

VELAN HOTELS LIMITED

(CIN : L55101TZ1990PLC002653)

32nd ANNUAL REPORT FOR THE YEAR ENDED 31st MARCH 2022

BOARD OF DIRECTORS

SRI P. GANESAN

CHAIRMAN (NON-EXECUTIVE) (DIN : 00049804)

SRI. E.V. MUTHUKUMARA RAMALINGAM

MANAGING DIRECTOR (DIN : 00046166)

SRI. M.R. GAUTHAM

EXECUTIVE DIRECTOR (DIN : 00046187)

SMT. M. SASIKALA

DIRECTOR (DIN : 01452586)

SRI. S.P. SIVANANDAM

DIRECTOR (DIN : 01864334)

SRI. NAGARAJ SAVEETHKUMAR

DIRECTOR (DIN : 09130676)

SRI. M. SRINIVASAN

COMPANY SECRETARY

SMT. R. LALITHA

CHIEF FINANCIAL OFFICER

SRI. S. GANESH VISWANATHAN

SECRETARIAL AUDITOR

AUDITORS

M/S. KRISHAAN & CO.,

Chartered Accountants

Flat No.10, C-Wing, 6th Floor

Parsn Manere, 442 (602) Anna Salai

Chennai 600 006

Phone : 044 - 2827 2569

E-mail : ksr@krishaan.in

REGISTRAR & SHARE TRANSFER AGENT (PHYSICAL & DEMAT)

SKDC CONSULTANTS LTD.

“Surya”

Mayflower Avenue, Behind Senthil Nagar

Sowripalayam Post, Coimbatore 641 028

Phone : 0422 - 4958995

E-mail : info@skdc-consultants.com

BANKERS

AXIS BANK LIMITED

CANARA BANK

REGD. & ADMINISTRATIVE OFFICE

No. 41 Kangayam Road, Tirupur - 641 604 Tamil Nadu

LOCATION OF HOTELS

VELAN HOTEL-GREENFIELDS

41 Kangayam Road, Tirupur - 641 604 Tamil Nadu

OTHER PROPERTIES

1. Multiplex Land (Part)
2. Convention Centre Land

VELAN HOTELS LIMITED

Regd. Office : 41, Kangayam Road, Tirupur 641 604

CIN : L55101TZ1990PLC002653

NOTICE OF THE 32nd ANNUAL GENERAL MEETING

NOTICE is hereby given that the 32nd Annual General Meeting (“AGM”) of the Members of the Velan Hotels Limited will be held through Video Conferencing (“VC”) or Other Audio Visual Means (“OAVM”) on Thursday, 29th September, 2022 at 11.45 a.m. to transact following businesses:

AGENDA

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at March 31, 2022 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.

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

“RESOLVED THAT the audited standalone financial statements of the Company for the financial year ended March 31, 2022 and the reports of the Board of Directors and Auditors thereon laid before this meeting, be and are hereby considered and adopted.”

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.

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

“RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013, Mr. M.R.Gautham having DIN 00046187, who retires by rotation at this AGM and being eligible has offered himself for re-appointment, be and is hereby re-appointed as a Director of the Company, who shall be liable to retire by rotation.”

3. To re-appoint the Statutory Auditor of the Company

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

“RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, for the time being in force (including any statutory modification(s) or re-enactment thereof) and based on the recommendations of the Audit Committee and the Board of Directors of the Company, M/s.Krishaan & Co, Chartered Accountants (Firm Registration No. FRN 001453S), be and are hereby re-appointed as the Statutory Auditor of the Company, to hold office for a second term of five consecutive years from the conclusion of this 32nd Annual General Meeting until the conclusion of the 37th Annual General Meeting, at such remuneration, taxes and out of pocket expenses, as recommended by the Audit Committee and decided by the Board of Directors of the Company from time to time.

“RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as “the Board”, which term shall include any committee(s) constituted or to be constituted by the Board to exercise the powers conferred on the Board by this Resolution) be and is hereby authorised to take such steps and do and perform all such acts, deeds, matters and things, as may be considered necessary, proper or expedient to give effect to this Resolution.”

SPECIAL BUSINESS:

To consider re-appointment of Mr.M.R.Gautham (DIN: 00046187) as an Executive Director and in this regard to consider, if thought fit, to pass, the following resolutions 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 to 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 for a further period of three years with effect from 12/08/2022 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 as it may deem fit and as may be acceptable to Mr.M.R.Gautham”

"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”

5. To consider to enter Related Party Transaction and in this regard to consider, if thought fit, to pass, the following enabling resolution as an Ordinary Resolution :

“RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 2013 (“Act”) read with applicable rules issued under the Act (including any statutory modification(s) or re-enactment thereof, for the time being in force), as per the Indian Accounting Standard, Regulation 23 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (“SEBI Listing Regulations”) the Company’s Policy on “Materiality of Related Party Transactions and also on dealing with Related Party Transactions” and all other laws and regulations and as may be applicable, as amended, supplemented or re-enacted from time to time and pursuant to the consent of the Audit Committee and the consent of the Board of Directors, the approval of the members of the Company be and is hereby accorded to the Company to whether by

way of entering into new contract(s) / agreement(s) / arrangement(s) / transaction(s) or renewal(s) or continuation or extension(s) or modification(s) of earlier contract(s) / agreement(s) / arrangement(s)/ transaction(s) or otherwise for the financial years 2022-23, 2023-24 2024-25 and effective from 1st April, 2022 in the ordinary course of business and on arm's length basis with the related parties of the Company within the meaning of the Act and the SEBI - LODR Regulations, as more particularly enumerated in the explanatory statement to the Notice and for the amount stated in the explanatory statement and on such terms and conditions as may be agreed between the Company and the related parties”

“RESOLVED FURTHER THAT the Board of Directors of the Company (which includes any Committee of the Board) be and are hereby authorized to do all necessary acts, deeds, things and execute all such documents, undertaking as may be necessary in this regard from time to time to give effect to the above resolution.”

For and on behalf of the Board



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

Place : Tirupur
Date : 12.08.2022

NOTES :

1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. The forthcoming AGM will thus be held through Video Conferencing (VC) or Other Audio Visual Means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
3. The Members can join the AGM in the VC/OAVM mode 30 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting. Bodies Corporate(s) whose Authorized Representatives are intending to attend the Meeting through VC/OAVM are requested to send to the Company on their email Id: investorrelations@velanhotels.com, a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting and through E-voting.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.velanhotels.com. The Notice can also be accessed from the websites of the Stock Exchange i.e. BSE Limited at www.bseindia.com. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM i.e. www.evotingindia.com).
7. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.

8. In continuation of this Ministry's General Circular No. 20/2020, dated 05th May, 2020 and after due examination, it has been decided to allow companies whose AGMs were due to be held in the year 2020 or become due in the year 2021, to conduct their AGMs on or before 31.12.2021, in accordance with the requirements provided in paragraphs 3 and 4 of the General Circular No. 20/2020 as per MCA Circular No. 02/2021 dated January, 13, 2021.
9. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 23rd September, 2022 to Thursday 29th September 2022 (both days inclusive) in terms of the provisions of Section 91 of the Companies Act, 2013.
10. Details, as required in sub-regulation (3) of Regulation 36 of the Listing Regulations and Secretarial Standard on General Meeting (SS-2) of ICSI, in respect of the Director seeking appointment / re-appointment at the 32nd AGM, forms integral part of the Notice of the 32nd AGM. Requisite declarations have been received from the Director(s) for seeking appointment / re-appointment.
11. An explanatory Statement setting out details relating to the special business to be transacted at the Annual General meeting pursuant to Section 102(1) of the Companies Act, 2013, is annexed hereto.
12. As per the provisions of Clause 3. A. II. of the General Circular No. 20/2020 dated May 05, 2020, the matters of Special Business as Item Nos.4 & 5 of the accompanying Notice, are considered to be unavoidable by the Board and hence, forming part of this Notice.
13. Since the AGM will be held through VC/ OAVM, the route map of the venue of the Meeting is not annexed hereto.
14. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are therefore requested to submit the 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 or to the Registrar and Share Transfer Agent.
15. Members desiring any information as regards to Accounts are requested to send an email to investorrelations@velanhotels.com 7 days in advance before the date of the meeting to enable the Management to keep full information ready on the date of AGM.
16. Members who wish to inspect the Register of Directors and Key Managerial Personnel and their shareholding maintained under section 170 of Companies Act, 2013 and Register of Contracts or arrangements in which directors are interested maintained under section 189 of the Companies Act, 2013 and relevant documents referred to in this Notice of AGM and explanatory statement on the date of AGM in electronic mode can send an email to investorrelations@velanhotels.com.
17. Members may note that the dividend and shares transferred to IEPF could be claimed by the concerned shareholders from IEPF Authority after complying with the procedure prescribed under the Investors Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.
18. SEBI vide Circular dated November 3, 2021 and December 14, 2021 has mandated furnishing of PAN, KYC details (i.e., Postal Address with Pin Code, e-mail address, mobile number, bank account details) and nomination details by holders of physical securities through Form ISR-1, Form ISR-2, Form ISR-3,

SH-13 and SH-14 (as applicable) available at <http://www.velanhotels.com/pdf/KYC-Update-Letter-and-Forms.pdf>. PAN details are to be compulsorily linked to Aadhaar by March 31, 2023 or any other date specified by Central Board of Direct Taxes. Folios wherein any of the above cited documents / details are not available, on or after April 1, 2023, shall be frozen as per the aforesaid circular. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. If a Member desires to cancel the earlier nomination and record fresh nomination, he/she may submit the same in Form ISR-3 or Form SH-14. In respect of shares held in dematerialized form, the nomination may be filed with the respective Depository Participants. Members who are holding shares in a single name are advised to avail the nomination facility on a priority basis to save the prospective legal heirs from hassles of going through the legal process.

Effective from January 1, 2022, any service requests/ complaints received from a Member holding physical securities will not be processed by the Registrar till the aforesaid details/documents are provided to the Registrar.

Members holding shares of the Company in physical form are requested to go through the requirements on the website of the Company at <http://www.velanhotels.com/pdf/KYC-Update-Letter-and-Forms.pdf> to furnish the abovementioned details.

19. Members may please note that SEBI vide its Circular dated January 25, 2022 has mandated Listed Companies to issue securities in demat form only while processing service requests viz. Issue of duplicate securities certificate; claim from Unclaimed Suspense Account; Renewal/ Exchange of securities certificate; Endorsement; Sub-division/ Splitting of securities certificate; Consolidation of securities certificates/ folios; Transmission and Transposition. Accordingly, Members are requested to make service requests by submitting a duly filled and signed Form ISR – 4.
20. As the Annual General Meeting of the Company is held through Video Conferencing/OAVM, the members are therefore requested to submit questions in advance relating to the business specified in this Notice of AGM on the Email-ID investorrelations@velanhotels.com
21. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
22. As per the MCA General Circular 20/2020 dated 05th May, 2020, the Annual Report will be sent through electronic mode to only those Members whose email IDs are registered with the Registrar and Share Transfer Agent of the Company/ Depository participant.
23. Shareholders of the Company holding shares either in physical form or in Dematerialised forms as on Benpos date i.e. 26th August, 2022 will receive Annual Report for the financial year 2021-22 through electronic mode only.
24. Members are requested to notify any changes in their address to the Company's Registrar & Share Transfer Agent, M/s. SKDC CONSULTANTS LTD "Surya", Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Post, Coimbatore - 641 028. - Phone : 0422 - 4958995, E-mail : info@skdc-consultants.com.

25. Members are requested to quote their Folio No. or DP ID / Client ID, in case shares are in physical / dematerialized form, as the case may be, in all correspondence with the Company / Registrar and Share Transfer Agent.
26. The Board of Directors of the Company has appointed Mr. S.Ganesh Viswanathan, Practicing Company Secretary, as the Scrutinizer, to scrutinize the e-voting and remote e-voting process in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for same purpose.
27. Voting rights shall be reckoned on the paid-up value of shares registered in the name of the member / beneficial owner (in case of electronic shareholding) as on the cut-off date i.e. 22nd September, 2022.
28. The Results declared along-with the report of the Scrutinizer shall be placed on the website of the Company www.velanhotels.com and on the website of CDSL after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be forwarded to the BSE Limited.
29. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e. 29th September, 2022.
30. Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently or cast the vote again.

THE INSTRUCTIONS OF SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETINGS ARE AS UNDER:

Step 1: Access through Depositories CDSL / NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

Step 2: Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

- (i) The voting period begins on 26/09/2022 at 9.00 a.m. and ends on 28/09/2022 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 of 22/09/2022 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 e-voting during the meeting. .
- (iii) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders / retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts / websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

Step 1: Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

- (iv) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to abovesaid SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode CDSL/NSDL is given below:

Type of shareholders	Login Method
<p>Individual Shareholders holding securities in Demat mode with CDSL</p>	<ol style="list-style-type: none"> 1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi. 2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by the company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly. 3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page or click on https://evoting.cdslindia.com/Evoting/EvotingLogin. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the e-voting is in progress and also able to directly access the system of all e-Voting Service Providers.

Type of shareholders	Login Method
<p>Individual Shareholders holding securities in demat mode with NSDL</p>	<ol style="list-style-type: none"> 1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsd.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com. Select “Register Online for IDeAS “Portal or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsd.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
<p>Individual Shareholders (holding securities in demat mode) login through their Depository Participants</p>	<ol style="list-style-type: none"> 1) You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID / Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login Type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022-23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30 .

Step 2: Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

(v) Login method for e-Voting and joining virtual meetings for Physical shareholders and shareholders other than individual holding in Demat form.

1. The shareholders should log on to the e-voting website www.evotingindia.com.
2. Click on "Shareholders" module.
3. 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. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
4. Next enter the Image Verification as displayed and Click on Login.
5. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
6. If you are a first-time user follow the steps given below :

	For Physical shareholders and other than individual shareholders holding shares in Demat.
PAN	Enter your 10digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details OR Date of Birth DOB	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. 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.

- (vi) After entering these details appropriately, click on “SUBMIT” tab.
- (vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders 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.
- (viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (ix) Click on the EVSN for the relevant Velan Hotels Limited on which you choose to vote.
- (x) 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.
- (xi) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xii) 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.
- (xiii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xv) 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.
- (xvi) There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.
- (xvii) **Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the “Corporates” module.
 - 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.

- Alternatively Non Individual shareholders are required to send the relevant Board Resolution / Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; investorrelations@velanhotels.com, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio / Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views / ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 10 days prior to the meeting mentioning their name, demat account number/folio number, email id, mobile number at investorrelations@velanhotels.com. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 10 days prior to the meeting mentioning their name, demat account number / folio number, email id, mobile number at investorrelations@velanhotels.com. These queries will be replied to by the Company suitably by email.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views / ask questions during the meeting.
9. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES.

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder,

scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to investorrelations@velanhotels.com and info@skdc-consultants.com

2. For Demat shareholders -, Please update your email id & mobile no. with your respective Depository Participant (DP)
3. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cDSLindia.com or contact at toll Free No. 1800 22 55 33

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cDSLindia.com or call toll free no. 1800 22 55 33.

Reference to Sl. No. 10, the particulars of appointment /re-appointment of the Directors at the forthcoming Meeting are annexed:

1. Name	: Mr. M.R. Gautham
2. Designation	: Executive Director
3. Directors Identification Number (DIN)	: 00046187
4. Age	: 45 Years
5. Qualification	: Graduation in Commerce and Finance from the University of Western Australia
6. Date of Appointment	: 01.12.2001
7. Experience	: He has been associated with the Company for more than 21 years
8. Shareholding in Velan Hotels Ltd	: 64,20,750 Equity Shares
9. List of Directorships held in Other Companies	: Shree Vallee Enterprises Pvt Ltd
10. Membership in Other Board Committees	: Nil
11. Relationships between Directors inter-se	: Mr.E.V.Muthukumara Ramalingam, Managing Director and Mrs.M.Sasikala, Non-Executive - Non-Independent Director are parent. He is not related with other directors, Manager and KMPs.
12. Names of listed entity/other committee in which he holds directorship	: Nil
13. Listed entities in which the director has resigned in the past three years	: Nil

ANNEXURE TO THE NOTICE

THE EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 ('THE ACT') AND REGULATION 36(5) OF THE SEBI LISTING REGULATIONS.

ITEM NO.2

This Explanatory Statement is provided though strictly not required as per Section 102 of the Act.

Mr. M.R. Gautham and his relatives may be deemed to be interested in the Ordinary Resolution pertaining to his re-appointment as set out in Item No. 2 of the Notice.

ITEM NO.3

This Explanatory Statement is provided though strictly not required as per Section 102 of the Act.

In accordance with Section 139 & 142 of the Act read with Companies (Audit and Auditors) Rules, 2014, as amended, M/s.Krishaan & Co., Chartered Accountants (Firm Registration No. FRN 001453S) were appointed as the Statutory Auditors of the Company to hold office for a period of five consecutive years to examine and audit the accounts of the Company from the conclusion of the 27th Annual General Meeting ('AGM') of the Company until the conclusion of the 32nd AGM of the Company.

Pursuant to the provisions of Section 139(2) of the Act, a listed company can appoint / re- appoint an audit firm for a period of not more than two terms of five consecutive years. As such, M/s.Krishaan & Co., the existing Statutory Auditors of the Company will complete their first term as Statutory Auditors of the Company at the conclusion of the ensuing 32nd AGM and are eligible to be re-appointed as the Statutory Auditors of the Company for another term of five years.

After evaluating various factors such as independence, industry experience, technical skills, geographical presence, audit team, audit quality reports, etc., the Board of Directors of the Company, based on the recommendations of the Audit Committee, approved the re-appointment of M/s.Krishaan & Co. as the Statutory Auditors of the Company to hold office for a second term of five consecutive years from the conclusion of the 32nd AGM till the conclusion of the 37th AGM of the Company to be held in the year 2027 to examine and audit the accounts of the Company at a remuneration shall be determined based on the recommendation of the Audit Committee and as mutually agreed between the Board of Directors of the Company and the Statutory Auditors.

M/s.Krishaan & Co. is a firm of Chartered Accountants registered with the Institute of Chartered Accountants of India (ICAI) based in Chennai. As required under the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015, it holds a valid certificate issued by the Peer Review Board of ICAI.

Pursuant to Section 139 of the Act and the rules framed thereunder, the Company has received written consent from the Statutory Auditors and a certificate that they satisfy the criteria provided under Section 141 of the Act and that the appointment, if made, shall be in accordance with the applicable provisions of the Act and rules framed thereunder. The Board recommends the Ordinary Resolution set out at Item No. 3 of the accompanying Notice for approval by the Members of the Company.

None of the Directors or Key Managerial Personnel of the Company and their respective relatives are, in any way, concerned or interested, in the Resolution set out at Item No. 3 of the accompanying Notice.

ITEM NO. 4

Sri.M.R.Gautham was re-appointed as a Whole-Time Director designated as Executive Director of the Company on 11th November, 2019 by the Board for a period of 3 years and his term expires on 10th November, 2022. By way of a resolution of the Board dated 12th August, 2022, he was re-appointed as Whole-Time Director designated as Executive Director for a further period of 3 years.

In view of the financial positions of the Company, 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. At this crucial juncture, the continued services of Sri. M.R. Gautham are considered essential for re-commencement of hotel operation and achieve smooth operations thereafter. It is also essential for the Company to have his continued services for its future growth.

The Board of Directors, at their Meeting held on 12th August, 2022, 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 Sri. 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 12.08.2022 to 11.08.2025.

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 Sri. M.R.Gautham is given below :

Sri. M.R. Gautham is 45 years of age with an active business involvement of over 21 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. As 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 as well.

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 Sri. M.R. Gautham, Executive Director will be available for inspection between 11.00 A.M. to 05.00 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.

Sri. 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 Sri. 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 recommends the ordinary resolutions set out at the item no. 4 of the Notice for member's approval of the Company.

ITEM NO. 5

Pursuant to the provisions of Section 188 of the Companies Act, 2013 ("the Act"), read with the Companies (Meetings of Board and its Powers) Rules, 2014 ('Rules'), the Company is required to obtain consent of the Board of Directors and prior approval of the members by way of ordinary resolution, in case certain transactions with related parties exceeds such sum as is specified in the said Rules. The aforesaid provisions are not applicable in respect of transactions which are in the ordinary course of business and on arm's length basis.

However, pursuant to Regulation 23 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as amended, prior approval of the members through ordinary resolution is required for all material related party transactions, even if they are entered into in the ordinary course of business and on arm's length basis.

For this purpose, a transaction is considered material, if the transaction / transactions to be entered into individually or taken together with previous transactions during a Financial Year exceed 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or R 1000 Crore whichever is lower.

All the Related Party Transactions entered into by the Company are on arm's length basis and in the ordinary course of business and approval of the Audit Committee / Board is obtained, wherever required.

The transaction(s) entered into by the Company, together with the transactions to be entered into the related parties qualifies to be a Material Related Party transaction under SEBI – LODR Regulations.

Accordingly, the Company proposes to obtain approval of its Members for approving as also for ratifying to the Board for carrying out / continuing with the transactions with the related parties, as this proposed amount to RPT falling within the purview of the SEBI Listing Regulations and all these transactions in aggregate, are material RPT under the SEBI Listing Regulations.

All the related parties shall abstain from voting, irrespective of whether the entity or person is a party to the particular transaction or not, pursuant to Regulation 23(4) of SEBI (LODR).

