favour of lending agencies and trustees to secure the amounts borrowed i.e. upto Rs.250 crore, including interest, charges, etc. payable thereon, as the documents for the said purpose could contain the power to take over the management of the Company, in certain events.

Section 180 of the Act was notified on September 12, 2013. Under the said section, the above powers of the Board are required to be exercised only with the consent of the company by way of a Special Resolution. The Ministry of Corporate Affairs ("MCA") had vide its General Circular No 4/2014 dated March 25, 2014, clarified that the Ordinary Resolutions passed under Section 293(1)(a) and (d) of the erstwhile Companies Act, 1956 would be sufficient compliance of Section 180 of the Act until September 11, 2014.

Therefore, the approval of the Members for the said borrowings with enhancement of Rs.250 Crores and creation of a mortgage or charge for the said borrowings is, therefore, now being sought, by way of Special Resolutions, pursuant to Section 180(1)(c) and (a) of the Act, respectively.

Accordingly, the Board recommends the resolution in relation to enhancement in borrowing power and creation of charge for the said borrowings for the approval by the shareholders of the Company.

None of the Directors of the Company or their relatives or Key Managerial Persons of the Company or their relatives is concerned or interested in the passing of the Resolutions at Item Nos. 9 and 10.

**Item Nos.11 :**

- a. Pursuant to Section 149(13) of Companies Act, 2013, the independent directors are not liable to retire by rotation. Further Section 152 (6) stipulates that 2/3rd of the total number of directors including Nominee Directors of the public company should be liable to retire by rotation and out of such directors, 1/3rd should retire by rotation at every Annual General Meeting of the Company.

To meet the requirement of the Companies Act, 2013, the Company has to modify the relevant articles of its Articles of Association, which restrict the retirement of Managing Director (MD)/ Whole Time Directors (WTD) by rotation. Accordingly Article 75 is proposed to be amended to provide that MD/ WTD will also be liable to retire by rotation (save as otherwise provided in a contract in terms of provisions of the Act or Rules made hereunder or in a resolution passed by Board or Shareholders of the Company).