

VELAN HOTELS LIMITED

(CIN : L55101TZ1990PLC002653)

27th ANNUAL REPORT FOR THE YEAR ENDED 31st MARCH 2017

BOARD OF DIRECTORS

SRI. E.V. MUTHUKUMARA RAMALINGAM
MANAGING DIRECTOR (DIN : 00046166)

SRI. M.R. GAUTHAM
EXECUTIVE DIRECTOR (DIN : 00046187)

SRI P. GANESAN
DIRECTOR (DIN : 00049804)

SRI. GIRI BALASUBRAMANIAN
DIRECTOR (DIN : 00017497)

SRI. B.A. MADHUSUDHAN
DIRECTOR (DIN : 01027496)

SMT. M. SASIKALA
DIRECTOR (DIN : 01452586)

SRI. S.P. SIVANANDAM
DIRECTOR (DIN : 01864334)

SRI. M. SRINIVASAN
COMPANY SECRETARY

SMT. R. LALITHA
CHIEF FINANCIAL OFFICER

CA. K. MADHAN
INTERNAL AUDITOR

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 : psكاتup@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 - 4958995
E-mail : info@skdc-consultants.com

BANKERS

ALLAHABAD BANK
ANDHRA BANK
AXIS BANK LIMITED
UNION BANK OF INDIA
CANARA BANK

REGD. & ADMINISTRATIVE OFFICE

41 Kangayam Road, Tirupur - 641 604 Tamil Nadu

LOCATION OF HOTELS

VELAN HOTEL-GREENFIELDS

41 Kangayam Road, Tirupur - 641 604 Tamil Nadu

VELAN HOTEL

Ritz Road, Bedford, Coonoor 643 101 Tamilnadu

LOCATION OF RESTAURANT

VELAN UTHARA RESTAURANT

Avanashi Road
Behind IDBI Bank Ltd
Tirupur 641 602

LOCATION OF SHOPPING MALL

THE VELAN ESPLANADE

41 Kangayam Road, Tirupur - 641 604 Tamil Nadu

PROJECTS IN PROGRESS

1. The Velan Esplanade - Multiplex
2. Convention & Conference Hall
3. The Velan Renewable Energy Plant (TVREP) :
Bio-mass Based Co-Gen Renewable Energy Plant

NOTICE OF THE 27th ANNUAL GENERAL MEETING

Notice is hereby given that the 27th Annual General Meeting of the Members of Velan Hotels Limited will be held at the Registered Office of the Company, at 41, Kangayam Road, Tirupur 641 604 on Wednesday, the 27th day of September, 2017 at 11.45 a.m. to transact the following business :

AGENDA

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at March 31, 2017 and Statement of Profit and Loss for the year ended on that date, the Cash Flow Statement and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr.M.R.Gautham having DIN 00046187 who retires by rotation and being eligible, offers himself for re- appointment.
3. To appoint a Director in place of Mr.B.A.Madhusudhan, having DIN 01027496, who retires by rotation and being eligible, offers himself for re- appointment.
4. **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 Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Rules framed thereunder viz., Companies (Audit and Auditors) Rules, 2014, as amended from time to time, M/s.Krishaan & Co, Chartered Accountants, Chennai having ICAI Registration Number FRN 001453S, be and are hereby appointed as Statutory Auditors of the Company in place of retiring Auditors M/s. M/s.P.S.Krishnan & Co to hold office from the conclusion of this Annual General Meeting (AGM) until the conclusion of the 32nd Annual General Meeting of the Company, subject to annual ratification by Members at every subsequent AGM, on a remuneration (including terms of payment) to be fixed by the Board of Directors of the Company, based on the recommendation of the Audit Committee plus reimbursement of out-of-pocket expenses including travelling and other expenses incurred in connection with the audit of the accounts of the Company."