Sl. No.	Name of Related Party	Name of the director or key managerial personnel who is related, if any	Nature of Relationship	Maximum Value of Transactions	Nature, material terms, monetary value and particulars of the contract or arrangement
1.	Mr. E. V. Muthukumara Ramalingam	Mrs. M. Sasikala & Mr. M. R. Gautham	Managing Director	Not exceeding Rs.20 Crores together with the unsecured loan already lent, if any.	Availing unsecured Loan from the related party with Interest at a rate not more than the bank rate notified by RBI from time to time or without Interest
2.	Mr. M. R. Gautham	Mr. E. V. Muthukumara Ramalingam & Mrs. M. Sasikala	Executive Director		
3.	Mrs. M. Sasikala	Mr. E. V. Muthukumara Ramalingam & Mr. M.R.Gautham	Non-Executive – Non-Independent Director		
4.	M/s.Shree Vallee Enterprises Pvt Ltd	Pvt Ltd Company in which Mr. E. V. Muthukumara Ramalingam, Sri. M.R. Gautham and Mrs. M. Sasikala Directors of the Company are Members / Directors	Promoter Group Company	Upto Rs.20 Crores	Availing Loan / Advances / Inter-Corporate Deposit with interest. The related party will provide the Company Guarantees / Collateral and Pledge the Properties / Securities / Investments of the related party.
5.	M/s.The Velan Petroleum Agencies	A proprietor concern in which ' Mr. E. V. Muthukumara Ramalingam is a sole proprietor	Group Associate	Upto Rs. 1 Crore	Sale of petroleum products to Velan Hotels Ltd @ prevailing market price in cash.

The particulars required to be provided under Clause 3 of the Explanation to Rule 15 Sub-Rule 3 of the Companies (Meetings of Board and its Power) Rules, 2014 are given below:

Name of the related party	As per table above
Name of the director or key managerial personnel who is related, if any	Mr.E.V.Muthukumara Ramalingam, Mrs.M.Sasikala & Mr.M.R.Gautham
The Nature, material terms, monetary value and particulars of the contract or arrangement	As per table above
Nature of relationship	As per table above
Any other information relevant or important for the members to take a decision on the proposed Resolution	None

Based on past trends, the transactions as described above are likely to exceed 10% of the Annual Turnover as per last audited financial statements of the Company and may exceed the materiality threshold as prescribed under Regulation 23 of the SEBI – LODR Regulations.

In accordance with Section 102(1) and the proviso to Section 102(2) of the Act, the nature of concern or interest, financial or otherwise and the shareholding interest of every Promoter/ Director/ Key Managerial Personnel of the Company in the other company namely M/s.Shree Vallee Enterprises Pvt Ltd, to the extent that such shareholding is in excess of 2% paid up capital of that company is required to be disclosed.

Mr. E. V. Muthukumara Ramalingam, Managing Director, Mr. M. R. Gautham, Executive Director and Mrs.M.Sasikala, Director of the Company are also Members / Directors of M/s.Shree Vallee Enterprises Pvt Ltd and their shareholding in M/s.Shree Vallee Enterprises Pvt Ltd is in excess of 2% of total shareholding of that Company i.e. entire shareholding held by the above directors only.

M/s.Shree Vallee Enterprises Pvt Ltd, the promoter group of the Company, holds more than 2% shareholding in Velan Hotels Ltd.

Mr.E.V.Muthuthkumara Ramalingam, Managing Director of the Company is a sole proprietor of M/s.The Velan Petroleum Agencies whose shareholding is in excess of 2% of total shareholding in Velan Hotels Limited.

Apart from the above, none of the Promoters / Directors / Key Managerial Personnel of the Company holds 2% or more of the paid-up share capital in M/s.Shree Vallee Enterprises Pvt Ltd. Since the transaction as per Item No. 5 of this Notice is proposed to be entered into with aforementioned promoters itself, the said promoters are deemed to be interested in this resolution.

None of the Directors and/or Key Managerial Personnel of the Company and/or any of their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No.5 of this Notice.

The Board recommends the ordinary resolutions set out at the Item No.5 of the Notice for public shareholders' approval of the Company.(i.e. Shareholders other than those forming part of Promoter and Promoter Group and other related parties).

For and on behalf of the Board



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

Place : Tirupur
Date : 12-08-2022

DIRECTORS' REPORT TO THE MEMBERS

Your Directors are in presenting their 32nd Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2022.

FINANCIAL HIGHLIGHTS

(Rs. in lakhs)

PARTICULARS	2021 - 22	2020 - 21
Profit / (Loss) Before Interest, Depreciation and Tax	(149.55)	(111.99)
Add : Finance Cost	0.06	0.08
Profit / (Loss) Before Depreciation & Tax	(149.62)	(112.07)
Add : Depreciation	123.67	167.78
Less : Exceptional Item	1211.02(*)	164.37
Profit / (Loss) Before Tax [PBT]	937.72	(115.49)
Less : Tax Expenses		
- Current Tax	—	—
- Tax relating to prior years	—	—
- Deferred Tax	—	122.63
Profit / (Loss) After Tax	937.72	7.13
Add : Revaluation Reserve	6.79	6.79
Balance b/f from previous years	(5363.18)	(5377.10)
Balance to be carried over to the Balance sheet	(4418.67)	(5363.18)

(*)Exceptional items during the year ended March 2022 comprises of profit on disposal of Company's Hotel at Coonoor for a total consideration of Rs.15,91,11,111/-

OPERATIONAL REVIEW :

The Company suspended all the revenue generating operations w.e.f. 24 March 2020 due to Covid-19 and has not carried out any business activities during the year, resulting in, the entire year was completely washed out. The pandemic has materially impacted the revenues of the Company for the year ended March 31, 2022. Your directors are considering various avenues & options for the activities to be undertaken.

During the year under consideration, the gross receipts of your company stood Nil from Rs.12.39 Lacs logged in the previous year. Profit / (Loss) before Interest, Depreciation and Taxation was Rs.(149.55) lacs against Rs. (111.99) Lacs recorded in the previous year. Similarly, the Profit after Tax for the year ended March 31, 2022 stood at Rs.937.72 lacs as against Rs.7.13 lacs registered in the previous year.

STATE OF THE COMPANY'S AFFAIRS

The Company did not make any progress in the financial year 2021 – 22 as the operations at the Company were halted due to unavailability of required funds to renovate the hotel property in order to resume the operations of the hotel. Members may be aware that the Company has received the approval of One-Time Settlement(OTS) offer from M/s.RARE Asset Reconstruction Limited (RARE ARC) on 20th May, 2021 upon fulfilling the requisite conditions for payment of the initial payment of Rs.30 crores from the sale proceeds of the entire Shopping Mall property and part semi-finished Multiplex property within the stipulated time as was referred in the In-Principle approval given by RARE ARC along with NOC for sale of remaining properties of the Company.

During September 2021, the Company entered into Memorandum of Understanding (MoU) with M/s. Stanes High School Association, Coonoor, non-related party and M/s. Atulit Developers LLP, Coonoor for sale of Company's Hotel property at Coonoor with the consent of M/s. RARE ARC for a total consideration of Rs. 15,91,11,111/- of which the Company has received Rs. 11,11,11,111/- from M/s. Atulit Developer LLP for sale of part of land and building thereon and paid Rs. 10 Crore to M/s. RARE ARC and repaid Rs. 1 Crore to M/s. Stanes High School Association towards advance amount received in earlier years for sale of Coonoor hotel property amounting to Rs. 5.80 Crore. Even though M/s. Stanes High School Association was given sufficient time to complete the sale process as per orders given by DRT, Coimbatore and Hon'ble High Court of Madras in response to various petitions filed with them by the Stanes School for the subject matter, they were not able to mobilize the required funds. However, the Company transferred a portion of the remaining vacant land of the hotel at Coonoor on 27 October 2021 to M/s. Stanes High School Association against the balance of the advance of Rs. 4.80 Crore to be payable to them from such sale.

Following the Letter of NoC dated 28/10/2021 obtained from RARE ARC, the Company took appropriate steps for sale of non-functional Plant & Machinery and equipments pertaining to Biomass based Renewable energy plant situate at Tirupur, Tamilnadu on a scrap sale basis. During the last week of June, 2022, in order to minimize the debt burden and per terms of OTS offer, after disposing of entire Plant & Machinery and equipments, the Company sold / disposed of land area of the said energy plant located in Tirupur, Tamilnadu. The proceeds from the sale of the above machineries and land area were utilized to settle a part of outstanding debts of the Company to RARE Asset Reconstruction Limited. After completion of sale of the above property, the Company retains Part Multiplex Area Land, Convention Centre land and Hotel property at Tirupur, Tamilnadu.

In order to generate stable revenue in coming years, the Company has been being approached by leading hotel brands in India to take the hotel property situate at Tirupur on lease rental basis.

DIVIDEND:

In view of the accumulated losses, your directors have not recommended any dividend on Equity Shares for the Financial Year 2021-22.

SHARE CAPITAL:

During the year under review, your Company's Authorized Share Capital is Rs. 50,00,00,000 comprising of 5,00,00,000 Equity Shares of Rs. 10/- each. The Company's paid-up capital is Rs. 31,96,41,190 comprising of 3,19,64,119 Equity Shares of Rs. 10/- each fully paid up.

Further, the Company has not issued:

- a. Any shares with differential rights as per provisions of Section 43 (a) (ii) of the Act read with Rule 4 (4) of the Companies (Share Capital and Debenture) Rules, 2014.
- b. Any sweat equity shares as per provisions of Section 54 (1) (d) of the Act read with Rule 8 (13) of the Companies (Share Capital and Debenture) Rules, 2014.
- c. Any equity shares under Employees Stock Option Scheme as per provisions of Section 62(1)(b) of the Act read with Rule 12(9) of the Companies (Share Capital and Debenture) Rules, 2014.

The Company has not made any purchase or provision of its own shares by employees or by trustees for the benefit of employees during the financial year 2021 - 22.

TRANSFER OF AMOUNT TO RESERVE:

In view of inadequate profits during the year and due to accumulated losses of earlier years, the Company had not transferred any amount to the Reserves.

FIXED DEPOSITS:

During the year under review, the Company has not accepted or renewed any amount falling within the purview of provisions of Section 73 of the Companies Act 2013 ("the Act") read with the Companies (Acceptance of Deposit) Rules, 2014 during the year under review. Hence, the requirement for furnishing of details relating to deposits covered under Chapter V of the Act or the details of deposits which are not in compliance with the Chapter V of the Act is not applicable.

During the financial year under review, the Company has borrowed the loans from Directors and the respective directors have given a declaration in writing to the Company to the effect that the amount is not being given out of funds acquired by them by borrowing or accepting loans or deposits from others as per requirement of proviso of Rule 2(1)(c)(viii) of Companies (Acceptance of Deposits) Rules, 2014.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

During the under review, the Company has not given any loans or guarantees covered under the provisions of Section 186 of the Companies Act, 2013 and has not made any investments. Hence, the details of loans and advances which are required to be disclosed in the Annual Report pursuant to Regulation 34(3) read with Schedule V of the SEBI Listing Regulations are not furnished.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit function are defined in the Internal Audit Manual. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee to the Managing Director.

The Internal Auditor monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES:

Under Section 135 of the Companies Act, 2013, every company having net worth of at least Rs 500 crore, turnover of Rs 1,000 crore or more, or a minimum net profit of Rs.5 crores during the immediately preceding financial year has to make CSR expenditure. Since the Company does not fall under the criteria as are referred above, not applicable.

DIVIDEND DISTRIBUTION POLICY:

Pursuant to Regulation 43A of the SEBI (Listing Obligations and Disclosures) Regulations 2015 as amended, only top 1000 listed companies (based on market capitalization of every financial year) shall formulate a Dividend Distribution Policy, which shall be disclosed in their annual reports and on their website as well.

Since your company does not fall under top 1000 listed companies, no such report is provided in the Annual Report.

BUSINESS RESPONSIBILITY REPORT:

Regulation 34(2) of SEBI Listing Regulations, as amended, *inter alia*, provides that the Annual Report of the top 1000 listed entities based on market capitalization (calculated as on March 31 of every financial year), shall include a Business Responsibility Report ("BRR").

Your Company, not being one of such top 1000 listed entities, has not included BRR, as part of the Annual Report.

The Internal Auditor monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The Company has no foreign exchange earnings and outgo. The disclosures relating to the details of (i) Conservation of Energy, (ii) Research & Development and Technology Absorption to be made under sub-section (3) (m) of Section 134 of the Companies Act 2013 read with Rule (8)(3) of the Companies (Accounts) Rules, 2014 is not furnished in view of the closure of the Hotel Operations during the period under review.

DIRECTORS AND KEY MANAGERIAL PERSONNEL:

a. Retirement by rotation :

In accordance with the provisions of Section 152 of the Companies Act, 2013 read with Section 149 of the said Act, at least 2/3rd of the total number of Directors, excluding Independent Directors, shall be liable to retire by rotation and out of the Directors liable to retire by rotation, at least 1/3rd of the Directors shall retire by rotation at every Annual General Meeting.

In view of the above, Mr.M.R.Gautham, retire by rotation and being eligible, offer himself for re-appointment, a resolution seeking shareholders' approval for his re-appointment forms part of the Notice.

b. Status of KMP:

During the year under review, Sri.E.V.Muthukumara Ramalingam, Managing Director, Sri.M.R.Gautham, Executive Director, Smt.R.Lalitha, Chief Financial Officer and Sri.M.Srinivasan, Company Secretary are other KMPs as per the provisions of the Act and were already in the office. None of the KMPs resigned during the year.

c. Declaration by Independent Director:

Pursuant to the provisions of Section 149 of the Act, the Independent Directors have submitted declarations that each of them meets the criteria of independence as provided in Section 149(6) of the Act along with Rules framed there-under and Regulation 16(1)(b) of SEBI Listing Regulations. There has been no change in the circumstances affecting their status as Independent Directors of the Company. In terms of Regulation 25(8) of SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation, which exists or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence. The Board of Directors of the Company has taken on record the declaration and confirmation submitted by the Independent Directors.

d. Disqualification of Directors:

None of the directors of the Company are disqualified pursuant to the provisions of Section 164 of Companies Act, 2013 or debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India or Ministry of Corporate Affairs or any such statutory authority. A certificate from a Practicing Company Secretary in this regard is attached to this report.

e. Woman Director :

In terms of the provisions of Section 149 of the Companies Act, 2013 and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company has complied with the requirement of having at least one Woman Director on the Board of the Company. Mrs.M.Sasikala is a Non-Independent and Women Director of the Company.

COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD MEETINGS AND GENERAL MEETINGS

The Company has complied with Secretarial Standard issued by the Institute of Company Secretaries of India on Board Meetings and General Meetings.

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

To familiarize new Independent Directors with the strategy, operations and functions of our Company, the Company's presentation, *inter alia*, on strategy, operations, service offerings, markets, organization structure, finance, human resources and technology is given at the time of their induction and thereafter during the Board meetings and/or committees thereof. The details of the familiarization program can be viewed at <http://www.velanhotels.com/Familirisation%20Program-2022.pdf>

CHANGE IN THE NATURE OF BUSINESS

There is no change in the nature of business of the Company.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant and material orders passed by the Regulators / Courts / Tribunal which would impact the going concern status of the Company except pending Appeal / Petitions / Application filed by the Company with DRT, Coimbatore and DRAT, Chennai.

BOARD EVALUATION

The Board of Directors has carried out an annual evaluation of its own performance, Board committees and individual directors pursuant to the provisions of the Companies Act, 2013 and corporate governance requirements as prescribed by SEBI LODR Regulations through structured questionnaire. The performance of the Board was evaluated by the Board based on the criteria such as the Board composition and structure, effectiveness of Board process, information and functioning etc.

The performance of the committees was evaluated by the Board based on the criteria such as the composition of the committee's effectiveness of committee meetings, etc. The Board and Nomination and Remuneration Committee reviewed the performance of the individual directors based on the criteria such as the contribution of

individual director to the Board and committee meetings like preparedness on the issue to be discussed, meaningful and constructive contribution and inputs in meetings, etc.

The performance assessment of Non-Independent Directors, Board as a whole and the Chairman were evaluated in a separate meeting of Independent Directors. The same was also discussed in the meetings of NRC and the Board.

The NRC and Board in their meetings held on 18th March, 2022 have discussed their overall performance on the parameters as laid down in the Nomination and Remuneration Policy and concluded that the Board and its Committees have been performing efficiently.

In compliance with Schedule IV of the Companies Act, 2013 and Rules there-under, the Independent Directors met on 18th March 2022 and discussed issues as prescribed under the Schedule IV of the Companies Act, 2013 and also discussed various other issues.

MEETINGS

During the year, ten Board Meetings and five Audit Committee Meetings were convened and held. The details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013, as amended.

DIRECTOR'S RESPONSIBILITY STATEMENT:

In terms of Section 134 (5) of the Companies Act, 2013, the Directors would like to state that :

- i) In the preparation of the annual accounts, all the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review.
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The Directors have prepared the annual accounts on the going concern basis.
- v) The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- vi) The Directors had devised a proper system to ensure compliance with the provisions of all applicable laws and that such system was adequate and operating effectively.

RELATED PARTY TRANSACTIONS:

- i) Not all transactions with related parties are construed as related party transactions. Provisions regarding Related Party Transaction are encapsulated under 188 of the Companies Act, 2013 ("the Act") read with rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014. All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business.

- ii) Further, in the financial year 2021-22, in scope of Section 188(1) of the Act, there were no material transactions with any of its related parties. Therefore, the disclosure of Related Party Transactions as required under Section 134(3(h) of the Act in Form AOC-2 is not applicable to the Company for the financial year 2020-21 and hence the same is not provided.
- iii) Pursuant to the provisions of Regulation 2(1)(zc) and 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has entered the transactions with related parties, i.e the aggregate value of material transaction exceeded 10% of the annual consolidated turnover of the Company, as per the last audited financial statements of the Company, the details of which reported here-under:

Name of the Related Party	Relationship with the Company	Nature of Transaction	Amount of transaction
Mr. E.V. Muthukumara Ramalingam	Managing Director	Availing of un-secured loan	Rs.34,06,500/-
Mr.M.R.Gautham	Executive Director	Availing of un-secured loan	Rs.21,07,501/-

Except the above related party transactions, there were no materially significant related party transactions made by the Company with the Promoters, Directors, Key Managerial Personnel, or other designated persons which may have a potential conflict with the interest of the Company at large.

- iv) In line with the requirements of the Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company has formulated a Policy on Related Party Transactions which is also available on the following weblink at <https://www.velanhotels.com/pdf/Related-Party-Transactions-Policy%20-%20Velan%20Hotels%20Ltd.pdf>

The Policy intends to ensure that proper reporting; approval and disclosure processes are in place for all transactions, if any between the Company and Related Parties.

- v) All related party transactions, if any, are placed before the Audit Committee for their approval in line with the requirements of the Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN MARCH 31, 2022 AND AUGUST 12, 2022 (DATE OF THE REPORT)

There were no material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of this Annual Report except the information stated in the State of the Company's affairs. There has been no change in the nature of business of the Company as on the date of this Annual Report.

REPORT ON PERFORMANCE OF SUBSIDIARIES, ASSOCIATIONS AND JOINT VENTURE COMPANIES:

During the year under review, the Company had no Subsidiary (ies), Associate(s) and Joint Venture(s). Hence the said clause is not applicable.

REMUNERATION / COMMISSION DRAWN FROM HOLDING / SUBSIDIARY COMPANY:

During the year under review, neither the Company is subsidiary of any Company or body corporate nor the Company have subsidiary. Hence the said clause is not applicable.

DISCLOSURE OF LOANS AND ADVANCES IN NATURE OF LOAN TO SUBSIDIARIES AND ASSOCIATE OF THE COMPANY:

During the year under review, the Company has no Subsidiary(ies) and Associate(s). Hence, the said clause is not applicable

CODE OF CONDUCT

The Board of Directors has approved a Code of Conduct which is applicable to the Members of the Board and senior management in terms of Regulation 17 and Schedule V of Regulation 34(3) of the Listing Regulations. The full text of the Code is displayed at Company's website : <https://www.velanhotels.com/pdf/CODE/Code%20of%20Conduct%20for%20Board%20of%20Directors%20including%20KMP%20&%20SMP.pdf>

The Code lays down the standard procedure of business conduct which is expected to be followed by the Directors and the designated employees in their business dealings and in particular on matters relating to integrity in the work place, in business practices and in dealing with stakeholders.

All the Board Members and the Senior Management personnel have confirmed compliance with the Code. In compliance with Schedule V of Regulation 34(3) of the Listing Regulations a declaration signed by the Managing Director is attached and forms part of the Annual Report of the Company.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

In accordance with the applicable provisions of the Companies Act, 2013, SEBI-LODR Regulations and Regulation 9A(6) SEBI (PIT) Regulations, 2015 as amended, the Company has a vigil mechanism named "Vigil Mechanism / Whistle Blower Policy" to deal with instances of fraud and mismanagement, if any. The VM/WB Policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination will be met out to any person for a genuinely raised concern.

The Company has revised the said Whistle-Blower policy to insert "reporting of incidents of leak or suspected leak of Unpublished Price Sensitive Information (UPSI)" in terms of SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time. The said policy is available on the Company's website at https://www.velanhotels.com/pdf/Velan%20%20Vigil_Mechanism_Whistle-blowerPolicy.pdf

A high level Committee has been constituted which looks into the complaints raised. The Committee reports to the Audit Committee and the Board.

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

A revised Code of Conduct to regulate, monitor and report Trading by Insiders ("the Code") in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015 (The PIT Regulations). The Code can be viewed at <https://www.velanhotels.com/pdf/Velan%20Hotels%20Code-of-Conduct-for-prevention-of-Insider-Trading.pdf>.

The revised Code is applicable to Promoters, Member of Promoter's Group, all Directors and such Designated Employees who are expected to have access to unpublished price sensitive information relating to the Company. The Company Secretary is the Compliance Officer for monitoring adherence to the said PIT Regulations.

The Company has also formulated 'The Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)' in compliance with the PIT Regulations. The Company has also formulated policies for procedure of inquiry in case of leak of Unpublished Price Sensitive Information in case of leak of UPSI and Policy for Determination of Legitimate Purposes as well, as a part of the Code of Practices and Procedures for Fair Disclosure. This Code is displayed on the Company's website viz.

