

**ANNEXURE B TO BOARDS REPORT**

**Form No. MGT-9**

**EXTRACT OF ANNUAL RETURN**

as on the financial year ended on 31<sup>st</sup> March, 2015

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

- i) CIN : L55101TZ1990PLC002653
- ii) Registration Date : 21.3.1990
- iii) Name of the Company : VELAN HOTELS LIMITED
- iv) Category / Sub-Category of the Company : Company Limited by Shares
- v) Address of the Registered office and contact details : 41 Kangayam Road, Tirupur 641 604 - Tamil Nadu  
Ph : 0421-431 1111 - Fax : 0421-2424434  
E-mail : accounts@velanhotels.com
- vi) Whether listed company : Yes
- vii) Name, Address and Contact details of Registrar and Transfer Agent : S K D C Consultants Limited  
Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road  
Ganapathy, Coimbatore, Tamilnadu-641006  
Ph : 0422 - 6549995, 2539835-836  
Fax : 0422 -2539837  
E-mail : info@skdc-consultants.com

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

SI No	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Lodging	55101	53%
2	Restaurants & Bars	56301	47%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

SI No	Name and address of the company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
1.	NA	NA	NA	NA	NA

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**
**i) Category-wise Share Holding**

S No	Category of shareholders	No. of shares held at the beginning of the year (As on 31-3-2014)				No. of shares held at the end of the year (As on 31-3-2015)				% of change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A.	Promoters									
	a) Individual/HUF	22791096	Nil	22791096	71.30	22791096	Nil	22791096	71.302	Nil
	b) Central Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	c) State Govt. (s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	d) Bodies Corp.	2826934	Nil	2826934	8.844	2826934	Nil	2826934	8.844	Nil
	e) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	f) Any Other....	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Sub-total (A) (1):-	25618030	Nil	25618030	80.146	25618030	Nil	25618030	80.146	Nil
2)	Foreign									
	a) NRIs - Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	b) Other – Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	c) Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	d) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	e) Any Other....	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Sub-total (A) (2):-	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total shareholding of Promoter (A) = (A)(1)+(A)(2)	25618030	Nil	25618030	80.146	25618030	Nil	25618030	80.146	Nil
B.	Public Shareholding									
	a) Mutual Funds/ Banks/FI	Nil	7000	7000	0.022	Nil	7000	7000	0.022	Nil
	b) Central Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	c) State Govt.(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	d) Venture Capital funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	e) Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	g) FIs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	h) Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	i) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Sub-total (B) (1):-	Nil	7000	7000	0.022	Nil	7000	7000	0.022	Nil
2.	Non-Institutions									
	a) Bodies Corp.									
	i) Indian	260196	79600	339796	1.063	185422	79500	264922	0.829	-0.234
	ii) Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	b) Individuals									
	i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	1135459	887415	2022874	6.328	1155964	864615	2020579	6.320	-0.008
	ii) Individualshareholders holding nominal share capital in excess of Rs 1 lakh	2375907	226800	2602707	8.143	2555985	226800	2782785	8.706	0.563
	c) Others									
	1. Directors & their relative	560000	62550	622550	1.948	560000	62550	622550	1.948	Nil
	2. Non-Resident	4118	15200	19318	0.060	5155	15200	20355	0.064	0.004
	3. Overseas Corporate Bodies	Nil	1000	1000	0.003	0	1000	1000	0.003	Nil
	4. Clearing Members	58155	Nil	58155	0.182	65067	Nil	65067	0.204	0.022
	5. HUF	672689	Nil	672689	2.105	561831	Nil	561831	1.758	-0.347
	Sub-total (B) (2):-	5066524	127265	66339089	19.832	5089424	1249665	6339089	19.832	Nil
	Total Public Shareholding (B)=(B) (1) +B( 2)	5066524	127265	66339089	19.832	5089424	1249665	6339089	19.832	Nil
C.	Shares held by Custodian for SDRs & ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Grand Total (A+B+C)	30684554	1279565	31964119	100.00	30707454	1256665	31964119	100.00	Nil

**ii) Shareholding of Promoter**

S No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			Shares of % change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	
1	Sri. E. V. Muthukumara Ramalingam	12678383	39.664	Nil	12678383	39.664	Nil	Nil
2	Sri. M. R. Gautham	6420750	20.087	Nil	6420750	20.087	Nil	Nil
3	Mrs. M. Sasikala	2130743	6.666	Nil	2130743	6.666	Nil	Nil
4	Mrs. G. Sharmada	795344	2.488	Nil	795344	2.488	Nil	Nil
5	Mrs. Pallavi Naveen Mandradiar	729580	2.282	Nil	729580	2.282	Nil	Nil
6	Sri. B. A. Madhusudhan	36296	0.114	Nil	36296	0.114	Nil	Nil
7	M/s. Shree Vallee Enterprises Pvt Ltd	2826934	8.844	Nil	2826934	8.844	Nil	Nil
	Total	25618030	80.145	Nil	25618030	80.145	Nil	Nil