SPECIAL BUSINESS:

5. **To consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution :**

"RESOLVED THAT subject to the provisions of Sections 196, 197 and 203 and all other applicable provisions of the Companies Act, 2013 ("the Act") (including any statutory modification or re-enactment thereof for the time being in force) read with Schedule V of the Act and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Articles of Association of the Company and subject to such approvals, permissions and sanctions, as may be required, and subject to such conditions and modifications, as may be prescribed or imposed by any of the Authorities including the Central Government in granting such approvals, permissions and sanctions, approval of the Company be and is hereby accorded to the re-appointment of Mr.M.R.Gautham as the Executive Director of the Company under the Companies Act, 2013 for a further period of three years with effect from 12/11/2016 on terms and conditions as set out in the Explanatory Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to the "Board" which term shall be deemed to include the Nomination and Remuneration Committee of the Board) to alter and vary the

terms and conditions of the said re-appointment and /or remuneration as it may deem fit and as may be acceptable to Mr.M.R.Gautham subject to the same not exceeding the limits specified under Schedule V of the Companies Act, 2013 or any statutory modification(s) or re-enactments thereof ;

"RESOLVED FURTHER THAT Mr.M.R.Gautham shall have the right to exercise such powers of Management of the Company as may be delegated to him by the Board of Directors, from time to time"

"RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution without being required to seek any further consent or approval of the Members or otherwise to the end and intent that it shall be deemed to have their approval thereto expressly by the authority of this resolution"

6. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution :

"RESOLVED THAT approval be and is hereby accorded for reclassification of status of Mr. B.A. Madhusudhan from Promoters to Public Shareholders as he is neither related to the promoters of the Company nor exercising, directly or indirectly any control over the affairs of the Company and he has no other responsibility or association with the Company and he has given his consent in writing for change of status"

For and on behalf of the Board

E. V. Muthukumara Ramalingam
Managing Director
(DIN : 00046166)

Place : TIRUPUR

Date : 30.05.2017

NOTES :

1. The Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013 in respect of the Special Business under items No. 5 & 6 as stated above in annexed hereto
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (AGM OR THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL, INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

A person can act as the proxy on behalf of Members up to and not exceed fifty and holding in the aggregate not more than ten percent of the total share capital of the Company. Further, a Member holding more than ten percent, of the total share capital of the Company carrying voting rights may appoint a single person as a proxy and such person shall not act as the proxy for any other person or Member. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the Meeting.

In the case of Joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote. Corporate Members are requested to send a duly certified copy of the Board Resolution authorising their representative(s) to attend and vote on their behalf at the Meeting.

3. Shareholders desiring any information as regards the Accounts are required to write to the Company at least seven days in advance of the meeting so that the information, to the extent practicable, can be made available at the meeting. Members/proxies are requested not bring any guest with them.
4. Members holding shares in physical form are requested to notify change in their address, bank mandate, e-mail address if any, to the Registrar & Share Transfer Agent of the Company and Members holding shares

in dematerialised form are requested to notify change in their address / bank mandate / email ID to their respective Depository Participants.

5. Pursuant to Regulations 26(4) and 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("SEBI Listing Regulations") and the Secretarial Standard-2 on "General Meetings" issued by The Institute of Company Secretaries of India, the particulars of appointment/re-appointment at the forthcoming Meeting are annexed to the Notice forms integral part of the Notice. The Directors have furnished the requisite declarations for their re-appointment. Mr.M.R.Gautham and Mr.B.A.Madhusudhan - Directors retire by rotation and, being eligible, offer for re-appointment at the Annual General Meeting. A brief resume of the said Directors is given below:

I.	1. Name	:	Mr. M.R. GAUTHAM
	2. Directors Identification Number (DIN)	:	00046187
	3. Age	:	41 Years
	4. Qualification	:	Graduation in Commerce and Finance from the University of Western Australia
	5. Date of Appointment	:	01.12.2001
	6. Shareholding in Velan Hotels Ltd	:	64,20,750 Equity Shares
	7. List of Directorships held in Other Companies	:	Shree Vallee Enterprises Pvt. Ltd.
	8. Membership in Other Board Committees	:	Nil
II.	1. Name	:	Mr. B.A. MADHUSUDHAN
	2. Directors Identification Number (DIN)	:	01027496
	3. Age	:	43 Years
	4. Qualification	:	B.E. in Computer Engineering (from Madras University M.S. in Computer Science (from University of Kentucky) Post - Graduate Degree in Management from IIM Ahmedabad
	5. Date of Appointment	:	28.3.2012
	6. Shareholding in Velan Hotels Ltd	:	36,296 Shares
	7. List of Directorships held in Other Companies	:	Climate Bridge Indian Private Limited Chennai Gourment Foods Private Limited
	8. Membership in Other Board Committees	:	Nil