<https://www.velanhotels.com/pdf/Velan%20-Code%20of%20Conduct%20&%20Procedure%20of%20Fair%20Diclosure.pdf>

All Board Directors and the designated employees have confirmed compliance with the Code.

UNPAID DIVIDEND & IEPF:

For the financial year 2021-2022, the Company was not liable to transfer any unpaid / unclaimed dividend and/or the shares to the Investor Education & Protection Fund (IEPF) and does not have unclaimed dividend which remains to be transferred to Unpaid Dividend Account.

The Shareholders are entitled to claim their shares including all the corporate benefits accruing on such shares, if any, from the IEPF Authority by submitting an online application in Form IEPF-5 and sending a physical copy of the Form IEPF-5 duly signed by all the joint shareholders, if any, along with requisite documents enumerated in the Form IEPF-5, to the Company's RTA. The Rules and Form IEPF-5, as prescribed, for claiming back the shares, are available on the website of the IEPF www.iepf.gov.in. It may please be noted that no claim shall lie against the Company in respect of share(s) transferred to IEPF pursuant to the said Rules.

EXPLANATION OR COMMENTS ON QUALIFICATION, RESERVATIONS OR ADVERSE REMARKS OR DISCLOSURES MADE BY THE AUDITOR AND COMPANY SECRETARY IN PRACTICE :

A. Response to Qualifications / reservations / adverse remarks / observations on Audit Report :

Sl. No.	Qualification, Reservation or Adverse Remarks	Board's explanation
1.	Ability of the Company continuing as 'a going concern'	<p>As a result of concerted and constant efforts of the promoters of the Company, the Company concluded the One Time Settlement (OTS) offer with M/s.RARE ARC thereby the Company's debt position stands reduced substantially and is manageable level.</p> <p>The Promoters-Directors have infused funds amounting to Rs.55.14 lakhs during the financial year 2021-2022 to meet the fixed expenses to keep the Company's assets in good.</p> <p>Within manageable level of the company's debt and financial commitment, the management is exploring possibilities of leasing of its Hotel property situate at Tirupur in order to generate stable revenue.</p> <p>The ability of your Company to continue as a going concern is predicated upon its ability to monetize its remaining non-core assets and lease out Tirupur hotel property. In view of all the actions that are currently underway, the financial statements to financial year ended to 2021-22 have been prepared on the basis that your Company is a going concern.</p>

Sl. No.	Qualification, Reservation or Adverse Remarks	Board's explanation
2.	Confirmation of balance of outstanding debt	With final approval of OTS offer provided by the RARE ARC and accepted by the Company, such communication has been considered for the confirmation of the Outstanding Debt.
3	Impairment of Assets :	The company had suspended all the revenue generating operations w.e.f 24 March 2020. The Company is exploring options of selling part assets to settle all liabilities. In view of the above, the Company's ability of continuing as a Going concern is dependent on the value that can be generated by the sale of assets and the surplus, if any, available subsequent to the settlement of all liabilities. In view of the uncertainty on the realizable values, the impairment to the value of assets is not ascertainable at this juncture; therefore, no loss is recognized on account of potential impairment.
4	Delays in remittance of Statutory Dues	<p>a) During the current year, the Company has remitted the substantial amount of Value Added Tax and TDS related to prior years.</p> <p>b) During the current year, the Company has remitted entire amount of pending Provident Fund to EPFO authorities in respect of all the employees.</p> <p>c) Most of the Gratuity and Earned Leave encashment were paid to all the former employees of the Company except those who are not traceable.</p> <p>d) The Company is mobilizing necessary resources to meet the pending other overdue payments in coming months by means of monetizing the assets of the Company.</p>
5	Gratuity and Earned Leave accounted on estimated basis	<p>The Auditors have also made comment on not following the accounting standard with respect to the provisions of Gratuity and Earned Leave on actuarial basis.</p> <p>All the eligible / permanent employees of the Company except KMPs have voluntarily left the service during the month of March, 2020 and therefore, the Company does not have any staff except KMPs as on 31st March, 2022. Hence, the provision of gratuity / earned leave is not done on the actuarial basis.</p>

B. Response to comments on Secretarial Audit Report :

Sl. No.	Qualification, Reservation or Adverse Remarks	Board's explanation
1	Non-compliance of Minimum Public Shareholding	The Company and the promoters are in the process taking action to comply with the regulations of Securities and Exchange Board of India relating to Minimum Public Shareholding (MPS) to increase the public shareholding to 25% in terms of Regulation 38 of SEBI (LODR) Regulations, 2015.
2	Late filing of Shareholding Pattern for the quarter ended 30 th September, 2021.	NSDL suspended in providing Benpos data to the Company due to non-payment of Annual Custody Fee (ACF) within the stipulated time. After payment of ACF, NSDL provided benpos data later and hence, there was delay in submitting the shareholding pattern with BSE Ltd by nine days.

DETAILS OF REVISION OF FINANCIAL STATEMENT OR THE REPORT

Your Company has not revised its financial statement or the Report in respect of any of the three preceding financial years either voluntarily or pursuant to the order of a judicial authority.

AUDITORS & SECRETARIAL AUDITOR

➤ Statutory Auditors and Auditors' Report

At the 27th AGM held on September 27, 2017, the Members approved the appointment of M/s.Krishaan & Co, Chartered Accountants (Firm Registration No. FRN 001453S) as the Statutory Auditors of the Company to hold office for a period of five consecutive years from the conclusion of the 27th AGM till the conclusion of the 32nd AGM. Accordingly, M/s.Krishaan & Co will complete its first term as the Statutory Auditors of the Company at the conclusion of the 32nd AGM and are eligible to be re-appointed as the Statutory Auditors of the Company for another term of five years.

The Board of Directors based on the recommendation of the Audit Committee approved the re-appointment of M/s.Krishaan & Co as the Statutory Auditors of the Company for a second term of five consecutive years, i.e. to hold office from the conclusion of the ensuing 32nd AGM till the conclusion of the 37th AGM of the Company, to audit and examine the books of accounts of the Company, subject to approval of the Members at the ensuing AGM.

The necessary resolution for the re-appointment of M/s.Krishaan & Co, forms a part of the Notice convening the ensuing AGM scheduled to be held on Thursday, September 29, 2022.

The Statutory Auditors have given a confirmation to the effect that they are eligible to continue with their appointment and that they have not been disqualified in any manner from continuing as Statutory Auditors.

During the period under review, there are audit qualifications or adverse remarks in the Auditors' Report. Management response against each of the qualification, reservation or adverse remark or observation made in the Auditors' Report has been furnished elsewhere in the Directors' Report.

➤ **Internal Auditors**

The Internal Auditor has been conducting half yearly audits of all operations of the Company and their findings have been reviewed regularly by the Audit Committee. Your Directors note with satisfaction that no material deviations from the prescribed policy and procedures have been observed.

➤ **Secretarial Auditor and Secretarial Auditor's Report**

The Board has re-appointed Mr.S.Ganesh Viswanathan, Company Secretary in Practice to conduct the Secretarial Audit of the Company pursuant to the provisions of Section 204 of the Companies Act, 2013, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and the SEBI (LODR) Regulations, 2015, as amended. The Report of Secretarial Auditor is appended to this Report as "Annexure B". The management response against the qualification or observation made in the Secretarial Audit Report has been furnished elsewhere in the Directors' Report.

➤ **Cost Auditor and Cost Records**

Pursuant to the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Cost records and Audit) Rules, 2014 as amended from time to time, the Company is not required to maintain Cost Records under the said rules.

➤ **Reporting of Frauds by Auditors**

During the year under review, the Statutory Auditors or Secretarial Auditor of the Company have not reported any frauds to the Audit Committee or to the Board of Directors under Section 143(12) of the Act, including rules made there-under.

CREDIT RATING

During the year under review, the Company not issued any debt instruments or any fixed deposit program or any scheme or proposal, obtaining of credit ratings is not applicable to the Company.

LISTING REQUIREMENTS:

Your Company's Equity shares are listed on the BSE Limited. The Listing fees have been paid to this Stock Exchange for the financial year 2022-2023. Both depositories were paid Annual Custody Fees for the financial year 2022-23.

DETAILS OF PENDING PROCEEDINGS UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (31 OF 2016) DURING THE YEAR ALONG-WITH THEIR STATUS AS THE END OF THE FINANCIAL YEAR:

No application under the Insolvency and Bankruptcy Code, 2016 (IBC) was made on the Company during the year. Further, no proceeding under the IBC was initiated or is pending as at 31st March 2022.

THE DETAILS OF DIFFERENCE BETWEEN AMOUNT OF VALUATION DONE AT TIME OF ONE-TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANK OR FINANCIAL INSTITUTIONS ALONG WITH THE REASON THEREOF:

Andhra Bank and Allahabad sanctioned the Company the project term loans during November / December 2010. They valued the properties of the Company at the time of sanction of the financial assistance at Rs.66.60 crores comprises of Hotels at Tirupur and Coonoor only. The Company concluded the One-Time Settlement (OTS) offer

with M/s.RARE ARC on 20th May, 2021. RARE ARC valued the properties of the Company at the time of OTS offer was Rs. 96.80 Crores. The reason for difference between the two valuations is all the project assets i.e. Shopping Mall, Multiplex, Convention Centre and Renewable Energy Plant were standing in the name of promoters on which the projects were undertaken, were registered in the name of the Company at the time of Rights Issue of shares. Before the OTS offer given by M/s.RARE ARC, in March, 2021, the Company disposed of Shopping Mall and part of Multiplex properties to M/s. Avenue Supermarts Limited for a total consideration of Rs. 35,43,75,000/-.

AUDIT COMMITTEE

As on date of this report, Audit Committee consists of the Directors namely Sri. P. Ganesan, Mrs. M. Sasikala, Sri. S.P. Sivanandam and Sri. Nagaraj Saveethkumar. Sri.P.Ganesan is the Chairman of the Committee. The Company Secretary acts as the Secretary to the Committee.

There is no such incidence where Board has not accepted the recommendation of the Audit Committee during the year under review.

NOMINATION AND REMUNERATION COMMITTEE

The Board has, in accordance with the provisions of sub-section (3) of Section 178 of the Companies Act, 2013, formulated the policy setting out the criteria for determining qualifications, positive attributes, independence of a Director and policy relating to remuneration for Directors, Key Managerial Personnel and other employees. The composition of members and a details function of the same are reported elsewhere in the Annual Report. The Nomination and Remuneration Policy based on recommendation of Nomination and Remuneration Committee and the salient features of the Remuneration Policy along with the major gist and changes therein are attached as 'Annexure -A' and the Remuneration Policy is available on Company's website and can be accessed in the link provided herein below: <https://www.velanhotels.com/pdf/Velan%20Hotels-%20Remuneration%20Policy-on-Selection-and-Appointment-of-Directors-and-their-Remuneration-2.pdf>

STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Board has in accordance with Section 178(5) of the Companies Act, 2013 constituted Stakeholder Relationship Committee to resolve the grievances of the Stakeholders of the Company. The composition of members and a details function of the same are reported elsewhere in the Annual Report.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013 and Rules framed there-under. All employees, permanent and contractual are covered under this policy.

During the financial year 2021-2022, the Company has shut all the operations due to repercussions of the COVID-19 and the Company has engaged a few causal staffs, below in 10 numbers, on temporary basis to carry out the statutory obligation and safeguarding the assets of the Company. There were no female staffs employed in the company, either regular or contractual.

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 mandates all the workplace to constitute Internal Complaints Committee (ICC) for receiving complaints of sexual harassment of women in all Ministries/Departments of Union as well as State Governments and in the private sector too.

As the Company has less than ten employees, the Company is not required to constitute Internal Complaints Committee (ICC) as per the requirement of prevention of sexual harassment Policy. Further, the Company management also has not received any complaints regarding sexual harassment during the year under review.

SECRETARIAL STANDARD

The Company complies with all applicable Secretarial Standards issued by The Institute of Company Secretaries of India and approved by the Central Government under Section 118(10) of the Companies Act, 2013 for the financial year ended 31st March, 2022.

EXTRACT OF ANNUAL RETURN

As provided under Section 92(3) and 134(3)(a) of the Act read with Rule 12 of Chapter VII Rules of the Companies (Management and Administration) Amendment Rules, 2020, the draft Annual Return for the Financial Year ended March 31, 2022 is made available on the website of the Company and can be accessed at: www.velanhotels.com under the Head 'Annual Returns' in the Investor page.

BUSINESS RISK MANAGEMENT

Pursuant to Section 134 (3) (n) of the Companies Act, 2013, the Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Company's objectives and activities are aligned with the risks and opportunities identified by the Board. The full Board of the Company formally reviews such risks at least annually. All proposals reviewed by the Board include a consideration of the issues and risks of the proposal. The Board adopts practices designed to identify significant areas of business risk and to effectively manage those risks in accordance with the Company's risk profile. Risk Management is an integral part of the Company's business process. In your Company, risks are carefully mapped and a risk management framework is involved.

The salient features of the Risk Management Policy along with the major gist and changes therein is available on Company's website and can be accessed in the link provided herein below:

<https://www.velanhotels.com/pdf/POLICIES/Policy%20for%20Risk%20Managment.pdf>

RISK MANAGEMENT COMMITTEE:

Pursuant to the Regulation 21 of SEBI Listing Regulations, the provisions of this regulation shall be applicable to top 1000 listed entities vide SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021, effective from May 05, 2021, determined on the basis of Market capitalization, as at the end of the immediate previous financial year.

As the Company does not fall under the top 1000 listed entities, the Risk Management Committee has not been established.

PARTICULARS OF EMPLOYEES AND DETAILS PERTAINING TO REMUNERATION AND OTHER DETAILS AS REQUIRED UNDER SECTION 197(12) OF THE ACT READ WITH RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

A. The information required pursuant to Section 197 (12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company as follows :

i) The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2021-22:

As the Company has not resumed the commercial operations yet, none of the Directors was paid any remuneration.

ii) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager in the financial year :

None of the Directors were paid any remuneration. There was no increase in remuneration of CFO and Company Secretary during the financial year.

iii) The percentage increase in the median remuneration of employees in the financial year :

As there were no permanent employees during the period under review, not applicable.

iv) The number of permanent employees on the roles of the Company:

As on 31st March, 2022, there were no eligible / permanent employees in the Company's payroll except Managing Director, Executive Director, Company Secretary and Chief Financial Officer.

v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the past financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Not applicable.

vi) It is affirmed that the Remuneration in as per Remuneration policy for Directors, Key Managerial Personnel and other employees adopted by the Company.

B. During the year under review, there are no employees drawing remuneration of more than Rs.102 lacs per annum or drawing remuneration of Rs.8.50 lacs per month if employed part of the year. Hence, the statement required under Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 is not appended to the report.

CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION & ANALYSIS REPORTS

The Corporate Governance and Management Discussion & Analysis Report, which form an integral part of this Report, are set out as separate Annexure, together with the Certificate from the Company Secretary in Practice regarding compliance with the requirements of Corporate Governance as stipulated under various regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

CAUTIONARY STATEMENT

Risks, uncertainties or future actions could differ materially from those expressed in the Directors' Report and the Management Discussion and Analysis Report. These statements are relevant on the date of this Report. We have no obligation to update or revise any statements, whether as a result of new information, future developments or otherwise. Therefore, undue reliance should not be placed on these statements.

APPRECIATION

Your Company and its Directors wish to extend their sincere thanks to Bankers, M/s.RARE Asset Reconstruction Ltd, Central /State Governments, Local Bodies, Customers, employees at all levels of their continuous co-operation and assistance.

The Directors regret the loss of life due to COVID-19 pandemic and are deeply grateful and have immense respect for every person who risked their life and safety to fight this pandemic.

The Directors appreciate and value the contribution made by every member of the VHL Family.

For and on behalf of the Board



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



M. R. Gautham
Executive Director
(DIN : 00046187)

Place : TIRUPUR

Date : 12.08.2022

Annexure A to Board's Report

POLICY ON SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION

The Nomination & Remuneration Committee (NRC) has prepared a "Terms of Reference" (ToR), which, *inter alia*, deals with laying down the criteria for selection of Non-Executive Directors (NEDs), based on the requirements of the organization, including the qualifications and determining the independence of Directors. The NRC has also laid down the criteria for evaluation of performance of the Board and guidelines for determining the remuneration of Directors. This Policy is based on the above ToR of NRC:

1. Criteria for selection and appointment of Directors:

- a. The Director shall have relevant expertise and experience commensurate with the requirements of the Company to discharge the duties as a Director.
- b. While selecting a Director, the emphasis be given on qualifications, experience, personal and professional standing of the incumbent.
- c. Assess the independence, nature of the appointment as Director vis-à-vis any conflict of interest with respect to any pecuniary relationship and procure necessary declaration.
- d. A Director is not disqualified for appointment u/s. 164 of the Companies Act, 2013.
- e. The tenure / term of the Non-Executive Director shall be as per the terms of appointment even after attaining the age of 75 years subject to passing of a special resolution by the members of the Company at General Meeting. The tenure / term of other than Non-Executive Directors shall be the age of 70 years and a special resolution is required in case of the tenure / term exceeds 70 years.
- f. In case of re-appointment of Director, due emphasis be given to the performance evaluation of the Director during his tenure.

2. Remuneration:

The Non-Executive Directors shall be entitled to receive remuneration by way of sitting fees for attending the meetings of the Board as well as the Committees and profits related commission as mentioned below. The Directors shall also be eligible to receive reimbursement of expenses for participation in the Board and Committee Meetings.

The overall remuneration shall be in accordance with Sec. 197 and other applicable provisions & rules made there-under from time to time.

- a. A Non-Executive Director shall be entitled to receive sitting fees for attending meetings of the Board and Committees of such amount as may be approved by the Board of Directors, within the overall limits prescribed by the Companies Act, 2013 and rules made thereunder.
- b. The Non-Executive Director will also be entitled to receive a commission on the Net Profits of the Company, on a yearly basis. The amount of commission payable will be as approved by the Board of Directors, based on the recommendation of the NRC.

- c. The NRC may recommend payment of commission on a uniform basis to all NEDs as it deems fit.
- d. The NRC may recommend higher commission to the NEDs who are the Chairman of the Board or various Committees, taking into consideration the higher responsibilities taken by them.
- e. The NRC, while determining the quantum of commission of NEDs may consider the membership of the Director on the Board & Committees, their attendance at the various Board & Committee Meetings, the overall performance of the Company.
- f. The overall commission payable to the Directors shall not exceed 1% of the Net Profits of the Company.
- g. The NRC may recommend a payment of pro-rata commission to a NED who occupies the office for the part of the year.

3. Criteria for selection of Managing Director & Executive Director :

For the purpose of selection of the Managing Director & Executive Director, the N&R Committee shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position and shall take into consideration recommendation, if any, received from any member of the Board. The Committee will also ensure that the incumbent fulfills such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013 or other applicable laws.

4. Remuneration for Managing Director & Executive Director:

- i. At the time of appointment or re-appointment, the Managing Director & Executive Director shall be paid such remuneration as may be mutually agreed between the Company (which includes the N&R Committee and the Board of Directors) and the Managing Director & Executive Director within the overall limits prescribed under the Companies Act, 2013.
- ii. The remuneration shall be subject to the approval of the Members of the Company in General Meeting.
- iii. The remuneration of the Managing Director & Executive Director is broadly divided into fixed and variable components. The fixed component comprises salary, allowances, perquisites, amenities and retiral benefits. The variable component comprises performance bonus.
- iv. In determining the remuneration (including the fixed increment and performance bonus) the N&R Committee shall ensure / consider the following:
 - a. the relationship of remuneration and performance benchmarks is clear;
 - b. balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
 - c. responsibility required to be shouldered by the Managing Director & Executive Director, the industry benchmarks and the current trends;
 - d. the Company's performance vis-à-vis the annual budget achievement and individual performance vis-à-vis the KRAs / KPIs.

5. Remuneration Policy for Senior Management:

The NRC, while determining the remuneration of Senior Management shall ensure the following:

- a. The remuneration is divided into fixed component & Variable Component.
- b. The division is based on the fixed salary and performance bonuses.

Annexure- B to Board's Report

Form No. MR-3

SECRETARIAL AUDIT REPORT

For the Financial Year Ended on 31st March, 2022

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,
Velan Hotels Limited, Tirupur
(CIN : L55101TZ1990PLC002653)

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s Velan Hotels Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me with a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has during the audit period covering the financial year ended 31st March, 2022 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliances-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

The members are requested to read this report along with my letter of even date annexed to this report.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. Velan Hotels Limited (the Company) for the financial year ended 31st March, 2022 according to the applicable provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder ;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under ;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under ;
- iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings ;
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not applicable as the Company has not issued any further share capital during the period under review).
- d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with the client ; (Not applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review).
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 ;
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable as the Company has not bought back any of its securities during the financial year under review).
- vi) The management has identified and confirmed the following laws as specifically applicable to the Company:
 - 1. Food Safety and Standards Act, 2006, and rules made thereunder
 - 2. Food Safety and Standards Act, 2011, and rules made thereunder
 - 3. Tamil Nadu Liquor (Licence and Permit) Rules, 1981 issued under the Tamil Nadu Prohibition Act, 1937
 - 4. Tamil Nadu Public Health Act, 1939
 - 5. Petroleum Rules, 2002 issued under the Petroleum Act, 1934
 - 6. Indian Boilers Act, 1923 and Boiler Rules, 1950
 - 7. Guidelines for Classification of Hotels by Ministry of Tourism, Government of India, 2010

I have also examined compliance with the applicable clauses of the following :

- i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii) The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

I further report that the applicable financial laws such as the Direct and Indirect Tax Laws, have not been reviewed under my audit as the same falls under the review of statutory audit by other designated professionals.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc mentioned above except to the extent as mentioned below:

- 1. Non-compliance with the requirement of Minimum Public Shareholding (MPS) under Regulation 38 of SEBI (LODR) Regulations, 2015.
- 2. Late filing of shareholding pattern for the quarter ended 30th September, 2021 with BSE Ltd by nine days.