**iii) Change in Promoters' Shareholding ( please specify, if there is no change) – NOT APPLICABLE**

S No		Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	25618030	80.145	-	-
2	Date wise increase / decrease in promoters share-holding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.)	-	-	-	-
3	At the end of the year	-	-	25618030	80.145

**iv) Shareholding Pattern of top ten Shareholders : (other than Directors and Promoters)**

S No	For Each of the Top 10 shareholders	Shareholding at the Beginning of the year		Shareholding at the End of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Prithviraj	505000	1.580	505000	1.580
2	Mahender Agarwal	500000	1.564	500000	1.564
3	Kanku	250000	0.782	250000	0.782
4	Mahaveer Chand	215000	0.673	215000	0.673
5	Kishore Kumar Salecha	212442	0.665	212442	0.665
6	Nirmal	200500	0.627	145078	0.454
7	P.S.Kathiresan	195500	0.612	195500	0.612

**iv) Shareholding Pattern of top ten Shareholders : (other than Directors and Promoters) Contd...**

S No	For Each of the Top 10 shareholders	Shareholding at the Beginning of the year		Shareholding at the End of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
8	Mudra Nivesh Pvt Ltd	187741	0.587	0	0.00
9	Trishla	110000	0.344	110000	0.344
10	M.Dinesh	100000	0.313	100000	0.313
11	Vibha Prashant Bamb	0	0	143961	0.450
12	Amit Jain	0	0	127427	0.398
13	Bamb Prashant Ishwardas	0	0	113276	0.354

**v) Shareholding of Directors and Key Managerial Personnel:**

S No	Name of the Directors and Key Managerial Personnel	Shareholding at the beginning of the year		Changing in Shareholding		Shareholding at the end of the year	
		No. of shares	% of share holding	Increase	Decrease	No. of shares	% of share holding
1.	Sri. E. V. Muthukumara Ramalingam	12678383	39.664	-	-	12678383	39.664
2.	Sri. M. R. Gautham	6420750	20.087	-	-	6420750	20.087
3.	Mrs. M. Sasikala	2130743	6.666	-	-	2130743	6.666
4.	Sri. K. Subramaniam	560000	1.752	-	-	560000	1.752
5.	Sri. B. A. Madhusudhan	36296	0.114	-	-	36296	0.114
6.	Sri. P. Ganesan	33050	0.103	-	-	33050	0.103
7.	Sri. S. P. Sivanandam	100	0.000	-	-	100	0.000
8.	Sri. Giri Balasubramanian	-	-	-	-	-	-
9.	Mrs. R.Lalitha – CFO	-	-	-	-	-	-
10.	Sri. M. Srinivasan – Company Secretary	-	-	-	-	-	-

**V. INDEBTEDNESS**

**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

(Rs. In Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	81,24,84,744	5,21,68,664	--	86,46,50,408
ii) Interest due but not paid	7,83,18,615	--	--	7,83,18,615
iii) Interest accrued but not due	3,09,545	23,42,159	--	26,51,704
Total (i+ii+iii)	89,11,12,904	5,45,10,823	--	94,56,23,727
Change in Indebtedness during the financial year				
* Addition - Principal + Interest	14,14,62,180	3,00,000	--	14,17,62,180
* Reduction - Principal + Interest Paid	5,28,02,750	23,59,746	--	5,51,62,496
Net Change Indebtedness	8,86,59,430	5,24,51,077	--	14,11,10,507
At the end of the financial year				
i) Principal Amount	81,13,66,104	5,22,67,656	--	86,36,33,760
ii) Interest due but not paid	16,83,20,795	--	--	16,83,20,795
iii) Interest accrued but not due	85,435	1,83,421	--	2,68,856
Total (i+ii+iii)	97,97,72,334	5,24,51,077	--	103,22,23,411

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole-time Directors and/or Manager :**

(Rs. In Lakhs)

S No	Particulars of remuneration	Name of MD / WTD / Manager			Total Amount
		Sri.E.V.Muthukumara Ramalingam Managing Director	Sri.M.R.Gautham Executive Director	Sri.B.A.Madhusudhan Whole -Time Director	
1	Gross salary	18.00	12.00	1.00	31.00
	a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961				
	b) Value of perquisites u/s 17(2) Income-Tax Act, 1961	-	-	-	-
	c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission				
	- as % of profit	-	-	-	-
	- others, specify...				
5	Others, please specify	-	-	-	-
	Total (A)	18.00	12.00	1.00	31.00
	Ceiling as per the Act	-	-	-	(*)

(\*) Minimum Remuneration as per Schedule XIII of the Companies Act, 1956.

**B. Remuneration to other directors**

During the year under review, no remuneration paid including any sitting fees to all the Directors for attending the Board / Committee Meetings. Outstation Directors have been paid only travelling and other incidental expenses for attending the Board/ Committee meetings.

