



VELAN HOTELS LIMITED

Registered Office: 41, Kangeyam Road, Tirupur - 641 604

Tel: +91-0421- 431 1111; Fax: +91-0421-2424434;

Email: accounts@velanhotels.com; Website: www.velanhotels.com

GSTIN : 33AAACV8449H3Z3 / CIN : L55101TZ1990PLC2653

May 21, 2021

Department of Corporate Services
BSE Limited
P.J. Towers,
Dalal Street
Mumbai – 400001

Sub: Disclosure under Regulation 30 of the SEBI (LODR) Regulations, 2015 – Acceptance of Revised One-Time Settlement (OTS) by ARC –reg.

Dear Sirs

In continuation with our previous disclosure made on 31st March, 2021 on the captioned subject as referred above, we would like to inform you that M/s.RARE Asset Reconstruction Limited (RARE ARC) located at Ahmedabad, vide their letter dated 20th May, 2021 intimated the Company that they have accepted and revised the terms and conditions of our one-time settlement offer. The copy of the same is attached herewith.

The sanction letter issued by RARE ARC will be placed at the meeting of Board of Directors of the Company which is scheduled to be held today evening for consideration with the permission of the Chair.

The Company shall, with respect to disclosures as referred above, make disclosures updating material developments on a regular basis, till such time the event is resolved/closed, with relevant explanations.

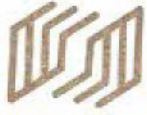
Kindly take note of the above for your record.

Thanking you

Yours truly
For Velan Hotels Limited

M. Srinivasan

M Srinivasan
Company Secretary



RARE ASSET RECONSTRUCTION LIMITED

(FORMERLY RAYTHEON ASSET RECONSTRUCTION PVT. LTD.)

Ref: Rare ARC/Velan/FY 22-01

May 20, 2021

Without Prejudice

The Directors,
Velan Hotels Ltd.,
41, Kangayam Road,
Tirupur – 641604

Dear Sir,

One Time Settlement proposal - Velan Hotels Ltd (Acquired from Andhra Bank [now Union Bank of India] and Allahabad Bank [now Indian Bank])

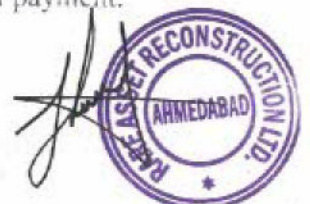
Please refer to our various correspondences including your letter dated March 12, 2021 and our letter dated March 15, 2021 on the subject. We also refer to your recent letter dated April 14, 2021 proposing one time settlement of dues with respect to the financial assistance and facilities provided to M/s Velan Hotels Ltd by Andhra Bank (now Union Bank of India), Allahabad Bank (now Indian Bank), since assigned to Rare Asset Reconstruction Ltd and further discussion on the above subject. We have considered your proposal and hereby accord our approval for payment of Rs. 95.80 cr towards full and final settlement of dues as per terms and conditions mentioned herein below. Further, the borrower shall pay an amount of Rs. 1 cr, plus GST to Rare Asset Reconstruction Ltd towards Restructuring and Consultancy Fee for the purpose of arranging and identifying suitable investor / buyer for the secured assets. This sum of Rs.1 cr shall be adjusted out of instalment no. (2) below. The crystallized settlement amount including Advisory & Consultancy fee, is required to be paid as per the following terms and conditions:

- 1) We confirm the receipt of Rs. 30 cr on 30.03.2021 and confirm having released the charge over the Mall and part Multiplex located in Tirupur (as mentioned in Para 5, Part A, Item Nos. I & II of your letter dated March 12, 2021).
- 2) Rs.14.50 cr shall be paid on or before 30.06.2021. Considering the current situation on account of Covid-19, the grace period up to 31.07.2021 is granted without any interest. No interest shall be charged if the said amount is paid on or before July 31, 2021, however, if the said amount is not paid during this period, the interest @ 12% p.a. shall be charged and payable from 01.04.2021 on unpaid portion, if any, out of Rs.14.50 cr till the date of payment.

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Nr. Ellisbridge Gymkhana, Gujarat College Road,
Ellisbridge, Ahmedabad-380006.

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CIN: U74900GJ2015PLC084515

3) Further Rs.15.50 cr shall be paid on or before 30.06.2021. Considering the current situation on account of Covid-19, the grace period up to 31.09.2021 is granted without any interest. However, interest @ 12% p.a. shall be charged and payable from 01.04.2021 on unpaid portion, if any, out of Rs.15.50 cr till the date of payment.