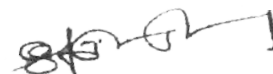
I further report that :

The Board of Directors of the Company is duly constituted with the proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The Board also has a Woman Director.

Adequate notice is given to all Directors to schedule the Board Meetings, Agenda and Detailed Notes on Agenda were sent generally seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the Agenda items before the meeting and for meaningful participation at the meeting.

The majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

I further report that based on review of compliance mechanism established by the Company and on the basis of the compliance certificate(s) issued by the Company Secretary of the Company and taken on record by the Board of Directors at their meeting(s), I am of the opinion that there are adequate systems and processes in place in the Company which is commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines;



S GANESH VISWANATHAN M.Com., ACS,
Company Secretary in Practise
Membership No. ACS 55207
CP. No. 20421
UDIN: A055207D000790381

Place : TIRUPUR

Date : 12.08.2022

ANNEXURE – 1 TO SECRETARIAL AUDIT REPORT

To,

The Members,
Velan Hotels Limited
41 Kangeyam Road, Tirupur 641 604

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the Management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on a test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. My examination was limited to the verification of procedures on the test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.



S GANESH VISWANATHAN M.Com., ACS,
Company Secretary in Practise
Membership No. ACS 55207
CP. No. 20421
UDIN: A055207D000790381

Place : TIRUPUR
Date : 12.08.2022



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A. INDUSTRY STRUCTURE AND DEVELOPMENTS:

Tourism is one of the most promising drivers of growth for the world economy. Tourism has emerged as an instrument of employment generation, poverty alleviation and sustainable human development. Tourism is one of the leading job creators in the world. Tourism is one of the biggest and fastest growing sectors in the global economy and has significant environmental, cultural, social and economic effects, both positive and negative. Tourism is a combination of attraction, transport, accommodation, amenities, restaurant, shopping and entertainment. Every nation's economy is considered one of the major components and to add these, there are three different sectors like Agriculture, Industry and Service sectors, the tourism & hospitality sectors (including hotels and restaurants) has been universally recognized as the growth of expansion and an engine for socioeconomic growth all over the world, tourism and hospitality sectors bring wealth and fortunes to cities and countries. The performance of hospitality industry was significantly impacted during the FY 2020-21 on account of pandemic Covid-19. The industry and all its segments recorded negative growth. During the current year, with the pandemic waning and the economy gaining momentum, most verticals in hospitality industry registered growth, which was partly due to lower base of previous year.

B. OPPORTUNITIES

The tourism sector is bouncing back from the impact of COVID across the world. With the success of the vaccination program, gradual relaxation of travel curbs, and other restrictions, the industry witnessed a return of demand and volumes picked up. Data suggests that the industry will crawl back to the pre-Covid-19 levels in a few months. According to the IBEF data, by 2028, the Indian tourism and hospitality industry is projected to earn US\$ 50.9 billion compared with 2018. This indicates a good sign for the industry. The sector's confidence is also boosted by some special incentives from the government. The ease of curbs from November 15, 2021 by India allowing fully vaccinated foreign tourists to India helped to revive the Indian travel and hospitality sector. The industry's direct contribution to the GDP is expected to record an annual growth rate of 10.35% between 2019 and 2028. There has been an increase in the demand for luxury stay among Indian consumers due to rising consumer spends.

The Indian Government has realized the country's potential in the tourism industry and has taken several steps to make India a global tourism hub. Large number of tourists from the Middle-East visit India for MICE, medical, wellness, luxury tourism etc. India showcased its different tourism products and potential at the Arabian Travel Market, Dubai -2022 as Middle-East has always been one of the major target markets for Indian Tourism. Tourism Ministry also undertook 'Namaste India' campaign for encouraging international visitors to travel to India during this mega event. Some of the major initiatives planned by the Government of India to boost the tourism and hospitality sector of India are as follows:

- Under the Swadesh Darshan scheme, 77 projects have been sanctioned of worth Rs. 6,035.70 crore (US\$ 863.60 million). The Ministry of Tourism has approved 16 projects for over Rs. 1,300 crore (US\$ 171.2 million) in India's North East under the "Swadesh Darshan" Scheme.
- The launch of several branding and marketing initiatives by the Government of India such as 'Incredible India!' and 'Athiti Devo Bhava' has provided a focused impetus to growth. The Indian Government has also released a fresh category of visa - the medical visa or M-visa, to encourage medical tourism in the country.

- The Indian Railway Catering and Tourism Corporation (IRCTC) runs a series of Bharat Darshan tourist trains aimed at taking people to various pilgrimages across the country. In November 2021, the Ministry of Tourism signed a Memorandum of Understanding (MoU) with Indian Railway Catering and Tourism Corporation to strengthen hospitality and tourism industry.
- In November 2021, the Indian government planned a conference to boost film tourism in the country with an aim to establish domestic spots as preferred filming destinations. This move is expected to create jobs and boost tourism in the country.
- Ministry of Tourism has introduced the Incredible India Tourist Facilitator (IITF) and Incredible India Tourist Guide (IITG) Certification Program, aimed at creating an online learning platform of well-trained tourist facilitators and guides across the country. The IITF concept is aimed to promote micro-tourism, i.e., tourism in less explored areas of the country.

C. SEGMENTWISE PERFORMANCE :

Segment-wise Revenue, Result and capital employed for the year ended 31st March 2022 & 2021

Please refer Note No. 38 of Notes to the financial statement

D. THREATS, RISKS AND CONCERNS :

The Tourism industry is wary of rising airfare due to a sharp jump in jet fuel prices since the beginning of this year and escalation of the Russia-Ukraine war. According to experts, there has been a 20-40% increase in domestic and international flight tickets and this certainly has an impact on tourists who are on a budget.

Inflation in March was nearly 7%, and the same was reflected in transport and communication inflation. Fuel prices were increased by 7.5% while transport and communication inflation went up by 8%. Further, in May 2022 the RBI considered prevailing high inflationary conditions while raising interest rates by 40 basis points. The burden of inflation could only weigh down discretionary spending like travel, tour and hospitality.

Add to this, a slow pickup in Covid-19 cases in India is a cause for concern which may lead to another wave of Covid-19 infections. There is uncertainty in the hospitality business about the effect of the new variant, with conflicting reports pouring in from different regions concerning its intensity and speed of spread.

The sector is faced with multiple challenges such as limited enforcement of safety guidelines, growing number of unregistered tour operators and lack of physical infrastructure in certain remote regions.

E. OUTLOOK:

The central government and state governments have announced separate tourism plans and strategy seeks to amplify job potential and development within the tourism and hospitality sectors, foster economic integration and linkage with various sectors, some of the States where tourism has developed systems and enable the Central Government to legislate for tourism and hospitality development. As per the reports, the proposal is to include in Concurrent list was circulated to the state governments and the majority of the states agreed to the proposal. In general, the pandemic brought changes to the way we live and work. Some of those changes are likely to continue to affect travel once the health crisis subsides. FY22 has been a promising year for the sector wherein the revival in the occupancy and RevPAR has led to green shoots for the industry players. The decline in Covid cases, resumption of international flights from March 2022, and

strong leisure and wedding demand are the positive factors that should lead to growth in occupancy and ARR in FY23.

F. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY - Reported in the Report of Directors

G. BUSINESS PERFORMANCE:

Results of operations for the year ended March 31, 2022.

i. Revenues:

The total income stands at Nil from Rs.12.39 lakh in 2020-21.

ii. Operating Expenses:

The total expenditure except Interest and Depreciation stands increased from Rs.124.39 lakhs in 2020-21 to Rs.149.55 lakhs in 2021-22.

iii. Earnings / (Loss) Before Interest, Depreciation and Tax:

During the year under review, the PBIDT is Rs.(149.55) lakhs whereas in 2020-21 the PBIDT was Rs.(111.99) lakhs.

iv. Interest Cost:

During the year under review, the Interest cost stands Rs.0.06 lakhs as compared to Rs.0.08 lakhs in the previous year.

v. Profit / Loss Before Tax after Exceptional Item:

Profit Before Tax at Rs.937.72 lakhs against loss of Rs.115.49 lakhs registered in 2020-21.

vi Profit / Loss After Tax :

During the under review, the Profit after Tax for 2021-22 stood at Rs.937.72 lakhs from profit of Rs.7.13 lakhs logged in 2020-21.

H. FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE: (Rs. in lakhs)

Particulars	31 st March, 2022	31 st March, 2021	31 st March, 2020	31 st March, 2019	31 st March, 2018
OPERATING RESULTS					
1. Total Income	Nil	12.39	339.23	644.05	870.87
2. Profit Before Depre. Int & Tax	(149.55)	(111.99)	(126.64)	(19.46)	36.92
3. Interest	0.06	0.08	13.19	23.28	24.29
4. Depreciation	123.67	167.78	177.72	180.07	184.69
5. Tax Liability - Deferred Tax	--	122.63	--	--	75.47
6. Net Profit /(Loss) After Tax	937.72	7.13	(317.55)	(222.81)	(247.53)
PERFORMANCE PARAMETERS					
1. Share capital	3196.41	3194.41	3196.41	3196.41	3196.41
2. Reserves & Surplus	(693.06)	(1630.78)	(1637.92)	(1320.37)	(1097.56)
3. Secured & Unsecured loans	6060.68	7239.60	13653.26	13714.99	13681.90
4. Fixed Assets (Gross Block)	9957.68	7851.66(*)	13199.01	13103.38	13132.57
5. Accumulated Depreciation	1856.63	1983.70(*)	2251.15	2124.06	1974.18
6. Net Block	8101.05	5868.96(*)	10757.19	10979.32	11158.39

(*) after disposal of Mall and part of Multiplex properties.

I. FINANCIAL RATIOS :

Please refer Note No. 41 of Notes to the Financial Statement.

J. DEVELOPMENT IN HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The industrial relations continued to be harmonious and cordial providing an atmosphere conducive to sustenance of growth and enhancement of value for shareholders. However, there are no employees in the Company.

REPORT ON CORPORATE GOVERNANCE

(In accordance with SEBI (Listing Obligations and Disclosure Requirement) Regulations 2015 and some of the best practices of Corporate Governance, the report containing the details of governance systems and processes at Velan Hotels Limited is as under).

1. PHILOSOPHY :

The Company is committed to maintain highest level of Corporate Governance with transparency and corporate accountability in its actions and operations and to become a good corporate citizen.

Corporate Governance is the combination of voluntary practices and compliance with laws and regulations leading to effective control and management of the organization. It brings into focus the fiduciary and trusteeship role of the Board to align and direct the activities of the organization keeping in mind the interests of shareholders and the society.

The Company has complied with the requirements of Corporate Governance as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the details of which are as under:

2. BOARD OF DIRECTORS

As on report date, the composition of the Board of Directors of the Company is presently governed by the provisions of Companies Act, 2013, the Articles of Association of the Company and the SEBI (LODR) Regulations, 2015. As at 31st March, 2022, the Board was comprised of six Directors, both Executive and Non-Executive. Mr.P.Ganesan is the Independent-Non-Executive Chairman. The day-to-day operations of the Company are managed by Mr.E.V.Muthukumara Ramalingam, Managing Director and Mr.M.R.Gautham - Executive Director, under the active guidance of the Chairman / Board.

Independent - Non-Executive Director

Mr.P.Ganesan, Mr.S.P.Sivanandam and Mr.Nagaraj Saveethkumar are Non-Executive, Independent Directors who constitute 1/2 of the total strength of the Board where the Chairman of the Board is Non-Executive -Independent Director.

Non-Independent Director

Mr.E.V.Muthukumara Ramalingam, Mr.M.R.Gautham and Mrs.M.Sasikala are Non-Independent Directors. Both Mr.E.V.Muthukumara Ramalingam and Mr.M.R.Gautham are Executive Directors while Mrs.M.Sasikala is Non-Executive Director. Hence, the Board has not less than fifty percent of the board of directors comprises of non-executive directors in terms of the provisions of the listing regulation.

In accordance with Regulation 26 of the Listing Regulations, none of the Directors are members in more than 10 committees excluding private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013 or act as Chairperson of more than 5 committees across all listed entities in which he / she is a Director. The Audit Committee and Stakeholders' Relationship Committee are only considered in computation of limits. Further, every Director informs the Company about the Committee position he / she occupies in other companies and notifies the changes as and when they take place.

a. The details of Directorship on the Board of Listed entities, other than Velan Hotels Ltd, of above directors :

None of the Directors of the Company held any position including Directorship in listed entity other than Velan Hotels Limited as on 31st March 2022.

b. Attendance of each director at the meeting of Board of Directors and the last Annual General Meeting.

Name of Director(s)	Designation / Category of Directorship	Board Meetings attended	Attendance at last AGM	No. of other Directorships held	No. of other Company's Committees of which Member / Chairman	No. of shares held by Non-Executive Directors
Mr. P. Ganesan	Chairman/ Independent- Non-Executive	10	No	Nil	Nil	33050
Mr. E.V. Muthukumara Ramalingam	Managing Director/Non-Independent-Executive	10	Yes	2	Nil	N.A
Mr. M.R. Gautham	Executive Director/Non-Independent-Executive	10	Yes	1	Nil	N.A.
Mrs. M. Sasikala	Non-Executive Director / Non-Independent	10	Yes	1	Nil	2130743
Mr. S. P. Sivanandam	Independent-Non-Executive	10	No	1	Nil	100
Mr. Nagaraj Saveethkumar	Independent-Non-Executive	10	Yes	Nil	Nil	Nil

c. Board Meetings and Attendance

The Board looks at strategic planning and policy formulation. The Board meets at least once in every quarter to review the Company's operations and the intervening gap between the meetings is within the period prescribed under the Companies Act 2013 and SEBI (LODR) Regulations, 2015 as amended from time to time. During the year under review, the Board met ten (10) times. There were held on 21/05/2021, 29/06/2021, 28/07/2021, 13/08/2021, 27/08/2021, 22/09/2021, 11/11/2021, 20/11/2021, 14/02/2022 and 18/03/2022. The agenda of the Board meeting is circulated to all the Directors well in advance and contains all the relevant information.

d. Disclosure of relationship between directors inter-se

There is no inter-se relationship between Directors other than Sri. E.V.Muthukumara Ramalingam, Smt. M.Sasikala and Sri. M.R.Gautham. Sri. E.V.Muthukumara Ramalingam and Smt. M.Sasikala are parents of Sri. M.R. Gautham.



e. Weblink of where the details of familiarisation programmes imparted to independent directors.

The details of the familiarization program imparted to Independent Directors during the year 2021-22 can be viewed at: <http://www.velanhotels.com/Familiarisation%20Program-2022.pdf>

f. List of skills / expertise / competencies required to function the business effectively.

- i. The following list of core skills / expertise / competencies are identified by the Board of Directors as required in the context of Business(es) and sector(s) for it to function effectively and those actually available with the Board of Directors.

Integrity and Judgment	Directors should have the highest level of integrity, ethical character and the ability to exercise sound business judgment on a broad range of issues consistent with the Company's values.
Qualification & Knowledge	Directors should be financially literate and have a sound understanding of business strategy, corporate governance and board operations.
Diversity	Directors should be capable of representing the multi-cultural nature with consideration being given to a diverse board in terms of gender and ethnic membership. In addition, the Committee shall take into account diversity in professional experience, skills and background.
Independence	Directors who are not current or former management should meet the spirit as well as the letter of the applicable independence standards. In addition, all Directors should be independent in their thought and judgment so that they represent the long-term interests of all shareholders of the Company.
Experience and Accomplishments	Directors should have significant experience and proven superior performance in professional endeavors whether this experience is in business, government and academic or with non-profit organizations.
Board Interaction	Directors should value board and team performance over individual performance, demonstrate respect for others and facilitate superior board Performance. Directors should be willing and able to devote the time required to become familiar with Company's business and to be actively involved in the Board and its decision-making.
Skills	Directors should have expertise in one or more of the areas such as accounting and finance, technology, management, compensation, legal, HR, corporate governance, strategy, industry knowledge and general business matters.

ii) Key skills and Competencies of the Board

	Mr.P. Ganesan	Mr.E.V.Muthukumara Ramalingam	Mr.M.R.Gautham	Mrs.M.Sasikala	Mr.S.P.Sivanandam	Mr.Nagaraj Saveethkumar
Integrity and Judgment	✓	✓	✓	✓	✓	✓
Qualification and Knowledge	✓	✓	✓	✓	✓	✓
Diversity	✓	✓	✓	✓	✓	✓
Independence	✓	✓	✓	✓	✓	✓
Experience and Accomplishments	✓	✓	✓	✓	✓	✓
Board Interaction	✓	✓	✓	✓	✓	✓
Skills	✓	✓	✓	✓	✓	✓

All the Directors of the Company possess the core competencies identified by the Board.

g. Confirmation of Independence

In the opinion of the Board that the Independent Directors fulfill the conditions specified under Regulation 34(3) and 53(f) of SEBI (LODR) Regulations, 2015 and are independent of the management.

h. Reasons for the resignation of an Independent Director

None of Independent Director has resigned during the financial year.

COMMITTEES OF THE BOARD

The Company has constituted various committee(s) in compliance with the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

The Company Secretary acts as the Secretary to all the Committees. Minutes of the Committee meetings are circulated to the Directors and placed before the Board meeting for noting thereat.

3. AUDIT COMMITTEE

i) Terms of Reference:

The role of the Audit Committee includes overseeing the financial reporting process and disclosure of financial information, review of financial statements before submission to the Board, review of adequacy of internal control system, findings of internal audit, whistle blower mechanism, approval and review of related party transactions valuation of assets / undertakings of the Company, appointment of registered valuers etc., besides recommending the appointment of Auditors and their remuneration to the Board as well as approval of payments to Statutory Auditors for non-audit services and review of effectiveness of audit process. It also reviews major accounting policies followed by the Company.

ii) Composition:

The Company has complied with the requirements of Regulation 18 of SEBI (LODR) Regulations 2015 as regards composition of Audit Committee.

During the year under review, the Audit Committee comprises entirely of three Non-Executive Directors and two-thirds of them are Independent Directors. Sri.P.Ganesan, Sri.S.P.Sivanandam, Sri.Nagaraj Saveethkumar and Smt.M.Sasikala are the Member of the Committee.

Sri.P.Ganesan, Independent Director is the Chairman of the Committee.

The Audit Committee invites the executives including CFO of the Company, as it considers appropriate, representatives of Statutory Auditor and representatives of the Internal Auditor at its meetings. The Company Secretary acts as the Secretary to the Committee. All the members are financially literate and possess necessary expertise in finance or accounting or any other comparable experience or background.

iii) Committee Meetings :

Committee meetings and the attendance record of the members at the meeting were as follows:

During the year under review, there were 5 committee meetings held. There were held on 21/05/2021, 29/06/2021, 13/08/2021, 11/11/2021 and 14/02/2022.

Name of the Member	Designation	No. of Meetings of Attended
Sri. P. Ganesan	Chairman	5
Smt. M. Sasikala	Member	5
Sri. S. P. Sivanadam	Member	5
Sri. Nagaraj Saveethkumar	Member	5

The Chairman of the Audit Committee was not present at the last Annual General Meeting. Mrs.M.Sasikala, member of the Committee was present for representing the Audit Committee.

4. NOMINATION & REMUNERATION COMMITTEE:

a. Composition

The Composition of Nomination and Remuneration Committee is in accordance with the provisions of Section 178(1) of the Companies Act, 2013 and Regulation 19 of the Listing Regulations which comprises entirely of three Non-Executive Directors and two-thirds of them are Independent Directors.

Name of the Member	Designation
Mr. S.P. Sivanadam	Chairman
Mr. P. Ganesan	Member
Mrs. M. Sasikala	Member
Sri. Nagaraj Saveethkumar	Member

b. Terms of Reference

The constitution and terms of reference of the Nomination and Remuneration Committee of the Company are in compliance with provisions of the Section 178 of the Companies Act, 2013 as well as the requirement of Regulation 19 of the Listing Regulations. The Nomination and Remuneration Committee of the Company was constituted to formulate the criteria for determining qualifications, positive attributes and Independence of a Director and recommend to the Board policies relating to, the remuneration of the Directors, Key Managerial Personnel and other employees and diversity of Board of Directors, and evaluation of the performance of Independent Directors and the Board of Directors, identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal.

c. Committee Meetings

During the financial year 2021-22, two meetings were held on 21/05/2021 and 18/03/2022. All the members of the Committee were present. They also evaluated the performance of the Independent Directors, Non-Independent Directors and the Board as per the prescribed criteria and recommended to the Board for appointment of Independent Director.

d Performance evaluation criteria for Independent Directors

Each Independent Director's performance was evaluated as required by Schedule IV of the Act having regard to the following criteria of evaluation viz. (i) Qualification (ii) Experience (iii) Availability and Attendance (iv) Integrity (v) Commitment (vi) Governance (vii) Independence (viii) Communication (ix) Preparedness (x) Participation and (xi) Value Addition.

e. Remuneration to Managing Director / Executive Director / Other Directors

During the year under review, no remuneration was paid to Managing Director / Executive Director in view of the accumulated loss. In addition, there is no other material pecuniary relationship or transactions by the Company with the Directors.

f. Remuneration of Directors / Remuneration Policy

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The performance criteria for payment of remuneration are stated in the Remuneration Policy. The Remuneration Policy is annexed in the Directors Report page as Annexure-B. The said policy is hosted on the following weblink :

<https://www.velanhotels.com/pdf/Velan%20Hotels-%20Remuneration%20Policy-on-Selection-and-Appointment-of-Directors-and-their-Remuneration-2.pdf>

g. Service Contracts:

In accordance with the applicable provisions of the Companies Act, 2013, the members of the Company approved the re-appointments of Managing Director / Executive Director without any managerial remuneration due to loss made by the Company. No service contracts entered into between the Company and Directors.



h. Notice Period:

The terms of appointments of Managing Director/ Executive Director of the Company is such that it requires ninety days 'notice periods by either parties.

i. Severance / Compensation fees:

The Nomination and Remuneration Committee is entrusted with the role of reviewing the compensation of Directors as and when the Company turns profit.

j. Payment and other consideration to independent directors:

An independent director shall not be entitled to any stock option and is entitled to receive remuneration only by way of sitting fees and reimbursement of expenses for participation in meetings of the Board or committee thereof.

