

VELAN HOTELS LIMITED

(CIN : L55101TZ1990PLC002653)

29th ANNUAL REPORT FOR THE YEAR ENDED 31st MARCH 2019

BOARD OF DIRECTORS

SRI P. GANESAN

NON-EXECUTIVE CHAIRMAN (DIN : 00049804)

SRI. E.V. MUTHUKUMARA RAMALINGAM

MANAGING DIRECTOR (DIN : 00046166)

SRI. M.R. GAUTHAM

EXECUTIVE DIRECTOR (DIN : 00046187)

SRI. GIRI BALASUBRAMANIAN (Upto 23.5.2019)

DIRECTOR (DIN : 00017497)

SRI. B.A. MADHUSUDHAN

DIRECTOR (DIN : 01027496)

SMT. M. SASIKALA

DIRECTOR (DIN : 01452586)

SRI. S.P. SIVANANDAM

DIRECTOR (DIN : 01864334)

SRI. M. SRINIVASAN

COMPANY SECRETARY

SMT. R. LALITHA

CHIEF FINANCIAL OFFICER

M/S.RANGARAJAN & CO

INTERNAL 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.

"Kanapathy Towers"

3rd Floor, 1391/A-1 Sathy Road

Ganapathy Post, Coimbatore 641 006

Phone : 0422 - 4958995

E-mail : info@skdc-consultants.com

BANKERS

AXIS BANK LIMITED

CANARA BANK

UNION BANK OF INDIA

REGD. & ADMINISTRATIVE OFFICE

41 Kangayam Road, Tirupur - 641 604 Tamil Nadu

LOCATION OF HOTELS

VELAN HOTEL-GREENFIELDS

41 Kangayam Road, Tirupur - 641 604 Tamil Nadu

VELAN HOTEL

Ritz Road, Bedford, Coonoor 643 101 Tamilnadu

LOCATION OF SHOPPING MALL

THE VELAN ESPLANADE

41 Kangayam Road, Tirupur - 641 604 Tamil Nadu

PROJECTS IN PROGRESS

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

VELAN HOTELS LIMITED

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

CIN : L55101TZ1990PLC002653

NOTICE OF THE 29th ANNUAL GENERAL MEETING

Notice is hereby given that the 29th Annual General Meeting of Velan Hotels Limited will be held at the Registered Office of the Company at 41, Kangayam Road, Tirupur 641 604 on 27th September, 2019 at 12.05 p.m. to transact the following business :

AGENDA

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at March 31, 2019 and Statement of Profit and Loss for the year ended on that date, the Cash Flow Statement and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr.B.A.Madhusudhan having DIN 01027496 who retires by rotation and being eligible, offers himself for re- appointment.
3. To appoint a Director in place of Mrs. M.Sasikala having DIN 01452586, who retires by rotation and being eligible, offers herself for re- appointment.

SPECIAL BUSINESS:

4. To consider re-appointment of Mr.P.Ganesan (DIN: 00049804) as an Independent Director and continuation of holding office as an Non-Executive Director who crossed the age of 75 years and in this regard to consider, if thought fit, to pass, the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors and pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and Rules thereunder and the applicable provisions of the Listing Regulations, 2015, as amended, the approval of the Members of the Company be and is hereby accorded for re-appointment of Mr.P.Ganesan (DIN: 00049804) whose current period of office is expiring on 28th September, 2019 and who has submitted a declaration confirming the criteria of Independence under Section 149(6) of the Act read with the Listing Regulations, 2015 and who is eligible for re-appointment for a second term under the provisions of the Act, Rules thereunder and Listing Regulations, 2015 and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, as an Independent Director of the Company, to hold office for a term of five consecutive years on the Board of the Company effective from 27th September, 2019 and whose term shall not be subject to retirement by rotation;

"RESOLVED FURTHER THAT pursuant to Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, approval of the Members of the Company be and is hereby accorded to Mr. P. Ganesan (DIN: 00049804) for continuation of the Directorship in the Company who has already crossed the age of seventy five years, up to the expiry of his present term as an Independent Director i.e. up to 28th September, 2019, on the existing terms and conditions and for the above said second term of five consecutive years effective from 27th September, 2019 as a Non-Executive Director of the Company."