4) Balance amount of Rs.36.80 cr shall be paid on or before 30.09.2021 without any interest. Interest @12% p.a. shall be charged and payable from 01.07.2021 on unpaid portion out of Rs.36.80 cr till the date of payment in case the said payment is not made before September 30, 2021. However, in any case, the entire OTS payment shall be paid on or before March 31 2023, falling which the proposed OTS shall stand invoked without any further notice.

5) Out of the total OTS amount, on payment of Rs. 10 cr plus interest if any applicable (over and above the Rs. 30 cr already paid), Rare ARC shall agree to issue NOC / release charge / handover title deeds of following asset (as mentioned in Para 5, Part B, Item Nos. I & II of your letter dated March 12, 2021):

- In Nilgiris Registration District, Coonoor Sub Registration District, Coonoor Town and Municipality R.S No.911/1A1 and 912, T.S No.1/1A (old1/1) ward – 'B', Block 6, assessment Nos. 2946,2947,2948 Land to the extent of area acres 2.71 and 132 Sq. Ft and acres 0.08 15/16 and hotel building thereon.
- The proposed NOC shall be further subject to withdrawal of all pending litigation initiated by Stanes High School Association, represented by its Principal Mr. Glenn Croning who have filed an application seeking direction regarding refund of the advance amount of Rs.5 cr [received and appropriated by Allahabad Bank (now Indian Bank) & Andhra Bank (now Union Bank of India)] along with interest against the sale of Coonoor property under SARFAESI Act, prior to assignment of debt in favour of Rare ARC. Rare ARC has filled reply on the said Application before Hon'ble DRT and the matter is posted on 12.05.2021 for arguments. In case of any adverse ruling in this matter (envisaging refund to Stanes High School), the Borrower shall additionally be liable to pay / reimburse the said amount(s) to Rare ARC, which shall be over and above the settlement amount agreed upon. In case no final decision on this litigation matter is obtained, before the last payment by Borrower to Rare ARC under this OTS, the Borrower shall indemnify Rare ARC suitably.

6) Further out of the total OTS amount, on receipt of Rs. 36 cr plus interest if any applicable, Rare ARC shall agree to issue NOC / release charge / handover title deeds of following asset (as mentioned in Para 5, Part C, Item Nos. I, II & III of your letter dated March 12, 2021):

- In Tirupur Registration District, Tirupur Joint II Sub Registration District. Tirupur South Taluk, Tirupur Corporation, Kangayam Road, Tirupur Village, S.S No 41, T.S No.8/2, Ward No G and Block No3, measuring acres 5.04 in this a specific extent of acres 0.94 of land measuring East- West 171 ft and North-South 242 ft on East 237 ft on the West, situated



North of Kangayam Road, South of the property in S.F No.37 of Vendor's land, East-West of other lands of vendor in S.F No 41.

- In Tirupur Registration District, Tirupur Joint II Sub Registration District, Tirupur South Taluk, Tirupur Corporation, Kangayam Road, Tirupur Village, S.S No 41, T.S No.8/2, Ward No G and Block No 3, measuring acres 3.88 in this a specific extent of acres 1.27 of land measuring East- West 171 ft and North-South 322 ft on East 327 ft on the West, situated North of property situated in S.F No 41, South of property in S.F No 37 of vendors land, East of the property in in S.F No 36 and West of the property in S.F No36 and West of the property S.F No 38. In total acres 2.21 of land comprised in S.F No.41, corresponding T.S No.8/2, Ward No G and Block No.3 and S.A.F No 37 corresponding T.S No 6, Ward No G and Block No.3 with Building constructed thereon known as "Velan Hotel".
 - In Tirupur Registration District, Tirupur Joint II, Sub Registration District, Tirupur, South Taluk, Tirupur Corporation, Kangayam Road, Tirupur Village, S.F No 41, as per present survey T.S No 8/2, Ward No G and Block No.3 in this north eastern side and extent of 1730 sq mtr land with structures thereon.
- 7) Out of the total OTS amount, on receipt of Rs. 7.80 cr plus interest if any applicable, Rare ARC shall agree to issue NOC / release charge / handover title deeds of balance area of Multiplex (as mentioned in Para 5, Part D, Item No. 1 of your letter dated March 12, 2021):
- All that piece and parcel of land admeasuring 49,942 Sq. Ft Northern part from and out of larger land admeasuring 1 acre 95 cents in Tirupur registration District, Tirupur, Joint II Sub Registration District, Tirupur South Taluk, Tirupur Corporation, Kangayam Road, Tirupur Village, Resurvey Ward G, Block No 3.
- 8) Out of the total OTS amount, on receipt of Rs.4.50 cr and interest if any applicable, Rare ARC shall release charge over Power Plant Machinery alone and on receipt of 3.50 cr plus interest if any applicable, Rare ARC shall release charge over the land of Power Plant (as mentioned in Para 5, Part F, Item No. 1 of your letter dated March 12, 2021).
- 9) Out of the OTS amount, on receipt of balance amount of Rs.5 cr plus interest if any applicable, Rare ARC shall release the charge over all remaining properties and issue "No Due".
- 10) Notwithstanding anything mentioned herein, in case of delay in payment of due amounts (with or without applicable interest) beyond 31-3-2023, Rare ARC shall cancel the settlement approval and revert back to the original dues.
- 11) Notwithstanding anything mentioned herein, in case of discrepancy in description of property (ies) mentioned in this letter, the description of properties (and consequent release thereof) as per Assignment Agreement(s) executed by the two lenders with Rare ARC, and registered with the Sub-Registrar, shall prevail.