9. The equity shares of the Company are listed on BSE Ltd. The Annual Listing fee is going to be paid to the above said Exchange soon. The Annual Custody Fees due to both the Depositories are to be paid.
10. For the convenience of the Members and proper conduct of the meeting, entry to the meeting venue will be regulated by Attendance Slip, which is enclosed with this Annual Report. Members are requested to sign at the place provided on the Attendance Slip and hand it over at the Registration Counter at the venue of the AGM.

11. Pursuant to the prohibition imposed vide Secretarial Standards on General Meetings (SS-2) issued by ICSI and the MCA Circular, no gifts shall be distributed at the meeting.
12. Members are requested to register their email id and the changes therein from time to time with the Company to enable the Company to send notices/documents through email as permitted by law.
13. The Register of Members and the Share Transfer Books of the Company will remain closed from September 21, 2017 (Thursday) to September 27, 2017 (Wednesday) (both days inclusive).
14. Pursuant to Sections 205A and 205C, and other applicable provisions, if any, of the Companies Act, 1956, all unclaimed / unpaid dividend, application money etc as applicable, remaining unclaimed / unpaid for a period of seven years from the date they became due for payment, were required to be transferred to the IEPF. Sections 124 and 125 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), both of which were applicable with effect from September 7, 2016, also contain similar provisions for transfer of such amounts to the IEPF. Accordingly, all unclaimed / unpaid dividends for a period of seven years from the date they became due for payment, in relation to the Company, have been transferred to the IEPF established by the Central Government. No claim shall be entertained against the Company for the amounts so transferred.

As per Section 124(6) of the Companies Act, 2013 read with the IEPF Rules as amended, the Company is also required to transfer the shares in respect of which dividend has remained unpaid / unclaimed for a period of seven consecutive years or more from the date they first became due for payment, by any shareholder, to the Demat Account of the Investor Education and Protection Fund ("IEPF") Authority.

The Shareholders may note that all unclaimed unpaid dividend for the financial year 2008-09 has already been transferred by the Company to the IEPF established by the Central Government within the stipulated time as prescribed under the applicable provisions of the Companies Act, 2013. No claim shall lie against the Company for the amounts so transferred prior to March 31, 2017, nor shall any payment be made in respect of such claim. However any such shares, unclaimed / unpaid dividend amounts can be claimed from the IEPF Authority, as prescribed under the IEPF Rules by submitting an online application in the prescribed Form IEPF-5 available on the website www.iepf.gov.in and sending a physical copy of the same, duly signed, to the Company along with the requisite documents enumerated in the Form IEPF-5. Members can file only one consolidated claim in a financial year as per the IEPF Rules.

It may be noted that unpaid dividend for the financial year ended March 31, 2010, is due for transfer to the IEPF Account of the IEPF Authority on the due date in 2017. Members are requested to claim the same.

15. Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
16. Members/proxies should bring the Attendance Slip sent herewith duly filled in for attending the meeting.
17. The Notice of the AGM along with the Annual Report of 2016-17 is being sent by electronic mode to those Members whose email addresses are registered with the Company / Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their email addresses, a physical copy is being sent by permitted mode. To support 'Green Initiative' Members who have not registered their email addresses are requested to register the same with the Company / Depository.
18. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the Members at the Annual General Meeting.
19. The Company has designated an exclusive e-mail id for investor redressal investorrelations@velanhotels.com and info@skdc-consultants.com belongs to our Registrar and Share Transfer Agent.

20. The route map showing directions to reach the venue of the 27th AGM is given as per requirement of the Secretarial Standard-2 on General Meeting.