**C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD**

(Rs. In Lakhs)

S No	Particulars of Remuneration	Key Managerial Personnel		
		CFO DOA 31.3.2015	Company Secretary	Total
1	Gross salary	5.34	2.56	7.90
	a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961	-	-	-
	b) Value of perquisites u/s 17(2) Income-Tax Act, 1961	-	-	-
	c) Profits in lieu of salary under section 17(3) Income-Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	others, specify...	-	-	-
5	Others, please specify	-	-	-
	1. Company's Contribution to P.F.	0.19	-	0.19
	Total ( c )	5.53	2.56	8.09

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

There were no penalties / punishment / compounding of offences against the Company, Directors and other Officers in Default under provisions of the Companies Act, 2013 during the year ended 31<sup>st</sup> March 2015.

**Annexure - C1**

**Form No. AOC-2**

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8 (2) of the Companies (Accounts) Rules, 2014)

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto**

1. Details of contracts or arrangements or transactions not at arm's length basis :

Nil.

2. Details of material contracts or arrangement or transactions at arm's length basis :

The transactions entered into by the Company during the year with related parties on an arm's length basis were not material in nature. The total purchase of Petrol, Diesel and Lubricants from M/s. The Velan Petroleum Agencies during the year was Rs. 64,76,079/-.

**Annexure - C2**

**Policy on Related Party Transactions**

**(as per Clause 49(VII) of Listing Agreement)**

The Company shall enter into transactions with related parties only on arm's length basis, supported by agreement or formal letter. If the transaction is not on arm's length basis, then, necessary compliances under Companies Act, 2013 and / or Listing Agreement will be adhered to.

For the purpose of the above clause, transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual turnover of the Company as per the last audited financial statements of the Company.

**Annexure - D**
**Disclosures required with respect 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**

The ratio of the remuneration of each Director to the median employee's remuneration and such other details in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

**1. The ratio of the remuneration of each director to the median employee's remuneration for the financial year and such other details as prescribed is as given below :**

Name	Designation	Ratio
Sri.E.V.Muthukumara Ramalingam	Managing Director	9.95
Sri.M.R.Gautham	Executive Director	6.63
Sri.B.A.Madhusudan	Whole-Time Director	0.55

For this purpose, median is calculated on the Cost to the Company (CTC) of active employees as on March 31, 2015

**2. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:**

In respect of Managing Director and Executive Director, the remuneration amount remains unchanged as compared to previous financial year. The Whole-Time Director relinquished his remuneration voluntarily considering financial position of the Company. During the year, no Directors including Independent Directors were paid any amount including sitting fees. The percentage increase in remuneration of CFO and Company Secretary were 7.63% and 6.66% respectively.

**3. The Percentage increase in the median remuneration of employees in the financial year:**

The percentage increase in the median remuneration of the employees in the financial year was around 24%. The calculation of percentage increase in Median Remuneration is done based on comparable employees. For this we have excluded employees who were not eligible for any increment.

**4. The Number of permanent Employees on the rolls of the Company:**

The number of on-roll employees is 74. Out of this, there were 57 permanent employees as on March 31, 2015.

**5. The explanation on the relationship between average increase in remuneration and Company performance:**

The Company considers following factors while recommending increase in the remuneration of its employees:

- Financial performance of the Company
- Industry Benchmarking and consideration towards cost of living adjustment/inflation
- Individual performance on the basis of appraisal of every employee.

The average increase in the remuneration of the employees during the year 2014-15 was around 18.19%.



**6. Comparison of the remuneration of the Key Managerial Personnel against the performance of the company:**

The total remuneration of Key Managerial Personnel decreased (13.18%) from 44.40 lakhs in 2013-14 to 39.23 lakhs in 2014-15 whereas the Profit before Tax decreased by Rs.1327.44 lakhs in 2014-15.

**7. Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase or decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer :**

a. Market Capitalisation :

Particulars	As at 31.03.2015	As at 31.03.2014	Increase / Decrease(%)
Closing Price at BSE –in Rs.	6.82	7.96	(14.32)
Market Capitalization - in lakh	2179.95	2544.34	(14.32)

b. Price Earnings ratio of the Company was N/A as at March 31, 2015 (as the company reported Loss after Tax) and was 39.80 as at March 31, 2014.

c. The Company's stock price as at March 31, 2015 has decreased by 70% to Rs. 6.82/- over the last public offering, i.e. Rights Issue in November 2011 at the issue price of Rs.23/- per share.

**8. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and any exceptional circumstances for increase in the managerial remuneration:**

The average percentage increase made in the salaries of total employees other than the Key Managerial Personnel during the FY 2014-15 is around 18.07%, while the average decrease in the remuneration of the Key Managerial Personnel was 13.18%. This increment to Employees is in line with the factors outlined in point (5) above.

**9. Comparison of the remuneration of each of the Key Managerial Personnel against the performance of the Company:**

Please refer point no. (6)

**10. The key parameters for any variable component of remuneration availed by the Directors:**

The key parameters for the variable component of remuneration availed by the directors are considered by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee(NRC) as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

**11. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year:**

As Whole-Time Director relinquished his part salary during the year, CFO received the highest salary compared to Whole-Time Director.

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