5. To consider re-appointment of Mr.S.P.Sivanandam (DIN: 01864334) as an Independent Director and in this regard to consider, if thought fit, to pass, the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors and pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and Rules thereunder and the applicable provisions of the Listing Regulations, 2015, the approval of the Members of the Company be and is hereby accorded for re-appointment of Mr.S.P.Sivanandam (DIN: 01864334) whose current period of office is expiring on 28th September, 2019 and who has submitted a declaration confirming the criteria of Independence under Section 149(6) of the Act read with the Listing Regulations, 2015 and who is eligible for re-appointment for a second term under the provisions of the Act, Rules thereunder and Listing Regulations, 2015 and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, as an Independent Director of the Company, to hold office for a term of five consecutive years on the Board of the Company effective from 27th September, 2019 and whose term shall not be subject to retirement by rotation;

6. To consider sale of movable and immovable assets and in this regard to consider, if thought fit, to pass, the following enabling resolution as a Special Resolution :

"RESOLVED THAT pursuant to applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 110, 180(1)(a) and any other applicable provisions of the Companies Act, 2013, the Rules thereunder, including any statutory modifications and amendments to each of the foregoing, and applicable notifications, clarifications, circulars, rules and regulations issued by the Government of India, or other governmental or statutory authorities, and subject to the Memorandum and Articles of Association of the Company and further subject to the necessary approvals, consents, permissions and sanctions, if any, of any relevant statutory, regulatory or government authorities, Company's lenders / Bankers and/or other institutions or bodies, Asset Reconstruction Company(s) (ARCs) or and such conditions or modifications as may be prescribed by any of them while granting any such approvals, which may be agreed to, in its sole discretion, by the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall include any committee of directors constituted by the Board) , the consent, approval and authority of the Company be and is hereby granted for sale of the following assets (Undertakings) held by the Company together with all specified tangible and intangible assets, including land, building, personnel / employees, plant and machinery and other assets in relation to the Undertaking(s) including its brand name, as a going concern / on a slump sale basis on an "as is where is" basis or in any other manner as the Board may deem fit in the interest of the Company by way of one or more transactions and to one or more persons / bodies corporate(s) / entity(s) not being "related parties" as defined under the Act and/or the Listing Regulations ("Related Parties") for an aggregate consideration to be decided by the Board and at such time and in such manner whether by way of business transfer or otherwise to one or more purchasers (not being Related Parties) on such terms and conditions and with such modifications as may be required as the Board, may, in its absolute discretion, deem fit and appropriate in the interests of the Company;"

Sl. No.	Classification of Property	Description of properties with Survey Nos	Nature of Property	Area of the Property
1	Shopping Mall	Tirupur Registration District, Tirupur Joint-2 Sub-Registration District, Tirupur Taluk, Tirupur town, Kangayam Road, Tirupur, S.F.No.43, Latest T.S. Ward-G, Block No.3, T.S.No.3/3B and T.S.No.3/4B	Land & Building alongwith building equipments	Land 49400 sq. ft. & Four Story Building - 107000 sq.ft. & Food Court area - 7377 sq.ft.
2	Multiplex	Tirupur Registration District, Tirupur Joint-2 Sub-Registration District, Tirupur Taluk, Tirupur town, Kangayam Road, Tirupur, present Re-Survey Ward No.G, Block No.3 - S.F. No.35, TS No.4/4 (Part), SF No.36, T.S. No.4/5(part), T.S.No.4/6(part), T.S.No.5/1A (part), S.F.No.41, T.S. No.4/3 in full, T.S.No.4/7(part), S.F.No.43, T.S.No.4/2 (part), T.S.No.3/3A (part), T.S.No.3/4A(part)	Land and partially built basement	Land- 85000 sq.ft approx
3	Renewable Energy Power Plant	Tirupur Registration District, Tirupur Joint-II Sub-Registration District, Tirupur Taluk, Tirupur town, Semedu Thottam, Tirupur, S.F.No.37 in present resurvey T.S.No.6, Block No.3. Ward -G-Northern Side-West(part), Ward-G center (part) and Ward-G Northern Side East (part)	Land & Building alongwith Plant & Machinery and Equipments.	Land 55637 sq.ft. & 32700 sq.ft. building
4	Convention Hall Area	Tirupur Registration District, Tirupur Joint-2 Sub-Registration District, Tirupur Taluk, Tirupur town, Kangayam Road, Tirupur, S.F.No.36 present Re-Survey T.S.No.5/1 Block No.3, Ward No. G (old T. S. No. Ward No. 6)	Vacant Land	36300 Sq.ft.
5	Velan Hotel-Coonor	Property is situated within Nilgiris Registration District, Coonoor sub-Registration District, Coonoor Town and Municipality R.S.No.911/1A1 and 912 T.S.No.1/1A1 (old 1/1) Ward No-'B' Block No-6 Assessment Nos-2946, 2947 & 2948 - Extent of area Ac.2.71 and 132 sq.ft. of land and building there on bearing Door No.1,2,3 and 3A Property is situated within the Nilgiris Registration District ,Coonoor sub-Registration District, Coonoor Town and Municipality R.S.No.911/1A1 T.S.No.1/2 Ward No-'B' Block No-6 - Extent of Area AC.0.08 15/16. In all Ac.2.71 cents and 132 sq.ft. and Ac.0.08 15/16 of land and the hotel building thereon bearing door nos-1,2 & 3 and 3A with water and electricity connections, fittings and appurtenants thereon	Land & Building	2.819 Acres
6	Velan Hotel-Greenfield-Tirupur	a) Tirupur Registration District, Tirupur Joint 2 Sub-Registration District, Tirupur Taluk, Tirupur Town T.S. No. 8/2, Ward No "G" and Block NO.3, Tirupur Village, SF 41 measuring Ac 5.04 in this a specific extent of acres 0.94 of land	Land & Building	0.94 Acres
		b) Tirupur Registration District, Tirupur Joint 2 Sub-Registration District, Tirupur Taluk, Tirupur Village, Tirupur Town T.S. NO.6, Ward No "G" and Block NO.3, Tirupur Village, SF 37 measuring Ac 3.08 in this a specific extent of acres 1.27 of land	Land & Building	1.27 Acres