5. STAKEHOLDERS RELATIONSHIP COMMITTEE

a. Composition

The Company's Stakeholders Relationship Committee functions under the Chairmanship of Mr. P. Ganesan, Independent Director of the Board. Mr. S.P. Sivanandam and Mr. Nagaraj Saveethkumar, Non-Executive Directors and Mr. E.V. Muthukumara Ramalingam, Managing Director of the Company are the other members of the Committee.

Mr. M. Srinivasan, Company Secretary is the Compliance Officer of the Company.

b. Terms of reference

The terms of reference of this Committee includes formulation of investor servicing policies, review of redressal of investor complaints and approval / overseeing of transfers, transmissions, transpositions, splitting, consolidation of securities, issue of duplicate certificates, demat / remat requests, review of service standards in respect of various services rendered by the Registrar & Share Transfer Agent, to consider and resolve the grievances of share holders of the Company and to determine, monitor and review the standards for resolution of stakeholders grievance, review measures taken for effective exercise of voting rights by shareholders and ensuring timely receipt of annual reports / statutory notices by the shareholders and performing other functions as delegated to it by the Board from time to time.

c. Committee meetings

During the year under review, the Stakeholders Relationship Committee met on 01/09/2021 and 18/03/2022.

Complaints Status	01-04-2021 to 31-03-2022
Number of shareholders' complaints received during the period :	Nil
Number not solved to the satisfaction of shareholders :	Nil
Number of pending complaints :	Nil

The business transacted at the Stakeholders Relationship Committee meetings are placed before the Board regularly.

The attendance of the Members at the meetings is stated below.

Name of the Member	Designation	No. of Meetings of Attended
Mr. P. Ganesan	Chairman	2
Mr. S. P. Sivanandam	Member	2
Mr. E.V. Muthukumara Ramalingam	Member	2
Mr. Nagaraj Saveethakumar	Member	2

d. SEBI Complaints Redress System (SCORES)

A centralized web based complaints redressal system which serves as a centralized database of all complaints received, enables uploading of Action Taken Reports (ARTs) by the concerned companies and the investors can view the of actions taken on the complaint and its current status.

In line with the existing provisions of the Listing Regulation, the Company has created a separate e-mail address viz. investorrelations@velanhotels.com to receive complaints and grievances of the investors.

e. Ministry of Corporate Affairs (MCA)

The Company has periodically filed all the necessary documents with the MCA & the Company has also filed its Annual Financial Statements on MCA through XBRL.

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:

As the Company does not fall under the criteria stated in Section 135 of the Companies Act, 2013, the Company has not formed a CSR Committee.

INDEPENDENT DIRECTORS MEETING:

The Company's Independent Directors met on 18th March 2022 without the presence of the Managing Director, Executive Director, Non-Executive-Non-Independent Directors and the Management representatives. The meeting was attended by all the Independent Directors and was conducted informally to enable the Independent Directors to discuss matters pertaining to the Company's affairs and put forth their combined views to the Board of Directors of the Company.

Further, the Independent Directors also reviews the performance of the Chairman, Non-Independent Directors, Managing Director (after taking into account the views of Executive and Non-Executive Directors) and the Board as a whole, assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

SHAREHOLDERS:

1. Means of Communication:

The quarterly results, reports, statements, documents, filing and any other pieces of information are filed with the electronic platform of the BSE Ltd immediately after they are approved by the Board. These are also published in "Afternoon", an English daily newspaper and in "Pirpagal", a regional daily newspaper published in the language of the region where the Registered Office of the Company is situated.

The Company maintains a functional website containing all prescribed information as mentioned in the Regulation 46 of the Listing Regulations. Further, all periodical compliance filings like Shareholding Patterns, Corporate Governance Report, Corporate Announcements etc. are filed electronically on BSE Listing Centre, a web based application designed by BSE for corporate.

No presentations have been made to Institutional Investors or to analysts.

2. Share Transfers Agents:

Both physical and Demat segments are handled by the Company's Registrar & Share Transfer Agent Namely SKDC Consultants Ltd., "Surya", Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Post, Coimbatore - 641 028.

3. Share Transfer System:

SEBI has amended relevant provisions of SEBI(Listing Obligations and Disclosure Requirements)(Fourth Amendment) Regulations, 2018 to disallow listed companies from accepting request for transfer of securities which are held in physical form with effect from April 1, 2019. Members will need to convert them to demat form compulsorily if they wish to effect any transfer. Only the requests for transmission and transposition of securities in physical form are accepted by the listed companies.

4. GENERAL BODY MEETINGS :

i. Last three Annual General Body Meetings were held as per details shown below :

Year	Location	Date	Time
2021	AGM conducted through Video Conferencing ('VC') / Other Audio Visual Means ('OAVM')	23 th December, 2021	12.05 p.m.
2020	AGM conducted through Video Conferencing ('VC') / Other Audio Visual Means ('OAVM')	26 th December, 2020	12.05 p.m.
2019	Regd. Office at 41, Kangayam Road, Tirupur 641 604	27 th September, 2019	12.05 p.m.

ii. Extra-Ordinary General Meeting :

No Extra -Ordinary General Meeting was held during the year 2021 - 22.

iii. Special Resolutions passed during last three Annual General Meetings

Year	Date	Meeting	Matters passed
2021	23/12/2021	AGM	1. Re-appointment of Mr. E.V. Muthukumara Ramalingam as Managing Director without managerial remuneration.
2020	26/12/2020	AGM	1. Adoption of new set of Memorandum of Association of the Company. 2. Alteration of Main Object clause of the Memorandum of Association of the Company
2019	27/09/2019	AGM	1. Re-appointment of Mr.P.Ganesan as an Independent Director and continuation of holding office as a Non-Executive Director for a further period of five years. 2. Re-appointment of Mr.S.P.Sivanandam as an Independent Director for a further period of five years. 3. To consider sale of movable and immovable assets of the Company

iv. Postal Ballot:

No special resolution was put through postal ballot, nor is proposed for this year.

6. GENERAL SHAREHOLDER INFORMATION

a. Annual General Meeting

- i. Date : 29.09.2022
- ii. Time : 11.45 a.m.
- iii. Venue : 41 Kangayam Road, Tirupur - 641 604

b. Financial Calendar

- Financial reporting for the quarter ending September 2022 : Before November 14, 2022
- Financial reporting for the quarter ending December 2022 : Before February 14, 2023
- Financial reporting for the Annual for March 31, 2023 : Before May 30, 2023
- Financial reporting for the quarter ending June, 2023 : Before August 14, 2023

c. Date of Book Closure

: 23/09/2022 to 29/09/2022

d. Dividend payment

: No dividend is recommended.

e. Listing on Stock Exchange

: BSE Limited
& Stock Code 526755

f. Stock price data.

High / Low prices of the share of the Company quoted during the financial year 2021-22 at BSE Ltd.

Month & Year		High (Rs.)	Low (Rs.)
April	2021	3.26	2.26
May	2021	4.38	2.54
June	2021	4.05	3.50
July	2021	4.50	3.47
August	2021	5.00	3.42
September	2021	4.52	3.51
October	2021	5.36	3.33
November	2021	4.58	3.52
December	2021	6.80	3.83
January	2022	12.15	7.14
February	2022	10.13	6.55
March	2022	8.75	6.84

g. As the share price of the Company quoted below the par value, the performance in comparison to broad-based indices such BSE Sensex is not reported.

h. Distribution of Shareholdings as on 31.03.2022

Range (in Nos.)	No. of Shareholders	%held (% No. of persons)	Value of shares (Rs.)	% held (% Value)
Up to 500	6092	86.4481	767373	2.40
501 to 1000	461	6.5418	387653	1.21
1001 to 2000	213	3.0226	325519	1.02
2001 to 3000	81	1.1494	209738	0.66
3001 to 4000	41	0.5818	146609	0.46
4001 to 5000	36	0.5109	170411	0.53
5001 and 10000	50	0.7095	380064	1.19
10001 and above	73	1.0359	29576752	92.53
TOTAL	7047	100.0000	31964119	100.00

I. Categories of Shareholding as on 31st March 2022:

Sl. No.	Category	No. of shareholder	No. of shares	% of holding
1.	Promoters Group			
a.	Individual	6	22791096	71.30
b.	Bodies Corporate	1	2826934	8.84
2.	Public Shareholding			
a.	Individual	6821	5555306	17.38
b.	Directors/Directors relatives	6	83600	0.26
c.	Bodies Corporate	32	18248	0.06
d.	Non-Resident Indian (NRI)	21	57413	0.18
e.	Overseas Corporate Bodies	1	1000	0.00
f.	Clearing Members	11	6898	0.02
g.	HUF	51	153270	0.47
h.	IEPF	1	470620	1.47
	Total	6957	31964119	100.00

(Multiple Folios having same PAN clubbed into one folio.)

j. **Dematerialization of shares and Liquidity as on 31.03.2022**

Dematerialised form in CDSL	-	16445785
Dematerialised form in NSDL	-	14996659
Total shares in demat form	-	31442444
% of total share capital	-	98.367%
Physical holding	-	521675
% of total share capital	-	1.633%

k. **Reconciliation of Share Capital Audit**

In keeping with the requirements of SEBI-LODR Regulations, a Reconciliation of Share Capital Audit by a Practicing Company Secretary is carried out at the end of every quarter to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The said audit confirms that the total issued / paid - up capital tallies with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

l. **Details on use of public funds obtained in the last three years**

During the last three years, no fund has been raised.

m. Outstanding GDR/ADR/Warrants and convertible bonds, conversion date and likely impact on equity.

The company has not issued any GDR / ADR or convertible bonds.

n. Commodity Price Risk or Foreign Exchange Risk and Hedging Activities

The Company is not dealing / trading in any commodities / exchanges, hence does not have any exposure to commodity price risk.

o. As the Company has not issued any debt instruments or any fixed deposit program or any scheme or proposal, obtaining of credit ratings is not applicable to the Company.

p. Location of the Hotels ←————→ Velan Hotels-Greenfields,
41 Kangayam Road, Tirupur 641 604

q. Address for correspondence —————→ Velan Hotel - Greenfields
41 Kangayam Road, Tirupur 641 604 Tamil Nadu
Ph Nos : (+91/0)(421) 4311111
Fax Nos : (+91/0)(421) 2424434
E-mail : accounts@velanhotels.com &
investorrelations@velanhotels.com
Website : www.velanhotels.com

r. Compliance Officer Sri. M. Srinivasan - Company Secretary

5. OTHER DISCLOSURES

a. Related Party Transactions:

The details of Related Party Transactions are given in the Directors Report.

b. Compliances

The Company believes that it has complied with all the regulations of Stock Exchange, SEBI or other statutory authority/ties on matters related to capital markets.

c. Vigil Mechanism or Whistle-Blower Policy:

Pursuant to Section 177 of the Companies Act, 2013, the Regulation 22 of SEBI (LODR) Regulation, 2015 and Regulation 9A(6) of the Securities and Exchange Board of India (Prohibition of Insider Trading Regulations), 2015, the Company has a Whistle-Blower Policy for establishing a vigil mechanism for Directors and employees to report genuine concerns regarding unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct and Ethics policy. The said mechanism also provides for adequate safeguards against victimization of persons who use such mechanism and makes provision for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases. We affirm that no employee of the Company was denied access to the Audit Committee. The said Whistle-Blower Policy has been hosted on the website of the Company at https://www.velanhotels.com/pdf/Velan%20-%20Vigil_Mechanism_Whistle-blower_Policy.pdf

d. Web link of policy on dealing with related party transactions:

The policy on dealing with related party transactions can be viewed at <https://www.velanhotels.com/pdf/Related-Party-Transactions-Policy%20-%20Velan%20Hotels%20Ltd.pdf>.

e. Disclosure of Accounting Treatment

In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Companies Act, 2013. The significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements.

f. Risk Management

The Company has in place a mechanism to inform the Board members of the risk assessment and mitigation plans and periodical review to ensure that the critical risks were controlled by the executive management through means of a properly defined framework.

g. Commodity price risk and Commodity hedging activities

The Company does not have material exposure of any commodity and accordingly, no hedging activities for the same are carried out. Therefore, there is no disclosure to offer in terms of SEBI circular No. SEBI/HO/CFD/CMD1/CIR/P/2018/0000000141 dated November 15, 2018.

h. Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).

Not applicable

i. A certificate from a Company Secretary in practice that none of the directors on the board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Board/ Ministry of Corporate Affairs or any such statutory authority.

The Certificate of Company Secretary in Practice is annexed herewith as a part of the report.

j. Where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year.

Not Applicable

k. Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the Statutory Auditor and all entities in the network firm/network entity of which the Statutory Auditor is a part.

The details relating to fees paid to the Statutory Auditors are given in Note No. 30 to the Standalone Financial Statements.

l. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Disclosed in the Directors' report.

m. Code of Conduct

The Board of Directors has laid-down a 'Code of Conduct' (Code) for all the board members and senior management personnel of the Company and this Code is posted on the website of the Company. Annual declaration is obtained from every associate covered by the Code. The declaration of the Managing Director, as required under SEBI (LODR) Regulations, 2015, is published elsewhere in the Annual Report.

n. Details of compliance with mandatory and non-mandatory requirements

❖ Mandatory

As the Company is committed to highest levels of Corporate Governance, the Company has complied with all mandatory requirements specified in Regulations 17 to 27 and clause (b) to (i) of sub regulation (2) of regulation 46 of SEBI (Listing Obligations and Disclosure Requirements), 2015

❖ Non-mandatory requirements

Adoption of non-mandatory requirements of the Listing Regulations is being reviewed by the Board from time-to-time.

The status of compliance with the non-mandatory (discretionary) requirements under Regulation 27 of the Listing Regulations is provided below:

i. The Board

The Chairman of the Board is a Non-Executive Director and his position is separate from that of the Managing Director. The Chairman is entitled to maintenance of office and reimbursement of expenses for performing his duties.

ii. Shareholders rights

The quarterly financial results are published in newspapers in English and Tamil, uploaded on the Company's website and any major developments are conveyed in the press releases issued by the Company and posted on the Company's website. The Company therefore did not send the half yearly performance update individually to the shareholders during the year.

iii. Modified opinion(s) in audit report

The Statutory Auditors of the Company has given modified opinions in the audit report and replies against same by the Board are reported in the Directors Report.

iv. Reporting of Internal Auditor

In accordance with the provisions of Section 138 of the Companies Act, 2013, the Company has appointed an Internal Auditor who reports to the Audit Committee. Quarterly internal audit reports are submitted to the Audit Committee which reviews the audit reports and suggests necessary action.

During the year, the Internal Auditor / Statutory Auditor have had separate discussions with the Audit Committee without the presence of the Management team.

Other non-mandatory requirements have not been adopted at present.

o. Disclosure with respect to demat suspense account / unclaimed suspense account:

Not applicable

p. Compliance Certificate of Managing Director / CFO

The Managing Director and the Chief Financial Officer of the Company have given certification on financial reporting and internal controls for the financial year 2021-22 to the Board of Directors at their meeting held on 30th May, 2022, as required under Regulation 17(8) of SEBI (LODR), Regulations, 2015.

q. Code of Conduct for prohibition of Insider trading

The Company has adopted a Code of conduct as per SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended in 2019. All Directors, Senior Management Personnel, person forming part of Promoter(s) / Promoter(s) Group(s) and such other Designated Employees who could have access to the Unpublished Price Sensitive Information of the Company are governed by this Code. The web link of the code of conduct is available on the board's report. The Company Secretary of the Company is appointed as the Compliance Officer by the Board to ensure compliance and effective implementation of the Insider Trading Code.

DECLARATION BY THE MANAGING DIRECTOR UNDER PARA D OF SCHEDULE V OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 REGARDING ADHERENCE TO THE CODE OF CONDUCT

In accordance with Para-D of Schedule V of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, I hereby confirm that, all the Directors and the Senior Management personnel of the Company have affirmed compliance with their respective Codes of Conduct, as applicable to them, for the financial year ended March 31, 2022.

For and on behalf of the Board



E. V. Muthukumara Ramalingam

Managing Director

(DIN : 00046166)

Place : TIRUPUR

Date : 12.08.2022

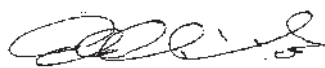
CERTIFICATE OF MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER ON FINANCIAL STATEMENT

To
The Board of Directors
M/s. Velan Hotels Limited

Sub : Compliance Certificate furnished by Managing Director and CFO of the Company as for the quarter ended (Q4) and financial year ended 31st March, 2022 as per Part-B of Schedule II of Regulation 17(8) and 33 of SEBI(Listing Obligations and Disclosures Requirements) Regulations, 2015.

We, the undersigned, in our respective capacities as Managing Director and CFO of Velan Hotels Ltd to the best of our knowledge and belief certify that :

- A. We have reviewed the Financial Statement for the financial year ended 31st March 2022 and that to the best of our knowledge and belief:
- a) These Statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) These Statements together present a true and fair view of the Company and are in compliance with existing Indian Accounting Standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the financial year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit committee
- 1. significant changes in internal control over financial reporting during the financial year;
 - 2. significant changes in accounting policies during the financial year and that the same have been disclosed in the Notes to the Accounts; and
 - 3. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.



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



R. Lalitha
Chief Financial Officer

Place : TIRUPUR
Date : 30.05.2022

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members
Velan Hotels Limited

I have examined the compliance of conditions of Corporate Governance by Velan Hotels Limited ("the Company") for the year ended March 31, 2022, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations - 2015").

The compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to the procedures and implementation thereof, adopted by the company for ensuring compliances of conditions of the Corporate Governance stipulated in the SEBI Listing Regulations - 2015.

My responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of our information provided and explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations -2015, as applicable, during the year ended March 31, 2022 except non-compliance with the requirement of Minimum Public Shareholding (MPS) under Regulation 38 of SEBI (LODR) Regulations, 2015 and late filing of shareholding pattern for the quarter ended 30th September, 2021.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.



S GANESH VISWANATHAN M.Com., ACS,
Company Secretary in Practise
Membership No. ACS 55207
CP. No. 20421
UDIN : A055207D000790414

Place : TIRUPUR
Date : 12.08.2022

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,

The Members of Velan Hotels Ltd
Tirupur - 641 604

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of VELAN HOTELS LIMITED having CIN L55101TZ1990PLC002653 and having Registered Office at S F 41 Kangayam Road, Tirupur 641604 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ending on 31st March, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in the Company
1.	ESWARAMOORTHY VENKATACHALAM MUTHUKUMARA RAMALINGAM	00046166	21/03/1990
2.	MUTHUKUMARA RAMALINGAM GAUTHAM	00046187	01/12/2001
3.	PALANISAMY GOUNDER GANESAN	00049804	21/03/1990
4.	MUTHUKUMARARAMALINGAM SASIKALA	01452586	28/03/2012
5.	SUBBANNA CHETTIAR PALANISWAMY CHETTIAR SIVANANDAM	01864334	29/09/2014
6.	NAGARAJ SAVEETHKUMAR	09130676	31/03/2021

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

S GANESH VISWANATHAN M.Com., ACS,
Company Secretary in Practise
Membership No. ACS 55207
CP. No. 20421
UDIN : A055207D000790392

Place : TIRUPUR
Date : 12.08.2022

INDEPENDENT AUDITOR'S REPORT

To

The Members of Velan Hotels Limited

Report on the Audit of the Standalone Financial Statements

Qualified Opinion

We have audited the standalone financial statements of **Velan Hotels Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2022, and the Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and Profit, Changes in Equity and its Cash Flows for the year ended on that date, **subject to the notes given below with regard to Going Concern other Key Audit Matters.**

Basis for Qualified Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Going Concern

We draw attention to Note No. 36 of the attached Financial Statements for the year ended 31st March 2022. The Company's borrowings were taken over by M/s. RARE Asset Reconstruction Limited ("ARC") commencing from April 1, 2017 and out of the final One-time settlement amount of Rs. 97.32 crores agreed with the ARC, the Company has made a payment of Rs. 42.20 cr. from the sale proceeds of Shopping Mall and part of Multiplex properties, Hotel at Coonoor and Advance received for sale of power plant. The Company intends to repay the balance to the ARC from the sale of other assets of the Company, refer Note No. 35 to these financial statements. Further, with the Company having suspended all business operations and with no revenue being generated to meet the debt obligations, there exists a concern on the ability of the Company continuing as a Going Concern. In view of the above, our opinion is **Qualified.**

Other Matters

In view of the lockdown and travel restrictions due to outbreak of COVID-19, wherever physical access was not possible, necessary records / reports / documents were verified through digital medium, email, etc. on a sample basis and were relied upon as audit evidence for carrying out the audit for the current year. This has been carried out based on the advisory on "Specific Considerations while conducting Distance Audit / Remote Audit / Online Audit under current Covid-19 situation" issued by the Auditing and Assurance Standards Board of ICAI. We have

been represented by the management that the data provided for our audit purposes is correct, complete, reliable and are directly generated by the accounting system of the Company without any further manual modifications. We bring to the attention of the users that the audit of the financial statements has been performed in the aforesaid conditions.