21. Voting through electronics means

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time and Clause 44 of SEBI Listing Regulations, the Company is pleased to provide its Members facility of remote e-voting (to cast their vote electronically at a place other than the venue of the AGM), through e-voting services provided by Central Depository Services Limited (CDSL) on all resolutions set forth in this Notice.

Instructions for the voting through electronic means

- i) The voting period begins on 24/09/2017 at 9.00 a.m. and ends on 26/09/2017 at 5.00 p.m. 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 20/09/2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- iv) Click on Shareholders.
- v) 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.
- vi) Next enter the Image Verification as displayed and Click on Login.
- vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- viii) 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"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
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"> 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 (v).

- ix) After entering these details appropriately, click on "SUBMIT" tab.
- x) 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.
- xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xii) Click on the EVSN relevant to VELAN HOTELS LIMITED on which you choose to vote.
- xiii) 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.
- xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xv) 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.
- xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- xviii) If a demat account holder has forgotten the 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.
- xix) 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 also 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.
- xx) 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 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.
 - ❖ 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 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.
- xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

Other Instructions:

22. The voting rights of the Members shall be in proportion to their shares in the paid up equity share capital of the Company as on the cut off date i.e. September 20, 2017. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting or voting at the AGM.
23. Any person, who acquires shares of the Company and becomes a Member of the Company after despatch of the Notice and holding shares as of the cut-off date, may cast their vote by remote e-voting or through Poll at the Meeting. However, if you are already registered with CDSL for remote e-voting then you can use existing user ID and password for casting your vote. If you forget your password you can reset your password by using Forgot Password option available on www.evotingindia.com.
24. Mr. S.R.Baalaji, Practicing Company Secretary (Membership No.FCS 5966) has been appointed as the Scrutinizer by the Board of Directors of the Company to scrutinize the remote e-voting and the voting process at AGM in a fair and transparent manner.
25. The Members who have cast their vote by remote e-voting may also attend the meeting but shall not be entitled to cast their vote again at the Meeting. Members holding shares as on cut off date i.e. September 20, 2017 and attending the Meeting, who have not already cast their vote by remote e-voting shall be able to exercise their right at the Meeting.
26. The Scrutinizer shall immediately after the conclusion of the voting period, first count the votes at the meeting, thereafter unblock the votes through remote e-voting in the presence of at least two (2) witnesses not in the employment of the Company and make not later than 2 days of the conclusion of the Meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, forthwith to the Managing Director or any person authorised by the Managing Director in writing, who shall countersign the same and the results of the e-voting / poll at the venue, will be announced by the Company on its website - www.velanhotels.com within 2 days of the conclusion of the AGM.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 5 :

Sri.M.R.Gautham was re-appointed as a Whole-Time Director designated as Executive Director of the Company with effect from 28th November, 2011 for a period of 5 years. On expiry of the said term, by way of a resolution of the Board dated 12th November 2016, he was re-appointed as Whole-Time Director designated as Executive Director for a further period of 3 years.

The Company has been suffering very badly owing to inability to complete the project within stipulated time on the grounds that non-mobilization of finance in time and other related reasons. At this crucial juncture, the continued services of Mr.M.R.Gautham are considered essential for successful completion of the Project and achieve smooth operations thereafter. It is also essential for the Company to have his continued services for its future growth.

In view of the liquidity crunch in the company and insufficient funds for repayment of its debts due to banks, the Company cannot pay any remuneration under applicable provisions of Sections 196 & 197 of the Companies Act, 2013 read with Schedule V to the Companies Act, 2013.

With the view of the above situation, the Board of Directors, at their Meeting held on 12th November, 2016, considered and decided to entrust Mr.M.R.Gautham with increased role and responsibility by appointing him as Executive Director of the Company. However, at present, no remuneration is proposed to be paid to Mr.M.R.Gautham for his term pursuant to such re-appointment as Executive Director of the Company. The term of his appointment as Executive Director will be for a period of three years from 12.11.2016 to 11.11.2019.

Details of terms and condition of appointment are as below :

1	Monthly Basic Salary	NIL
2	Perquisites / Allowances	NIL
3	Notice Period	The appointment may be terminated by either side at any time by giving 3 months' notice in writing.

