

### **Explanatory Statement Under Section 173(2) of the Companies Act, 1956.**

The borrowings by a Company, in general, is required to be secured by mortgage or charge on all or any of the movable/immovable properties of the Company in such form, manner and ranking as may be determined by the Board of Directors of the Company from time to time, in consultation with the lender(s).

The mortgage and/or charge on any of the movable and/or immovable properties and/or the whole or any part of the undertaking(s) of the Company, to secure borrowings of the Company or of any of its holding, subsidiary, affiliate or associate company, with a power to the charge holders to take over the management of the business and concern of the Company in certain events of default, may be regarded as disposal of the Company's undertaking(s) within the meaning of Section 293(1)(a) of the Companies Act, 1956. Hence it is necessary for the Members to pass a resolution under the said section.

Pursuant to the provisions of Section 192A of the Companies Act, 1956 and the Companies (Passing of Resolution by Postal Ballot) Rules, 2011, the Ordinary Resolution for creating Mortgage/ Charge in Favour of lenders is required to be passed by way of Postal Ballot.

Your approval is sought for voting by Postal Ballot in terms of the provisions of Section 192A of the Companies Act, 1956 read with the provisions of the Companies (Passing of Resolution by Postal Ballot) Rules, 2011.

The Board of Directors accordingly recommend the resolution for the approval of the Members.

None of the Directors are any way concerned with or interested in the resolution except in the capacity as member of the company.

#### **Notes:**

1. The approval of shareholders is being sought through the Postal Ballot, as required under Section 192A of the Companies Act, 1956, read with Companies (Passing of Resolution by Postal Ballot) Rules, 2011 for which a separate ballot paper and other communication is circulated to the members along with this notice. **Please note that, no provision has been made for voting by electronic mode and the voting is to be done by Postal Ballot alone.**
2. You are requested to carefully read the instructions printed on the attached Postal Ballot Form and return the Form duly completed in the enclosed self-addressed, postage prepaid envelope, so as to reach the Scrutinizer before the close of working hours on or before **24<sup>th</sup> September, 2013**. Any other form or photocopy of the form is not permitted.
3. The Board of Directors has appointed Mr. M.D. Selvaraj, Practicing Company Secretary, Coimbatore as the Scrutinizer (the "Scrutinizer") for conducting the Postal Ballot process in a fair and transparent manner.
4. The Scrutinizer will submit the report to the Whole Time Director after completion of the scrutiny of the Postal Ballot forms.
5. A self - addressed postage pre-paid envelope is enclosed. Please use the same after you mark your votes in favour of or against the Ordinary Resolution in the Postal Ballot.
6. Postal Ballot forms received after the said last date will be rejected.
7. Votes will be considered invalid on the following grounds.
  - ❖ if the member's signature does not tally
  - ❖ if the member has marked both in favour and also against the Ordinary Resolution
  - ❖ if the Postal Ballot is unsigned.
  - ❖ If the ballot paper is received torn or defaced or mutilated to an extent that it is difficult for scrutinizer to identify either the member or the number of votes or as to whether the votes are in favour or against or if the signature could not be checked or on one or more of the above grounds.
8. The result thereof will be announced by the Whole Time Director or in his absence by any other Director/Person authorized by the Whole Time Director at 4.00 PM on 27<sup>th</sup> September, 2013 at the registered office of the Company. Members who wish to be present at the time of declaration of result may do so at the above venue at the appointed time.

Place : Coimbatore

Date : 16.08.2013.

#### **Enclosure:**

1. Postal Ballot Form
2. Postage prepaid envelope.

By order of the Board,  
For Revathi Equipment Limited

Sd/-  
**M N Srinivasan,**  
Company Secretary