In view of above Our opinion is ***Not Qualified***.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Key audit matters identified in our audit are summarized as follows:

- ❖ Ability of the Company Continuing as a Going Concern
- ❖ Confirmation of balance of Outstanding Debt
- ❖ Impairment of Assets
- ❖ Delays in remittance of statutory dues
- ❖ Gratuity and Leave Encashment accounted on estimated basis

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><u>Ability of the Company Continuing as a Going Concern</u></p> <p>As at 31st March 2022, the Company has suspended all operations of the Company and there exists no revenue generation to meet the debt obligations and to continue the operations.</p> <p>Accordingly, it has been determined as a key audit matter.</p>	<p>Our audit procedures in relation to assessment of going concern included:</p> <ul style="list-style-type: none"> - Obtaining an understanding of and assessing the design, implementation and operating effectiveness of key internal controls over the existence and performance of Revenue and Receivables activities; - Audit of debt obligations as at the year ended March 31, 2022; - Estimating the extent of revenue to continue the operations on a Going Concern Basis, - Assessment of the revenue-generating capacity of the company to reasonably meet its debt obligations. <p>Key Observation:</p> <p>We draw attention to Note No. 36 of the attached Financial Statements for the year ended 31st March 2022. The Company's borrowings were taken over by M/s. RARE Asset Reconstruction Company Limited ("ARC") commencing from April 1, 2017 and out of the final One-time settlement amount of Rs. 97.32 crores agreed with the ARC, the company has made</p>

Key Audit Matter	How our audit addressed the Key Audit Matter
	<p>a payment of Rs. 42.20 cr. from the sale proceeds of Shopping Mall and part of Multiplex properties, Hotel at Coonoor and Advance received for sale of power plant. The company intends to repay the balance to the ARC from the sale of other assets of the Company, refer Note No. 35 to these financial statements. Further, with the Company having suspended all business operations and with no revenue being generated to meet the debt obligations, there exists a concern on the ability of the Company continuing as a Going Concern. In view of the above, our opinion is Qualified.</p>
<p>Confirmation of balance of Outstanding Debt:</p> <p>As on the date of Balance Sheet, the company has not obtained confirmation statement from ARC for Outstanding Debt.</p>	<p>Our audit procedures in relation to assessment of outstanding balance of debt as on 31.03.2022:</p> <ul style="list-style-type: none"> - Tested the information used by management for outstanding debts. - Obtained necessary evidences to confirm the transfer of closing outstanding debts with Banks to ARC. <p>Key Observation:</p> <p>With the final OTS offer provided by the ARC and accepted by the Company, such communication has been considered for the confirmation of the Outstanding Debt.</p>
<p>Impairment of Assets</p> <p>For the Assets, which are taken over by ARC against the amount due, has been not tested for Impairment.</p>	<p>Our audit procedures in relation Impairment of Assets:</p> <ul style="list-style-type: none"> - Obtained list of Fixed Assets by Carrying Amount, which is original book value less depreciation. - Tested the Carrying amount for impairment using discounted cashflows. - Adjusted the fixed assets for reduction in carrying value and recognized the loss. <p>Key Observation:</p> <p>The test for the impairment of the assets tied to the borrowings have not been carried out as only a portion of the assets have been sold as at the year end. With the other assets still in the possession of the Company, impairment, if any, shall be quantifiable only on completion of the sale of the assets of the Company and extinguishment of the Debt. Therefore no loss is recognised on account of potential impairment.</p>
<p>Delays in remittance of statutory dues:</p>	<p>There has been significant delay in the remittance of Tax Deducted at Source, Goods and Service Tax, Value Added tax, Service Tax, Provident Fund and Employees' State Insurance to</p>



Key Audit Matter	How our audit addressed the Key Audit Matter
<p>The Company is delay in remittance of statutory dues to various statutory authorities.</p>	<p>appropriate authorities. The outstanding dues are yet to be remitted with the statutory authorities as at the year end. There were no amount outstanding pertaining to the accounting year 2021-22</p>
<p>Gratuity and Leave Encashment accounted on estimated basis</p> <p>As on the balance sheet date, the Company has not made provision for Gratuity and Leave Encashment on Actuarial Basis.</p>	<p>Our audit procedures in relation accounting of Gratuity and Leave Encashment on Actuarial Basis:</p> <ul style="list-style-type: none"> - Tested the accuracy and completeness of data sent by management to Actuaries in computing the provision for Gratuity and Leave Encashment; - Tested the appropriateness of methods, other inputs and significant assumptions used by the Actuary. <p>Key Observation:</p> <p>As all the operations of the company has been suspended all the employees except KMP have resigned, no further provision Gratuity and Leave Encashment is required. The Company shall have to re-assess the carrying liability of Gratuity and Leave Encashment to arrive at the appropriate liability. Till such time no revisions in the carrying value of Gratuity and Leave Encashment has been considered. The impact of change in profitability could not ascertained.</p>

Information Other than the Financial Statements and Auditor's Report Thereon:

The Company's Board of Directors is responsible for other information. The other information comprises the information included in the financial highlights, board's report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards

specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(1) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability continue as going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable. As required by Section 143(3) of the Act, we report that:

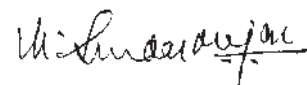
- a) We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the Directors as on 31st March, 2022 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 37 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. i) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- ii) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- iii) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) contain any material misstatement.
- v. No dividend is declared during the year and therefore compliance with Section 123 of the Act is not applicable for the Company

KRISHAAN & CO

Chartered Accountants

FRN : 001453S



(K. SUNDARRAJAN)

Partner

(Membership No. : 208431)

UDIN : 22208431AJXFFU5594

Place : Tirupur

Dated : 30.05.2022

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2022, we report that:

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

- i)
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
 - c) According to the information and explanations given to us and on the basis of our examination of the registered title deeds of all the immovable properties of land and building are held in the name of the company as at the balance sheet date; Immovable properties of land and building whose title deeds have been pledged as security for loans, guarantees etc., are held in the name of the Company as per Memorandum of Entry executed by the Company and confirmed by the banker/ARC as on the balance sheet date.
 - d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its fixed assets during the year.
 - e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- ii)
 - a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals. No inventory is lying at the end of the year.
 - b) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material, which have been properly dealt with in the books of account.
 - c) The company has not availed any working capital loan from banks or financial institution.
- iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or granted any advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year.
- iv) According to the information and explanations given to us and on the basis of our examination of the records, the Company has not given any loans, made any investments or provided any guarantee or security as specified under Section 185 of the Companies Act, 2013 and the Company has not provided any guarantee or security as specified under Section 186 of the Companies Act, 2013.

- v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.
- vi) As per information and explanation given by the management, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act.
- vii) a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, valued added taxes/GST, sales tax, wealth tax, excise duty, service tax, duty of customs, value added tax, cess and other material statutory dues have been deposited with delays during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of statutory dues were in arrears as at 31 March 2022 for a period of more than six months from the date they became payable is as follows :

Nature of Due	Amount Outstanding (in Lacs)	Period
Goods and Service Tax	43.64	From Jan 2019
Service Tax	50.51	Upto June 2017
Value Added Tax	8.52	From Jan 2019
Employees Provident Fund	5.27	From Nov 2019
Employees State Insurance	0.63	From Nov 2019

- b) According to the information and explanations given to us and also based on the Management representation, there are no disputed statutory dues that have not been deposited as at the year-end other than:

Statue	Nature of Dues	Amount involved [Rs.]	Period to which the Amount relates	Forum where the dispute is pending
Employees Provident Fund and Miscellaneous Provisions Act, 1952	Damages on delayed payment Employees Provident Fund	5.99 Lakhs	2015-16, 2016-17 and 2017-18	Labour Court, Chennai
Income Tax Act, 1961	Income Tax (*)	2.15 Lakhs	AY 2010-11	Assessing Officer
Income Tax Act, 1961	Income Tax (*)	2.73 Lakhs	AY 2011-12	Assessing Officer
Income Tax Act, 1961	Income Tax (*)	0.03 Lakhs	AY 2012-13	Assessing Officer

(*) - response filed on Income Tax Portal, pending rectification

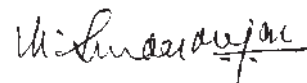
- viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income-tax Act, 1961 as income during the year.
- ix) a) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders during the year. Refer Note No. 36 to these financial statements.
- b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.
- c) The Company did not have any term loans outstanding during the year hence, the requirement to report on clause (ix)© of the Order is not applicable to the Company.
- d) The Company did not raise any funds during the year hence, the requirement to report on clause (ix)(d) of the Order is not applicable to the Company.
- e) The Company has no subsidiary, associates or joint ventures. Hence the requirement to report on clause (ix)(e) and (ix)(f) of the order is not applicable to the Company.
- x) a) According to the information and explanations given by the management, the Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, reporting under clause 3(x)(a) is not applicable to the Company and hence not commented upon.
- b) The Company has not made any preferential allotment or private placement of shares / fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- xi) a) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- b) During the year, no report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by cost auditor / secretarial auditor or by us in Form ADT - 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of audit procedures.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- xiv) a) The Company has an internal audit system commensurate with the size and nature of its business.
- b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi) a) According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.
- b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.
- c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.
- d) The Group does not have more than one CIC as part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.
- xvii) The Company has not incurred cash losses in the current year and in the immediately preceding financial year.
- xviii) There has been no resignation of the Statutory Auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.
- xix) On the basis of the financial ratios disclosed in Note No. 41 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx) Provisions of Section 135(5) of the Companies Act, 2013 is not applicable to the company for the year ended 31st March 2022. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

KRISHAAN & CO

Chartered Accountants

FRN : 001453S



(K. SUNDARRAJAN)

Partner

(Membership No. : 208431)

UDIN : 22208431AJXFFU5594

Place : Tirupur

Dated : 30.05.2022



ANNEXURE - B TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of VELAN HOTELS LIMITED ("the Company") as of March 31, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external

purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

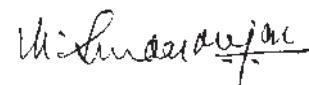
Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

KRISHAAN & CO

Chartered Accountants

FRN : 001453S



(K. SUNDARRAJAN)

Partner

(Membership No. : 208431)

UDIN : 22208431AJXFFU5594

Place : Tirupur

Dated : 30.05.2022

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2022

[See Regulation 33/ 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Audited Figures (audited figures after adjusting for qualifications)
1.	Turnover / Total income	-	-
2.	Total Expenditure	273.29	273.29
3.	Net Profit/(Loss)	937.73	937.73
4.	Earnings Per Share	2.93	2.93
5.	Total Assets	9,691.64	9,691.64
6.	Total Liabilities	7,188.29	7,188.29
7.	Net Worth	2,503.35	2,503.35
8.	Any other financial item(s) (as felt appropriate by the management)	NIL	NIL

Audit Qualification (each audit qualification separately):

a. Details of Audit Qualification:

i) Going Concern

The Company's borrowings were taken over by M/s. RARE Asset Reconstruction Company Limited ("ARC") commencing from April 1, 2017 and out of the final One-time settlement amount of Rs. 97.32 crores agreed with the ARC, the company has made a payment of Rs. 42.20 cr. from the sale proceeds of Shopping Mall and part of Multiplex properties, Hotel at Coonoor Advance received for sale of power plant. The company intends to repay the balance to the ARC from the sale of other assets of the Company, refer Note No. 35 to these financial statements. Further, with the Company having suspended all business operations and with no revenue being generated to meet the debt obligations, there exists a concern on the ability of the Company continuing as a Going Concern.

ii) Pending Confirmation of balance of Outstanding Debt:

Due to non-availability of confirmations in respect of loan taken over by ARC. In the absence of such confirmations, any provisions to be made for the variations in carrying amounts of outstanding balance of debt, cannot be quantified as well as the quantum of adjustment if any, required to be made remains unascertained.

iii) Impairment of Assets

The test for the impairment of the assets tied to the borrowings have not been carried out as only a portion of the assets have been sold as at the year end. With the other assets still in the possession of the Company, impairment, if any, shall be quantifiable only on completion of the sale of the assets of the Company and extinguishment of the Debt. Therefore no loss is recognised on account of potential impairment.

iv) Delays in remittance of statutory dues:

There has been significant delay in the remittance of Tax Deducted at Source, Goods and Service Tax, Value Added tax, Service Tax, Provident Fund and Employees' State Insurance to appropriate authorities. There were no amount outstanding pertaining to the accounting year 2020-21.

v) Gratuity and Leave Encashment accounted on estimated basis

The company has not made provision for gratuity and leave encashment on Actuarial Basis.

b. Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion

Qualified Opinion

c. Frequency of qualification: Whether appeared first time / repetitive / since how long continuing

Repetitive

d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:

The Company's account was categorized as NPA by Allahabad Bank and Andhra Bank during the year 2014. In April, 2017, the said Banks assigned the entire debts of the Company alongwith all underlying security interest, all rights, title & benefits to M/s.RARE Asset Reconstruction Limited (previously known as Raytheon Asset Reconstruction Private Limited) under the applicable provisions of the SARFAESI Act. The Company opted for One-Time Settlement offer with the said ARC and obtained in-principle approval from them during March, 2021 and the final approval of OTS has now been received. As per terms of in-principle approval, the initial payment of Rs.30 crores was already paid to the said ARC on 30th March, 2021 from the proceeds of sale of Shopping Mall and part of Multiplex properties and paid Rs. 12.20 crore from the proceeds of sale of Hotel at Coonoor (Rs. 10 cr during the quarter ended December 31, 2021)and Advance received for sale of power plant (Rs.2.38 during the quarter ended March 31, 2022).

a) The Company entered into a Memorandum of Understanding (MoU) on 10th November, 2020 with M/s. Avenue Supermarts Limited, Mumbai, non-related party, for sale of Company's Shopping Mall and part of Multiplex properties with the consent of M/s.RARE Asset Reconstruction Limited ("RARE" or "ARC") which was assigned the Company's debt together with all security interest and all rights of the Company by the Banks and has the symbolic possession of the entire properties of the Company. The sale was concluded for a total consideration of Rs. 35,43,75,000.

b) During September 2021, The Company entered into another Memorandum of Understanding (MoU) with M/s. Stanes High School Association, Coonoor, non-related party and M/s. Atulit Developers LLP, Coonoor for sale of Company's Hotel at Coonoor with the consent of M/s.RARE Asset Reconstruction Limited ("RARE" or "ARC") which was assigned the Company's debt together with all security interest and all rights of the Company by the Banks and has the symbolic possession of the entire properties of the Company for a total consideration of Rs. 15,91,11,111. Out of total Consideration the company has received Rs. 11,11,11,111 from M/s. Atulit Developer LLP for Sale of part of Land and Total Building and paid Rs.10 Crore to M/s.Rare Asset Reconstruction Limited and repaid Rs. 1 Crore to M/s. Stanes High School Association towards advance received in earlier years for Sale of coonoor property amounting to Rs. 5.80 Crore.

The revenues of the Velan Greenfields Hotel Tirupur was severely impacted due to the ongoing Covid-19 Novel Corona Virus pandemic forcing the closure of operations. With this closure all revenue generating operations of the Company has been suspended. The company is

exploring options of selling a part or all of its revenue generating assets to settle all liabilities. In view of the above, the Company's ability of continuing as a Going concern is dependent on the value that can be generated by the sale of assets and the surplus, if any, available subsequent to the settlement of all liabilities. In view of the uncertainty on the realisable values, the impairment to the value of assets is not ascertainable at this juncture.

As per the final OTS offer provided by the ARC and accepted by the Company, such communication has been considered for the confirmation of the Outstanding Debt.

The Company is taking necessary steps to regularise the Statutory Dues.

- e. For Audit Qualification(s) where the impact is not quantified by the auditor:
- i) Management's estimation on the impact of audit qualification :
Management is unable to estimate the impact on the above audit qualification. Reason is for same is stated below.
 - ii) If management is unable to estimate the impact, reasons for the same:
Impact on Audit qualification is not estimable due to the following reasons.
 - a) Only a portion of the assets have been sold as at the year end. With the other assets still in the possession of the Company, impairment, if any, shall be quantifiable only on completion of the sale of the assets of the Company and extinguishment of the Debt, therefore no loss is recognised on account of potential impairment of Fixed Assets tied to the borrowings.
 - b) Due to COVID-19, the business operation of the Company has been forced to closure. With this closure all revenue generating operations of the Company has been suspended. The Company is exploring options of selling a part or all of its revenue generating assets to settle all liabilities including Statutory Liabilities. In view of the above, the Company's going concern is affected.
 - c) No Provision for Gratuity /Leave encashment has been considered during the period due to all the employees of the Company except KMP have resigned and there are no eligible employees during the year under review.
 - iii) Auditors' Comments on (i) or (ii) above:
 - a) In the opinion of the management and also due to uncertainty in realizable values of remaining Fixed Assets by the management no loss is recognised on account of potential impairment of Fixed Assets.
 - b) In respect of Going Concern, the company's ability to run business as going concern is dependent on the value that can be generated by the sale of assets and the surplus, if any, available subsequent to the settlement of all liabilities.

Signatories :

Managing Director : (Sd.)



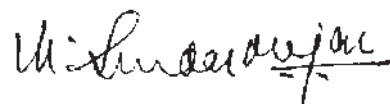
CFO : (Sd.)



Audit Committee Chairman : (Sd.)



Place : Tirupur Statutory Auditor : (Sd.)



Date : 30.05.2022

BALANCE SHEET AS AT 31st MARCH 2022

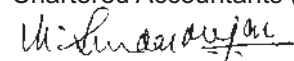
Particulars	Note No.	As at 31.3.2022 (Rs. in "000")	As at 31.3.2021 (Rs. in "000")
A. ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	810,105	587,647
Capital work-in-progress		—	267,799
NON-CURRENT FINANCIAL ASSETS			
Trade receivables, non current	6	14	14
Loans	7	153,516	214,842
Sub total- Non-current Assets		963,636	1,070,301
CURRENT ASSETS			
Inventories	8	—	—
Current Financial Asset			
Trade receivables, current	9	—	—
Cash and Cash equivalents	10	75	31
Loans-current	11	5,453	14,342
Sub Total - Current Assets		5,528	14,373
Total Assets		969,164	1,084,674
B. EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	12	319,641	319,641
Other equity - Reserves & Surplus	13	(69,306)	(163,078)
Total equity		250,335	156,563
LIABILITIES			
Non-current liabilities :			
Deferred Tax liabilities (net)	14	31,496	31,496
Employee Benefit Obligations	15	453	6,260
Tax Liabilities (Net)	16	—	—
Non-current Financial liabilities :			
Borrowings-Non-Current	17	606,068	723,960
Trade payable-Non current	18	15,528	66,559
Other non-current financial liabilities	19	41,739	17,882
Other non-current liabilities	20	21,048	77,314
Sub Total Non-current Liabilities		716,331	923,471
Current liabilities :			
Current financial liabilities			
Borrowings-current	21	—	—
Trade payable-current	22	—	—
Other current financial liabilities	23	2,498	4,640
Sub Total Current Liabilities		2,498	4,640
Total Liabilities		718,829	928,111
Total Equity and Liabilities		969,164	1,084,674

Significant Accounting Policies & Notes forming part of Annual Accounts

As per our Report of even date

For **Krishna & Co.,**

Chartered Accountants (FRN 001453S)


(K SUNDARRAJAN)


Partner

(Membership No. : 208431)

UDIN : 22208431AJXFFU5594

Place : Tirupur

Date : 30.05.2022


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


M. R. Gautham
Executive Director (DIN : 00046187)


M. Srinivasan
Company Secretary


R. Lalitha
Chief Financial Officer



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31st MARCH 2022


Particulars	Note No.	Year ended 31.3.2022 (Rs. in "000")	Year ended 31.3.2021 (Rs. in "000")
I. Revenue			
Revenue from Operations (Net of duties)	24	—	403
II. Other Income	25	—	836
III. Total Income		—	1,239
IV Expenses			
Cost of Supplies Consumed	26	—	554
House Keeping Expenses	27	—	—
Power and Fuel	28	38	1,760
Employee benefit expenses	29	1,386	1,584
Other Expenses	30	13,531	8,540
Total Expenses		14,955	12,439
EBITDA		(14,955)	(11,200)
Depreciation and Amortization Expenses	5	12,368	16,778
Finance cost	31	6	8
Profit/(Loss) Before Exceptional Items and Tax		(27,329)	(27,986)
Exceptional Items(Net)		121,102	16,437
Profit/(Loss) Before Tax		93,772	(11,549)
Tax Expenses			
a) Current tax expense - MAT		—	—
b) Tax relating to prior years		—	—
c) Deferred tax Income	14	—	(12,263)
Total Tax Expenses		—	(12,263)
Profit/(Loss) for the year		93,772	714
"Earnings Per Equity Share (Refer Note 32 (v)) [nominal value of share Rs. 10 (31st March 2021 : Rs. 10)]"			
1) Basic		2.93	0.02
2) Diluted		2.93	0.02

Significant Accounting Policies & Notes forming part of Annual Accounts

As per our Report of even date

For **Krishaan & Co.,**

Chartered Accountants (FRN 001453S)


(K SUNDARRAJAN)

Partner


(Membership No. : 208431)

UDIN : 22208431AJXFFU5594

Place : Tirupur

Date : 30.05.2022

82 | ANNUAL REPORT 2022


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


M. R. Gautham
Executive Director (DIN : 00046187)


M. Srinivasan
Company Secretary


R. Lalitha
Chief Financial Officer

Statement of Changes in Equity

All figures are in Indian Rupees unless otherwise mentioned

A) STATEMENT OF CHANGES IN EQUITY

(Rs. - "000")

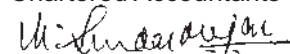
Particulars	Share Capital	Revaluation Reserve	Securities Premium	Surplus / (Deficit) in the Statement of Profit and Loss
As at the Beginning of 01.04.2021	319,641	58,456	314,784	(536,317)
Add : During the Year	—	—	—	93,772
Add : Transferred from Revaluation Reserve	—	(679)	—	679
Less : Utilised during the year	—	—	—	—
Closing Balance as at 31.03.2022	319,641	57,777	314,784	(441,866)

Significant Accounting Policies & Notes forming part of Annual Accounts

As per our Report of even date

For **Krishaan & Co.,**

Chartered Accountants (FRN 001453S)



(K SUNDARRAJAN)

Partner

(Membership No. : 208431)