A brief resume of Mr. M.R.Gautham is given below :

Mr.M.R.Gautham is 41 years of age with an active business involvement of over 15 years. He is basically from a family of philanthropists into agriculture and holding large commercial Land banks, and is the sixth generation at Tirupur region.

He is a Commerce and Finance Graduate from the University of Western Australia. His rich industry experience is of immense advantage to the company, he was appointed as Executive Director of the Velan Hotels Limited since 2001. He is primarily instrumental in structuring its finance, and along with his father, is primarily responsible for the day-to-day activities of the Velan Group of Companies. The same was approved by the Nomination & Remuneration Committee.

He holds 64,20,750 equity shares of the Company by himself, representing 20.09% of total shareholding and 1,91,60,984 equity shares held by his immediate relatives and associates representing 59.95% of the shareholding of the Company. He holds Directorship in Shree Vallee Enterprises Pvt Ltd.

In terms of the provisions of the Companies Act, 2013, consent of the shareholders is required for re-appointment of Mr.M.R.Gautham as Executive Director of the Company. The Board recommends the resolution for approval of the members as an ordinary resolution. A copy of the Board Resolution and the appointment letter issued to Mr.M.R.Gautham Executive Director will be available for inspection between 11.00 A.M. to 01.00 P.M. on all working days (Monday to Friday) at the Registered Office of the Company.

The terms as set out in the resolution and the explanatory statement may be treated as an abstract of the terms and conditions governing the appointment and memorandum of interest pursuant to Section 190 of the Companies Act, 2013.

Mr.M.R.Gautham is concerned or interested in this resolution as it relates to his re-appointment. Mr.E.V.Muthukumara Ramalingam and Smt.M.Sasikala being related to Mr.M.R.Gautham may be deemed to be concerned or interested in the resolution. None of the other Director, Key Managerial Personnel or their respective relatives is concerned or interested, financial or otherwise in the Resolution.

The Board commends the Ordinary Resolution set out at Item No. 5 of the Special Business of the Notice of approval by the shareholders.

ITEM NO. 6 :

Mr.B.A.Madhusudhan, Non-Executive Director presently part of Promoter's Group as reported in the shareholding pattern dated March, 31, 2017 submitted with BSE Ltd. Mr.B.A.Madhusudhan was appointed as Whole-Time Director by the Board of Directors of the Company at its meeting held on 28th March, 2012 and this appointment adopted and approved by the Members of the Company at the 22nd Annual General Meeting held on 12th September, 2012. As per criteria laid down in the Act and rules framed there-under, he was classified as Executive Director and Non-Independent Director. Hence, his name came under Promoter Category.

Mr.B.A.Madhusudhan informing his unwillingness to continue as Whole-Time Director due to his busy schedule and commitments on other domestic/overseas function, the Board of Directors of the Company at their meeting held on 13th February, 2016 accepted his letter of request for change in designation from Whole-Time Director to Non-Executive Director and he stopped receiving any managerial remuneration since April, 2014 and he has or had no pecuniary relationship with the company during the two immediately preceding financial years or during the current financial year. He intimated to the Board of Directors that he is not interested in continuing his association with the Company as promoters and requested to exclude his name from the category of Promoters.

He is neither related to the promoters of the company nor exercising, directly or indirectly any control over the affairs of the Company and he has no other responsibility or association with the Company therefore the Board recommended for Members approval for reclassification of the status of his shareholding from Promoters to Public Shareholding.

He holds 36,296 equity shares of the Company representing 0.11% of paid-up capital of the Company.

As per provisions of regulation 31A(6) of SEBI(LODR) Regulations 2015, shareholders approval is required for shifting the status of PACs from promoters group to public category. No other Directors except Mr.B.A. Madhusudhan, Key Managerial Personnel and their relatives are, in any way, concerned or interested in the Resolution.

Your Directors recommend the Resolution set out at Item No.6 of the Notice for your approval.

For and on behalf of the Board

E. V. Muthukumara Ramalingam
Managing Director
(DIN : 00046166)

Place : TIRUPUR

Date : 30.05.2017