Please also note that the following conditions form part of our approval viz

- a) Expenses of Rs.24,43,562/- /- (Rupee Twenty Four Lakh Forty Three Thousand Five Hundred Sixty Two only) already incurred by Rare ARC towards recovery and to be incurred would be additionally reimbursed on actual basis.
- b) As Borrower is aware, Stanes High School Association, represented by its Principal Mr. Glenn Croning have filed an application seeking direction regarding refund of the advance amount of Rs.5 cr [received and appropriated by Allahabad Bank (now Indian Bank) & Andhra Bank (now Union Bank of India)] along with interest against the sale of Coonoor property under SARFAESI Act, prior to assignment of debt in favour of Rare ARC. Rare ARC has filled reply on the said Application before the Hon'ble DRT. In case of any adverse ruling in this matter (envisaging refund to Stanes High School), the Borrower shall additionally reimburse the said amount(s) to Rare ARC, which shall be over and above the settlement amount agreed upon. In case no final decision on this litigation matter is obtained, before the last payment by Borrower to Rare ARC under this OTS, the Borrower shall indemnify Rare ARC suitably.
- c) The borrower/guarantors shall not raise any further loans secured / unsecured on their balance sheet(s)/ names till the settlement amount together with all interest, costs etc is paid off to the satisfaction of Rare ARC.
- d) The borrower / guarantors shall promptly inform in case of any fresh recovery proceedings or criminal actions instituted against/by them.
- e) Rare ARC shall stop / not continue with legal processes during the period of the settlement (save and except as mentioned at (b) above).
- f) On full payment as aforesaid, Rare ARC shall release the charge over the remaining securities/ properties, hypothecated / mortgaged to secure the credit facilities as also shall release the personal / corporate guarantees of the promoters/ Shareholders/ Directors and shall issue a 'no-dues' certificate.
- g) We shall arrange to withdraw all the cases filed against company in any court, if any, on full payment as envisaged.
- h) The Borrower / other connected parties (if any) shall withdraw all cases filed against the bank / ARC, if any.
- i) Rare ARC shall intimate settlement of dues and withdraw the name of company and its guarantors (as applicable) from defaulters list maintained with CIBIL/ RBI and / or any other institution on complete repayment of OTS amount.



In case the terms & conditions are not adhered to and or the payment is not made as per the approved schedule indicated herein, the settlement will stand revoked and Rare ARC shall reinstate the contracted dues (as assigned by Union Bank of India and Indian Bank along with interest, etc. thereon) and continue to pursue/further initiate any such action as it may deem fit to safeguard its interests.

The Company and Guarantors are requested please sign the duplicate copy of this letter in token of acceptance of the above terms and conditions and send us back one set to us.

Yours faithfully,

For, Rare Asset Reconstruction Ltd.

(In capacity of Trustee of Raytheon ARC 003 & 005 Trust)

(Authorised Signatory)

We Agree

Velan Hotels Ltd	Mr. E V Muthukumara Ramalingam (personal guarantor)	Mr. M R Gautham (Personal Guarantor)
(Authorised Signatory)	(Signature)	(Signature)