UDIN : 22208431AJXFFU5594

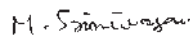
Place : Tirupur

Date : 30.05.2022



E.V. Muthukumara Ramalingam

Managing Director (DIN : 00046166)



M. Srinivasan

Company Secretary



M. R. Gautham

Executive Director (DIN : 00046187)



R. Lalitha

Chief Financial Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2022

Particulars	Year ended on 31.3.2022 (Rs. in "000")		Year ended on 31.3.2021 (Rs. in "000")	
A. Cash flow from operating activities				
Net Profit / (Loss) before extraordinary items and tax		(27,329)		(27,986)
Adjustments for:				
Depreciation and amortisation	12,368		16,778	
Finance costs	6		8	
Interest income	—		(122)	
Extraordinary Items	121,102		16,437	
Net (gain)/loss on sale of Fixed Assets	(121,102)		(16,437)	
Liabilities / provisions no longer required written back		12,374	131,955	148,619
Operating profit / (loss) before working capital changes		(14,955)		120,633
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Inventories	—		554	
Trade receivables	—		33	
Short-term loans and advances	10,000		(9,671)	
Long-term loans and advances	61,326		(47,057)	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	(51,031)		(1,407)	
Other Financial liabilities	21,715		652	
Other long-term liabilities	211,533		(1,278)	
Employees Benefit Obligation	(5,807)		—	
		247,736		(58,174)
Cash flow from extraordinary items				
Cash generated from operations		232,779		62,459
Net income tax (paid) / refunds		(1,111)		(3,162)
Net cash flow from / (used in) operating activities (A)		231,668		59,297
B. Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances	(274,336)		—	
Proceeds from Sale of Fixed Assets	160,611		355,775	
Net cash flow from / (used in) investing activities (B)		(113,725)		355,775

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2022 (Contd.,)


Particulars	Year ended on 31.3.2022 (Rs. in "000")		Year ended on 31.3.2021 (Rs. in "000")	
C. Cash flow from financing activities				
Proceeds from Equity share capital	—		—	
Proceeds from Issue of Preference share capital	—		—	
Proceed from long-term borrowings	—		—	
Proceeds/(Repayment) from Short-Term borrowings	—		—	
Repayment of Long Term Borrowings	(117,892)		(415,221)	
Investment in Shares	—		—	
Interest received	—		122	
Dividend Paid	—		—	
Finance cost	(6)		(8)	
Net cash flow from / (used in) financing activities (C)		(117,899)		(415,107)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		44		(34)
Cash and cash equivalents at the beginning of the year		31		65
Cash and cash equivalents at the end of the year		75		31
Reconciliation of Cash and cash equivalents with the Balance Sheet:				
Cash and cash equivalents as per Balance Sheet (Refer Note 17)		75		31
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements (give details)		—		—
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 17		75		31
Cash and cash equivalents at the end of the year *				
* Comprises:				
Balances with Banks				
Balances with Banks in Indian Rupees				
- In Current accounts	19		17	
- in a Fixed Deposit	—		—	
- In Unpaid Dividend Account	1		1	
		20		18
Cash on Hand		55		13
		75		31

Significant Accounting Policies & Notes forming part of Annual Accounts

As per our Report of even date

For **Krishaan & Co.,**

Chartered Accountants (FRN 001453S)


(K SUNDARRAJAN)


Partner

(Membership No. : 208431)

UDIN : 22208431AJXFFU5594

Place : Tirupur

Date : 30.05.2022


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


M. R. Gautham
Executive Director (DIN : 00046187)


M. Srinivasan
Company Secretary


R. Lalitha
Chief Financial Officer

Company overview

Velan Hotels Limited is a public limited company incorporated and domiciled in India. The Company is in the business of providing Hospitality Services including running of restaurants with bar. The corporate office of the Company is located at Kangeyam Road, Tiruppur-641 604. The shares of the Company is listed on BSE Ltd.

Note No.2

Basis of preparation of financial statements

A) Statement of compliance and basis of preparation

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS), the provisions of the Companies Act, 2013("the Companies Act"), as applicable and guide lines issued by the Securities and Exchange Board of India("SEBI"). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies(Indian Accounting Standards) Amendment Rules,2016. Up to the year ended March 31, 2017, the Company prepared its financial statements in accordance with the requirements of the Indian GAAP ("Previous GAAP"), which included Standards notified under the Companies (Accounting Standards) Rules, 2016.

All amounts included in the financial statements are reported in Indian rupees except share and per share data, unless otherwise stated.

B) Basis of measurement

These financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following material items which have been measured at fair value as required by relevant Ind AS:-

- a) Derivative financial instruments;
- b) Financial instruments classified as fair value through other comprehensive income or fair value through profit or loss; and
- c) The defined benefit asset/(liability) is recognised as the present value of defined benefit obligation less fair value of plan assets.

C) Use of estimates and judgment

The preparation of the financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

- a) Impairment testing: Investments in subsidiaries, goodwill and intangible assets are tested for impairment at least annually and when events occur or changes in circumstances indicate that the recoverable amount of the asset or cash generating units to which these pertain is less than its carrying value. The recoverable amount of cash generating units is higher of value-in-use and fair value less cost to dispose. The calculation of value in use of a cash generating unit involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.

- b) **Deferred taxes:** Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry forwards become deductible. The Company considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced.
- c) **Defined benefit plans and compensated absences:** The cost of the defined benefit plans, compensated absences and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Note No. 3

Significant Accounting Policies

- i) **Functional and presentation currency :** These financial statements are presented in Indian rupees, the national currency of India, which is the functional currency of the Company.
- ii) **Foreign currency transactions and translation** Transactions in foreign currency are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation at the exchange rates prevailing at the reporting date of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit and loss and reported within foreign exchange gains/(losses), net within results of operating activities. Gains/(losses) relating to translation or settlement of borrowings denominated in foreign currency are reported within finance expense. Non-monetary assets and liabilities denominated in foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction. Translation differences on non-monetary financial assets measured at fair value at the reporting date.

iii) **Equity**

- a) **Share capital and share premium**

The authorized share capital of the Company as of March 31, 2022 and March 31, 2021 50,00,00,000 divided into 5,00,00,000 equity shares of Rs. 10 each. Par value of the equity shares is recorded as share capital and the amount received in excess of par value is classified as share premium.

Every holder of the equity shares, as reflected in the records of the Company as on the date of the shareholder meeting shall have one vote in respect of each share held for all matters submitted to vote in the shareholder meeting.

- b) **Revaluation Reserve**

Revaluation reserve amounting to Rs. 5,77,76,780 (March 31, 2021 is Rs.5,84,55,635) is not freely available for distribution.

c) Retained earnings

Retained earnings comprises of the Company's undistributed earnings after taxes.

d) Other comprehensive income

Changes in the fair value of financial instruments measured at fair value through other comprehensive income and actuarial gains and losses on defined benefit plans are recognized in other comprehensive income (net of taxes), and presented within equity as other comprehensive income.

iv) Property, plant and equipment

a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures directly attributable to the acquisition of the asset. General and specific borrowing costs directly attributable to the construction of a qualifying asset are capitalized as part of the cost.

b) Depreciation

The Company depreciates property, plant and equipment over the estimated useful life on a straight-line basis from the date the assets are available for use. Assets acquired under finance lease and leasehold improvements are amortized over the shorter of estimated useful life of the asset or the related lease term. Term licenses are amortized over their respective contract term. Freehold land is not depreciated. The estimated useful life of assets are reviewed and where appropriate are adjusted, annually.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Subsequent expenditure relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably.

The cost of property, plant and equipment not available for use as at each reporting date is disclosed under capital work-in-progress.

v) Intangible assets

Intangible assets acquired separately are measured at cost of acquisition. Intangible assets acquired in a business combination are measured at fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and impairment losses, if any. The amortization of an intangible asset with a finite useful life reflects the manner in which the economic benefit is expected to be generated. The estimated useful life of amortizable intangibles are reviewed and where appropriate are adjusted, annually.

vi) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is, or contains a lease if, fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

a) Arrangements where the Company is the lessee

Leases of property, plant and equipment, where the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at lower of the fair value of the leased property and the present value of the minimum lease payments. Lease payments are apportioned between the finance charge and the outstanding liability. The finance charge is allocated to periods during the lease term at a constant periodic rate of interest on the remaining balance of the liability. Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are recognized in the statement of profit and loss on a straight-line basis over the lease term.

b) Arrangements where the Company is the lessor

In certain arrangements, the Company recognizes revenue from the sale of products given under finance leases. The Company records gross finance receivables, unearned income and the estimated residual value of the leased equipment on consummation of such leases.

Unearned income represents the excess of the gross finance lease receivable plus the estimated residual value over the sales price of the equipment. The Company recognizes unearned income as finance income over the lease term using the effective interest method.

vii) Inventories

Inventories are valued at lower of cost and net realizable value, including necessary provision for obsolescence. Cost includes all direct costs and applicable overheads to bring the goods to present location and condition.

viii) Impairment

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

ix) Employee benefits

a) Post-employment and pension plans

The Company participates in various employee benefit plans. These employment benefits are classified as either defined contribution plans or defined benefit plans.

Under a defined contribution plan, the Company's only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks fall on the employee. The expenditure for defined contribution plans is recognized as an expense during the period when the employee provides service.

Under a defined benefit plan, it is the Company's obligation to provide agreed benefits to the employees. The related actuarial and investment risks fall on the Company. The present value of the defined benefit obligations is calculated by an independent actuary using the projected unit credit method. All actuarial gains or losses are immediately recognized in other comprehensive income, net of taxes and permanently excluded from profit or loss. Further, the profit or loss will no longer include Unexpected return on plan assets. Instead net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of remeasurement of net defined liability or asset through other comprehensive income, net of taxes.

The Company has the following employee benefit plans:

i. Provident fund

Employees receive benefits from a provident fund, which is a defined benefit plan. The employer and employees each make periodic contributions to the plan. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due.

ii. Gratuity

In accordance with the Payment of Gratuity Act, 1972, applicable for Indian companies, the Company provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Company. The Company's obligation in respect of the gratuity plan, which is a defined benefit plan, is provided for based on actuarial valuation using the projected unit credit method. The Company recognizes actuarial gains and losses in other comprehensive income, net of taxes.

b) Termination benefits

Termination benefits are expensed when the Company can no longer withdraw the offer of those benefits.

c) Short-term benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

d) Compensated absences

The employees of the Company are entitled to the compensated absences. The employees can carry forward a portion of the unutilized accumulating compensated absences and utilize it in future periods or receive cash at retirement or termination of employment. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Company recognizes accumulated compensated absences based on actuarial valuation using the projected unit credit method. Non-accumulating compensated absences are recognized in the period in which the absences occur.

x) Provisions

Provisions for legal claims, service warranties, volume discounts and returns are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

xi) Revenue

Income from Guest Accommodation is recognised on a day to day basis after the Guest Checks into the hotel. Sale of Food and beverage is recognised at the point of serving those items to the guest. Revenues are shown net of sales tax, value added tax, service tax and Good and Service Tax.

xii) Borrowing cost

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

xiii) Other income

Other income comprises interest income on deposits and dividend income.

- a) Interest income is recognized using the effective interest method.
- b) Dividend income is recognized when the right to receive payment is established.

xiv) Income tax

Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to a business combination, or items directly recognized in equity or other comprehensive income.

a) Current income tax

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted as at the reporting date and applicable for the period. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and liability simultaneously.

b) Deferred income tax

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and Liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of good will or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax assets are recognized to the extent it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized. Deferred income tax liabilities are recognized for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries, associates and foreign branches where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at their reporting date.

The Company offsets deferred income tax assets and liabilities, where it has a legally enforceable right to offset current tax assets against current tax liabilities, and they relate to taxes levied by the same taxation authority on either the same taxable entity, or on different taxable entities where there is an intention to settle the current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

xviii) Earnings per share

Basic earnings per share is computed using the weighted average number of equity shares outstanding during the period adjusted for treasury shares held. Diluted earnings per share is computed using the weighted-average number of equity and dilutive equivalent shares outstanding during the period, using the treasury stock method for options and warrants, except where the results would be anti-dilutive.

NOTE 5

Property, Plant and Equipment

Note 5.1 Property, Plant and Equipment and Capital Work in Progress

(Rs. in "000")

Particulars	As at 31.3.2022	As at 31.3.2021
Carrying amounts of:		
Land	295,840	311,801
Building	325,203	230,205
Plant and Machinery	188,278	44,684
Furniture and Fittings	785	956
Total	810,105	587,647
Capital Work in Progress	—	267,798
Total	—	267,798
Grand Total	810,105	855,445

(Rs. in "000")

Particulars	Land	Building	Plant and Machinery	Furniture and Fittings	Total
Gross Carrying Value					
As at April 1, 2021	311,801	311,805	143,155	18,405	785,166
Additions during the year	—	121,836	152,500	—	274,336
Deletions during the year	(15,962)	(33,770)	(10,898)	(3,104)	(63,734)
As at March 31, 2022	295,840	399,872	284,757	15,300	995,768
Accumulated depreciation/impairment :					
As at April 1, 2021	—	81,600	98,471	17,448	197,520
Depreciation	—	4,905	7,450	13	12,368
Disposal / adjustments	—	11,837	9,442	2,945	24,224
As at March 31, 2022	—	74,668	96,479	14,515	185,663
Net Carrying Value					
As at March 31, 2021	311,801	230,205	44,684	956	587,647
As at March 31, 2022	295,840	325,203	188,278	785	810,105
Capital work-in-progress					
As at March 31, 2021	—	—	—	—	267,798
As at March 31, 2022	—	—	—	—	—

5.2 The registered title deeds of all the immovable properties of land and building are held in the name of the company as at the balance sheet date; Immovable properties of land and building whose title deeds have been pledged as security for loans, guarantees etc., are held in the name of the Company as per Memorandum of Entry executed by the company and confirmed by the banker/ARC as on the balance sheet date.

5.3 Capital-Work-in Progress (CWIP) as on 31.03.2022 and 31.03.2021 :

(Rs. in "000")

CWIP	Amount in CWIP for a period of				Total
	Less than 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	
Projects in progress	—	—	—	—	—
Previous Year	—	—	—	267,798	267,798
Projects temporarily suspended	—	—	—	—	—
Previous Year	—	—	—	—	—

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR 2021 - 2022

(Rs. in "000")

Particulars	As at 31.3.2022		As at 31.3.2021	
Note 6				
TRADE RECEIVABLE- NON CURRENT				
(Unsecured, considered good)				
For Sales and Services		14		41
		14		41
Note 7				
LOANS - NON CURRENT				
Unsecured, considered good				
Security Deposits		50,321		50,328
Other Loans and Advances				
Advances		94,128		155,447
MAT credit entitlement		5,264		5,264
Balance with Government Authorities		3,803		3,803
Total		153,516		214,842
Note 8				
INVENTORIES				
Stores and Provisions		—		—
(Valued at cost or market price which ever is lower on FIFO basis)				
Total		—		—
Note 9				
TRADE RECEIVABLES - CURRENT				
(Unsecured, considered good)				
Trade Receivables outstanding for a period not exceeding 6 months		—		—
Trade Receivables outstanding for a period More than 6 months		—		—
Total		—		—
(b) Other notes				
(b) (i) Debts Due from the Private Companies in which any Director is a Director / Member		Nil		Nil
Note 10				
CASH AND CASH EQUIVALENTS				
The Cash and Cash Equivalents are classified as follows:				
Cash on Hand		55		13
Balances with Banks				
- in Current accounts	19		17	
- in a Fixed Deposit	—		—	
- In Unpaid Dividend Account	1	20	1	18
Total		75		31

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR 2021 - 2022

(Rs. in "000")

Particulars	As at 31.3.2022		As at 31.3.2021	
Note 11				
LOANS CURRENT				
(Unsecured, considered good)				
Others				
Loans and advances against supplies		—		—
Staff Advance		—		—
Advance Income Taxes (net of provision)		4,614		3,503
Accrued revenue		—		—
Prepaid expenses		839		10,839
Total		5,453		14,342
Note 12				
EQUITY SHARE CAPITAL				
Authorised share capital :				
5,00,00,000 Equity shares of Rs. 10 each		500,000		500,000
		500,000		500,000
Issued, subscribed and fully paid-up shares				
3,19,64,119 Equity shares of Rs. 10 each		319,641		319,641
Total		319,641		319,641

Other Notes

- a) i) Equity Shares Allotted as fully paid-up person to a contract without payment being received in cash — —
- ii) Equity shares allotted as bonus shares by capitalisation of share premium — —
- iii) Aggregate number and class of shares bought back — —
- iv) Equity Shares held by its Holding Company — —
- b) The Company has only one class of equity shares having at par value of Rs. 10/- per share. Each holder of Equity shares is entitled to one vote per share. The Company will pay dividend in Indian rupees as and when declared. No dividend has been proposed by the Board of Directors for the year
- c) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be proportion to the number of equity shares held by the shareholders.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR 2021 - 2022

- d) The reconciliation of number of shares outstanding and the amount of share capital as at March 31, 2021 and March 31, 2022 is set out below:

Particulars	As at March 31, 2022		As at March 31, 2021	
	Nos.	(Rs. in "000")	Nos.	(Rs. in "000")
	Numbers of Shares	Amount	Numbers of Shares	Amount
a) Equity Shares				
No. of Shares at the beginning of the year	31,964,119	319,641	31,964,119	319,641
No. of Shares Issued during the year /period	—	—	—	—
No. of Shares at the End of the year/period	31,964,119	319,641	31,964,119	319,641

- e) Details of Shares held by the Promoters and Promoters Group as at 31.03.2022

Name of Shareholders	No. of shares	% holding	% change during the year
Individual	2,27,91,096	71.30%	—
Bodies Corporate	28,26,934	8.84%	—

- f) Details of shareholders holding more than 5% in the company

Name of Shareholders	No. of shares	% holding	No. of shares	% holding
Equity shares of Rs.10/- each fully paid				
1. Sri. E.V. Muthukumararamalingam	12,678,383	39.66%	12,678,383	39.66%
2. Sri. M.R. Gautham	6,420,750	20.09%	6,420,750	20.09%
3. Shree Vallee Enterprises Private Limited	2,826,934	8.84%	2,826,934	8.84%
4. Smt. M. Sasikala	2,130,743	6.67%	2,130,743	6.67%
Total number of shares outstanding	31,964,119		31,964,119	

Particulars	As at 31.3.2022	As at 31.3.2021
Note 13		
OTHERS EQUITY - RESERVES & SURPLUS		
a) Revaluation Reserve		
Opening balance	58,456	59,135
Add: Transferred from surplus in Profit and Loss Statement	—	—
Less: Utilised / transferred during the year	679	679
Closing balance	57,777	58,456
b) Securities Premium		
Opening balance	314,784	314,784
Add: During the year	—	—
Less: Utilised / transferred during the year	—	—
Closing balance	314,784	314,784
c) Surplus / (Deficit) in the Statement of Profit and Loss		
Balance at the beginning of the year	(536,317)	(537,710)
Profit / (Loss) for the year	93,772	713
Add: Revaluation Reserve	679	679
Total Surplus / (Deficit) available for appropriations	(441,866)	(536,317)
Less: Appropriations:	—	—
Total appropriations	—	—
Net Surplus in the Statement of Profit and Loss	(441,866)	(536,317)
Total (a+b+c)	(69,306)	(163,078)
Note 14		
DEFERRED TAX LIABILITY (NET)		
Deferred Tax Liability (net)	31,496	31,496
Ref. additional information in Note No. 33		
Net Deferred Tax [(Asset)/Liability]	31,496	31,496
Note 15		
EMPLOYEE BENEFIT OBLIGATION		
The Employee Benefit Obligation are classified as follows:		
For Gratuity and Leave Encashment	453	6,260
Total	453	6,260

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR 2021 - 2022 (Rs. in "000")

Particulars	As at 31.3.2022		As at 31.3.2021	
Note 16				
TAX LIABILITIES (NET)				
The Tax Liabilities (Net) are classified as follows:				
Provision for Income Tax (Net)		—		—
Total		—		—
Note 17				
BORROWINGS-NON-CURRENT				
The Long Term borrowings are classified as follows:				
Secured				
- Term Loans from a Bank		—		—
- Secured Loans - From Asset Reconstruction Company		548,541		670,341
Unsecured				
From Directors		57,526		53,619
Total		606,068		723,960

Other Note

M/s. RARE Asset Reconstruction Limited (ARC)

a) Secured by way of Hypothecation of entire Fixed Assets of the Company both existing and Future, Equitable mortgage of hotel properties at Tirupur and Coonor and Hypothecation of the entire current assets of the company along with all the rights, titles and interest in the financial documents, all agreements, deeds and documents related thereto and all primary & collateral and underlying security interest and/or pledges created to secured and/or guarantees issued. The Loan is also personally guaranteed by the Managing Director & Executive Director of the Company. Refer Note No. 35 and Note 36

b) Loan from Director includes loan availed from Directors of the Company	Rs. in "000"	Rs. in "000"
i) Mr. E.V.Muthukumaramalingam	12,212	8,806
ii) Mr. M.R.Gautham	45,314	43,207

(Rs. in "000")

Particulars	As at 31.3.2022		As at 31.3.2021	
Note 18				
TRADE PAYABLES- NON CURRENT				
For goods and services		9,342		16,770
For Capital Goods		6,186		49,789
Total		15,528		66,559
Trade Payables includes amount payable to companies in which Directors are Interested				
a) The Velan Petroleum Agencies (Prop. E.V. Muthukumara Ramalingam)		954		954

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR 2021 - 2022

Trade Payables ageing schedule for the year ended as on 31.03.2022 and 31.03.2021

(Rs. in "000")

Particulars	1 - 2 years	2 - 3 years	More than 3 years	Total
i) MSME		—	—	—
Previous Year		—	—	—
ii) Others		—	15,528	15,528
Previous Year		1,446	65,113	66,559
iii) Disputed dues – MSME		—	—	—
Previous Year		—	—	—
iv) Disputed dues - Others		—	—	—
Previous Year		—	—	—

As defined under Micro, Small and Medium Enterprises Development Act, 2006, the disclosure in respect of the amounts payable to such enterprises as at the end of the year has been made in the financial statements based on information received and available with the Company.

Particulars	As at 31.3.2022 (Rs. in "000")	As at 31.3.2021 (Rs. in "000")
1) Principal amount due to suppliers under MSMED Act, 2006*	—	—
2) Interest accrued and due to suppliers under MSMED Act, on the above amount	—	—
3) Payment made to suppliers (other than interest) beyond the appointed day, during the year	—	—
4) Interest paid to suppliers under MSMED Act, (other than Section 16)	—	—
5) Interest paid to suppliers under MSMED Act, (Section 16)	—	—
6) Interest due and payable to suppliers under MSMED Act, for payment already made	—	—
7) Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	—	—
Total	—	—
Note 19		
OTHER NON - CURRENT FINANCIAL LIABILITIES		
The Other Non-Current Liabilities are classified as follows:		
Unpaid Dividend	1	1
Statutory Liabilities -Non-Current	7,686	7,762
Other Payables	9,051	10,120
Total	16,738	17,883

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR 2021 - 2022

Particulars	As at 31.3.2022 (Rs. in "000")	As at 31.3.2021 (Rs. in "000")
Note 20		
OTHER NON-CURRENT LIABILITIES		
The Other Long Term borrowings are classified as follows:		
Security Deposits from Tenants	14,048	19,314
Advance Received on Sale of Fixed Asset	32,001	58,000
Total	46,049	77,314
Note 21		
BORROWINGS-CURRENT		
The Short Term borrowings are classified as follows:		
Secured Loan from bank	—	—
Total	—	—
Note 22		
TRADE PAYABLES - CURRENT		
For goods and services	—	—
Total	—	—
Note 23		
OTHER CURRENT LIABILITIES		
Statutory Liabilities	2,495	4,396
Other Payables - Current	2	244
Total	2,497	4,640

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR 2021 - 2022

Particulars	Year ended 31.3.2022 (Rs. in "000")	Year ended 31.3.2021 (Rs. in "000")
Note 24		
REVENUE FROM OPERATIONS		
a) Sale of Services		
i) Guest Accommodation	—	—
ii) Others	—	—
b) Sale of Products		
i) Food & Beverage	—	403
ii) Liquor	—	—
c) Other Operating Services		
i) Swimming Pool Income	—	—
ii) Service Charges	—	—
iii) Laundry Receipts	—	—
iv) Telephone Charges Receipts	—	—
Total	—	403
Note 25		
OTHER INCOME		
a) Interest Income	—	122
b) Liabilities no longer required/Sundry Balances written back	—	—
c) Other Income	—	—
d) Commission	—	—
e) Profit/ (Loss) on Sale of Asset	—	—
f) Misc. Income	—	714
Total	—	836
Note 26		
COST OF SUPPLIES CONSUMED		
a) Opening stock	—	554
Add: Purchases	—	—
	—	554
Less: Closing stock	—	—
Cost of material consumed	—	554
Note 27		
HOUSE KEEPING EXPENSES		
House Keeping Expenses	—	—
Total	—	—

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR 2021 - 2022

Particulars	Year ended 31.3.2022 (Rs. in "000")	Year ended 31.3.2021 (Rs. in "000")
Note 28		
POWER & FUEL		
Electricity Charges	38	1,760
Diesel & Lubricant	—	—
Firewood	—	—
Gas	—	—
Charcoal	—	—
Water	—	—
Total	38	1,760
Note 29		
Employee Benefit Expenses		
(a) Salaries and Wages	1,308	1,585
Bonus and Ex-Gratia	—	—
Contribution to Statutory Funds	78	—
Gratuity & Leave Salary	—	—
Staff Welfare Expenses	—	—
Total	1,386	1,585
Note 30		
OTHER EXPENSES		
a) Rent	—	—
Rates and Taxes	3,060	4,559
Repairs and Maintenance- Building	—	—
- Machinery	—	—
- Others	13	—
Travelling and Conveyance	—	—
Postage and Telephone	—	—
Printing and Stationery	3	—
Insurance	—	81
Auditors' Remuneration	135	135
Carriage Inward	—	—
Advertisement, Sales Promotion and entertainment	25	1,022
Subscription	114	182
Discounts	—	—
Vehicle Running Expenses	—	—
Professional Fees	10,000	2,443
Internal Audit Fees	—	50
News Papers & Periodicals	—	—
Share Transfer Expenses	179	66
Miscellaneous Expenses	—	—
Total	13,531	8,540

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR 2021 - 2022

Particulars	Year ended 31.3.2022 (Rs. in "000")	Year ended 31.3.2021 (Rs. in "000")
b) Note		
Payments to the Auditors comprises :		
- For statutory audit	75	75
- For Tax audit	—	—
- For taxation matters	50	50
- For Certification	10	10
Other Service and Service Tax	-	-
Total	135	135
Note 31		
FINANCE COSTS		
a) INTEREST:		
i) Bank		
- On Term Loan	—	—
- On Working Capital Loan	—	—
ii) Others	—	—
Bank charges	6	8
Total	6	8

Note. 32 Additional Notes

- a) Estimated amount of the Contracts remaining to be executed on capital account and not provided for : Not ascertainable (Previous Year- Not ascertainable)
- b) The Company has not given any guarantee.
- c) Contingent liabilities not provided for in the book of accounts - Not ascertainable (Previous Year- Not ascertainable)
- d) Expenditure on employees who are in receipt of remuneration of not less than Rs. 1,02,00,000/- per annum (previous year Rs.1,02,00,000/- per annum) when employed through out the year or Rs.8,50,000/- per month (previous year Rs.8,50,000/- per month) when employed for part of the year is Nil (previous year Rs. Nil)
- e) Previous year figures have been regrouped and/or reclassified wherever necessary.
- f) The figures have rounded off to the nearest Rupee.
- g) Balances in Sundry Debtors, Creditors and Loans & Advances are subject to confirmation and reconciliation and are stated at the book balance thereof.
- h) In the opinion of the Management, the Current Assets, Loans & Advances will fetch the amount as stated, if realised in the ordinary course of its business.
- i) The Company is not declared as "willful defaulter" by any bank or financial institution or other lender.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR 2021 - 2022

- j) There are no transactions with the Companies whose name struck off under section 248 of The Companies Act, 2013 or section 560 of Companies Act, 1956 during the year ended 31 March 2022.
- k) All applicable cases where registration of charges or satisfaction is required to be filed with Registrar of Companies have been filed. No registration or satisfaction is pending at the year ended 31 March 2022.
- l) The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Companies Act, 2013 read with Companies (Restriction on number of Layers) Rules, 2017.
- m) No scheme of arrangement has been approved by the competent authority in terms of Section 230 to 237 of the Companies Act, 2013.
- n) The Company has not received any fund from any person or entity, including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Company shall a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding Party (Ultimate Beneficiaries) b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- o) The Company has not surrendered or disclosed as income during the year in the tax assessments under Income Tax Act, 1961.
- p) The Company has not operated in any crypto currency transactions.

q) Income of the company includes the followings:

Particulars	Year ended 31.3.2022 (Rs. in "000")	Year ended 31.3.2021 (Rs. in "000")
Guest Accommodation	—	—
Foods & Beverage Sales	—	403
Wine & Liquor	—	—
Telephone Receipts	—	—
Others	—	836
	—	1,239
i) Opening Stock		
Provisions, & Supplies	—	554
Wine & Liquor	—	—
	—	554
ii) Closing Stock		
Provisions, & Supplies	—	—
Wine & Liquor	—	—
	—	—
iii) Consumption		
Provisions, & Supplies	—	554
Wine & Liquor	—	—
	—	554

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR 2021 - 2022

r) Break-up of consumption of Provisions and Supplies into imported and Indigenous.

	2021 - 2022		2020- 2021	
	Value (Rs. in 000)	Percentage %	Value (Rs. in 000)	Percentage %
PROVISIONS & SUPPLIES				
Imported	—	0.00%	—	0.00%
Indigenous	—	0.00%	554	100.00%

s. EARNING IN FOREIGN EXCHANGE

(Rs. in "000")

	2021 - 2022	2020 - 2021
As reported by the Management to the Department of Tourism but not verified by the Auditors	—	—

t. CIF VALUE OF IMPORTS

	2021 - 2022	2020 - 2021
Capital Goods	Nil	Nil

u) The Company has called for details of applicability from trade parties from the provisions of Micro, Small and Medium enterprises Development Act, 2006, However no reply has been received from any of the parties, In view of the above no disclosure is made under Micro, Small and Medium enterprises Development Act, 2006.

v) Earnings per share

- Basic earnings per share are calculated by dividing the net profit/loss attributable to the share holders by the total number of ordinary shares outstanding shares during the year
- The following reflects the income and share data used by the company for this calculation of basic earnings per share:-

Particulars	31.3.2022 (Rs. in "000") except EPS	31.3.2021 (Rs. in "000") except EPS
Profit/ Loss before Tax for the year	93,772	713
Net Profit / Loss for the year attributable to equity share (A)	93,772	713
No. of equity shares (In Numbers) (B)	31,964,119	31,964,119
Earnings per share/ Weighted Average (A)/(B)	2.93	0.02
Nominal value per share	10/-	10/-

w) There has been delay in meeting the statutory obligations and dues relating to Goods & Services Tax, Value Added Taxes and Service Tax are overdue by more than 12 months. The Company is taking necessary steps to regularise the Statutory Dues as and when the sales of assets of the Company are completed. There were no amount outstanding pertaining to the current year and the immediately preceding previous year.

x) Exceptional items during the year ended March 2022 comprises of profit on disposal of Company's Hotel at Coonoor for a total consideration of Rs. 15,91,11,111. No provision for taxation is considered during the year based on the benefits available to the company under the provisions Income Tax Act, 1961.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR 2021 - 2022

Note : 33 Deferred Tax Liability

Net Deferred Tax in respect of the year ending 31st March 2022 debited to Profit and Loss Account and Net Deferred Tax Liability as on 31st March, 2022 are computed as below :

(Rs. in "000")

S. No.	Particulars	Accumulated As at 31.03.2021	Changes / (credit) in P&L during the year	As at 31.03.2022
1.	Deferred tax Liability on account of Depreciation on account of difference in Depreciation under Income Tax Act and books of accounts	31,496	—	31,496
	Net Deferred Tax Liability	31,496	—	31,496

In view of the Accumulated Business and Depreciation Loss, and there being no certainty of profits in the near future, provision for Deferred Taxes has not been considered in these financial statements on prudent basis.

Note: 34 Related Party Transaction

Description of relationship	Names of related parties
Interested Concerns	M/s. Shree Vallee Enterprises Private Limited The Velan Petroleum Agencies (Prop : E.V. Muthukumara Ramalingam)
Key Management Personnel	Sri. E.V. Muthukumara Ramalingam, Managing Director Sri. M.R. Gautham, Executive Director Sri. P.Ganesan, Director Smt. Sasikala, Director Sri. Nagaraj Saveethkumar, Director Sri. S.P.Sivanandam, Director Sri.Srinivasan- Company Secretary Smt. R.Lalitha - CFO

Note: Related parties have been identified by the Management.

Details of related party transactions during the year ended 31 March, 2022 and balances outstanding as at 31 March, 2021.

(Rs. in "000")

Name of the party	Key Managerial Personnel			
	Sri. E.V. Muthukumara Ramalingam	Sri. M.R. Gautham	Sri. Srinivasan	Smt. R. Lalitha
Purchase of Fuel	—	—	—	—
Salary & Remuneration	—	—	288 (288)	—
Outstandings				
a) Unsecured Loan	12,212 (8,806)	45,314 (43,207)	—	—

Note: Figures in Brackets are previous year

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR 2021 - 2022
Note No: 35 – sale of assets of Velan Esplanade Mall

The Company entered into a Memorandum of Understanding (MoU) on 10th November, 2020 with M/s. Avenue Supermarts Limited, Mumbai, non-related party, for sale of Company's Shopping Mall and part of Multiplex properties with the consent of M/s.RARE Asset Reconstruction Limited ("RARE" or "ARC") which was assigned the Company's debt together with all security interest and all rights of the Company by the Banks and has the symbolic possession of the entire properties of the Company. The sale was concluded for a total consideration of Rs. 35,43,75,000.

During September 2021, The Company entered into another Memorandum of Understanding (MoU) with M/s. Stanes High School Association, Coonoor, non-related party and M/s. Atulit Developers LLP, Coonoor for sale of Company's Hotel at Coonoor with the consent of M/s.RARE Asset Reconstruction Limited ("RARE" or "ARC") which was assigned the Company's debt together with all security interest and all rights of the Company by the Banks and has the symbolic possession of the entire properties of the Company for a total consideration of Rs. 15,91,11,111. Out of total consideration the Company has received Rs. 11,11,11,111 from M/s. Atulit Developer LLP for sale of part of Land and Total Building and paid Rs.10 Crore to M/s.Rare Asset Reconstruction Limited and repaid Rs. 1 Crore to M/s. Stanes High School Association towards advance received in earlier years for Sale of coonoor property amounting to Rs. 5.80 Crore.

The company has entered into Memorandum of understanding with M/s. Stanes High School Association for Sale of 52 Cents of Land at coonoor for the remaining advance of Rs. 4.80 Crore and sale was completed on 27 October 2021.

Note No: 36 – Asset Reconstruction Company

The Company's account was categorized as NPA by Allahabad Bank and Andhra Bank during the year 2014. In April, 2017, the said Banks assigned the entire debts of the Company alongwith all underlying security interest, all rights, title & benefits to M/s.RARE Asset Reconstruction Limited (previously known as Raytheon Asset Reconstruction Private Limited) under the applicable provisions of the SARFAESI Act. The Company opted for One-Time Settlement offer with the said ARC and obtained in-principle approval from them during March, 2021 and the final approval of OTS has now been received. As per terms of in-principle approval, the initial payment of Rs.30 crores was already paid to the said ARC on 30th March, 2021 from the proceeds of sale of Shopping Mall and part of Multiplex properties.

Salient features of OTS offer approved by RARE ARC as follows :

- Total OTS amount is agreed as Rs. 96.80 Cr payable by the Company to RARE ARC towards full and final settlement including Advisory and Consultancy fees payable in several tranches.
- The Company shall pay a sum of Rs.1.00 Cr plus GST to RARE ARC towards Restructuring and Consultancy fees for arranging and identifying suitable investor / buyer for the secured assets. This sum of Rs. 1 crore shall be adjusted in the next installment.
- The Repayment schedule is as given below :

Instal-ment	Rs. in Cr.	Due Date	Grace Period	Interest for Delay in Remittance	Remarks
1	30	31/03/2021	31/03/2021	12% p.a.	None
2	14.5	30/06/2021	31/07/2021	12% p.a.	None
3	15.5	30/06/2021	30/09/2021	12% p.a.	Interest will be payable from 01-04-21 in the event of delay
4	36.8	30/09/2021	30/09/2021	12% p.a.	Interest will be payable from 01-07-21 in the event of delay
TOTAL	96.8				

4. The entire OTS payment shall be paid on or before 31st March, 2023, failing which the proposed OTS shall stand invoked by RARE ARC without any further notice.
5. All expenses toward recovery, over and above the OTS amount, incurred and to be incurred by RARE ARC shall be reimbursed by the Company on actual basis.
6. The ARC shall agree to issue NOC / release charge / handover title deeds of the respective properties for sale to any prospective buyer in order to settle the liability.
7. The Company/guarantors shall not raise any further loans, whether secured / unsecured, till the settlement amount is paid.
8. On payment of entire OTS amount, RARE ARC shall realase the charge over the remaining securities / properties and personal guarantees of the promoters/directors of the company and shall issue no due certificate.
9. Both the Company and ARC shall arrange to withdraw all the cases filed against each other after payment of entires OTS amount.

In view of the above settlement the Company has remitted the first instalment amount of Rs.30 crores (as per schedule in Point 2. above) to RARE ARC on 30th March, 2021 from the disposal / sale of the Shopping Mall and part of Multiplex properties and further paid Rs.10 Crore during September 2021 on Sale of Coonor Property.

Note: 37 : Pending Litigations

The Company has filed an stay petition with Labour Court amounting to Rs. 5.99 lacs for payment of damages on late payment of Employees Provident Fund for the period from Oct 2015 to Mar 2018 as against the order passed by the Assisstant Provident Fund Commissioner.

The Company has filed an rectification for the outstanding demands raised by Income Tax Authorities for payment of Income Tax and Tax Deducted at Source and same is pending for processing. The above said demands are payable subject to pending rectification.

Note: 38 : Segment Reporting

The Company is organized by the following operating segments: Guest Accommodation and Food and Beverages.

(Rs. in "000")

Particulars	As at 31.3.2022	As at 31.3.2021
1 Segment Revenue (Net sales/Income)		
a) Guest Accommodation and other	—	—
b) Food and Beverages	—	403
Total	—	403
Less : Intersegment Revenue	—	—
c) Netsales/income from operations	—	403
2 Segment results (profit/loss before interest & tax)		
a) Guest Accommodation and other	(16847)	(18691)
b) Food and Beverages	(10476)	(10123)
Total	(27323)	(28814)
Less: i) interest	(6)	(8)
ii) Other unallocable expenditure net off	—	—
iii) Un-allocable income	—	836
Total profit/(Loss) Before tax	(27,329)	(27,986)
Tax Expenses	—	—
Profit for the Period	(27,329)	(27,986)

Note: 39 : Fair Value Measurement

i) Financial instruments by category

(Rs. in "000")

Particulars	As at March 31, 2022			As at March 31, 2021		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets						
Measured at amortised cost						
Non- Current						
a) Trade receivables, non current	—	—	14	—	—	14
b) Loans			153,516			214,842
Current						
a) Trade receivables	—	—	—	—	—	—
b) Cash and Bank balances	—	—	75	—	—	31
c) Other financial assets -Current	—	—	5,453	—	—	14,342
Total	—	—	159,058	—	—	229,229
Financial liabilities						
Non-Current Financial Liabilities						
a) Borrowings-non-current	—	—	606,068	—	—	723,960
b) Trade payable-Non current			15,528			66,559
c) Other non -current financial liabilities			41,739			17,882
Financial liabilities						
a) Borrowings-current	—	—	—	—	—	—
b) Trade payable-current	—	—	—	—	—	—
c) Other current financial liabilities	—	—	2,498	—	—	4,640
Total	—	—	665,833	—	—	813,041
Financial assets	—	—	159,058	—	—	229,229
Financial liabilities	—	—	665,832	—	—	813,041

The management assessed that the fair value of cash and cash equivalent, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments. The fair values of non current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

NOTE 40 : FINANCIAL RISK MANAGEMENT OBJECTIVES

The Company's activity exposes itself to variety of financial risk which includes market risk, credit risk, liquidity risk, interest rate risk and price risk. The Company monitors and manages the above financial risks relating to the operations of the group through internal risk reports which analyses exposures by degree and magnitude of risks. The primary focus is to identify risks and take steps for mitigation of risk or to minimise the potential adverse effects on the financial performance of the Company. The Company does not enter into any derivative financial instruments to hedge risk exposures.



(Rs. in "000")

Note 41 : Disclosure of Ratios

Sl. No.	Ratio	Numerator	Denominator	As on 31.03.2022		As on 31.03.2021		% Variance	Remarks		
				Numerator	Denominator	Ratio	Numerator			Denominator	Ratio
1	Current Ratio	Current Assets	Current Liabilities	5,528	2,498	2.21	14,373	4,640	3.10	-28.56%	Decrease in Loan and advances, due to reversal of Prepaid expenses booked in earlier year
2	Debt-Equity Ratio	Long Term Debts	Shareholder's Equity	606,068	319,641	1.90	723,960	319,641	2.26	-16.28%	
3	Debt Service Coverage Ratio	Earnings Available for Debt Service	Debt Service	106,146	117,899	0.90	5,237	639,995	0.01	10902.45%	Reversal of Excess liability based on amount payable to ARC in Previous year
4	Return on Equity Ratio	Net Profits After Taxes – Preference Dividend	Average Shareholder's Equity	93,772	319,641	29.34%	714	319,641	0.22%	13033.38%	Increase in profit is on account of exception item
5	Inventory Turnover Ratio	Turnover	Average Inventory	—	—	—	403	277	1.45	—	No business operation during the year
6	Trade Receivables turnover ratio	Turnover	Average Trade Debtors	—	—	—	403	3,282	0.12	—	No business operation during the year
7	Trade payables turnover ratio	Total Purchases	Average Trade Creditors	—	—	—	403	723	0.56	—	No business operation during the year
8	Net capital turnover ratio	Turnover	Working Capital	—	—	—	403	9,733	0.04	—	No business operation during the year
9	Net profit ratio	Net Profits After Taxes	Turnover	93,772	—	—	714	403	177.17%	—	No business operation during the year
10	Return on Capital employed	Net Profits before Interest and Taxes	Capital Employed	93,779	925,709	10.13%	(11,541)	1,043,601	-1.11%	-1016.05%	Increase in profit is on account of exception item
11	Return on investment	Income generated from Investments	Time weighted average investments	Not Applicable							

Significant Accounting Policies & Notes forming part of Annual Accounts

As per our Report of even date

For **Krishaan & Co.,**

Chartered Accountants (FRN 001453S)

M. Sundarajan

(K SUNDARRAJAN)

Partner

(Membership No. : 208431)

UDIN : 22208431AJXFFU5594

Place : Tirupur

Date : 30.05.2022

E.V. Muthukumara Ramalingam

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

M. Srinivasan

M. Srinivasan
Company Secretary

M. R. Gautham

M. R. Gautham
Executive Director (DIN : 00046187)

R. Lalitha

R. Lalitha
Chief Financial Officer