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do or cause to be done all such acts, deeds and things, including actions which may have been taken, as may be necessary, or deemed necessary or incidental thereto, from time to time for giving effect to the above resolution, including finalizing, varying and settling the terms and conditions of the proposed sale; to settle and finalise all issues that may arise in this regard, without further referring to the Members of the Company; to negotiate and finalize the Sale Agreement and/ or any other transaction documents (including providing such representations, warranties, indemnities and covenants as may be required) and to execute, deliver and perform such agreements, other contracts, deeds, undertakings and other documents and subsequent modifications thereto; to file applications and make representations in respect thereof and seek the requisite approvals from the relevant authorities and third parties, including governmental authorities and lenders; to suitably inform and apply to all the concerned authorities, to settle any questions, difficulty or doubt that may arise in this regard, and to take all necessary steps in the matter as it may in its absolute discretion and in the best interests of the Company deem necessary, desirable or expedient, to give effect to the above resolution."

7. 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 Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') and Section 188 of the Companies Act, 2013 read with Rule 15 of Companies (Meetings of Board and its Powers), Rules, 2014, as amended and other applicable regulatory provisions and subject to such approvals, confirmations, no-objections that may be required, approval of the Members be and is hereby accorded to the Board of Directors (which the term shall include any Board Committee duly authorised by the Board) of the Company to enter into material related party transaction(s) by availing Unsecured Loans of upto Rs. 30 Crores, in one or more tranches, from Managing Director and/or Executive Director of the Company, on such terms as detailed in the explanatory statement and any modifications/amendments thereto, from time to time, as may be approved by the Board, subject to the condition that the aggregate of principal amount of such Unsecured Loan shall not exceed an amount of Rs.50 Crores (Rupees Fifty Crores only) at any point in time, notwithstanding that the value of such transaction(s) may exceed the materiality threshold prescribed under Regulation 23 of SEBI Listing Regulations or any other regulatory requirements."

For and on behalf of the Board



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

Place : Tirupur
Date : 30.05.2019

NOTES :

1. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the Special Businesses forming part of this Notice. The relevant details in respect of Item Nos. 4 to 7, pursuant to the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meeting (SS -2) are annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (AGM OR THE MEETING) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL, INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

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

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

3. The requirement to place the matter relating to appointment of Auditors for ratification by members at every Annual General Meeting is done away with vide notification dated May 7, 2018 issued by the Ministry of Corporate Affairs. Accordingly, no resolution is proposed for ratification of re-appointment of Auditors, who were appointed in the Annual General Meeting, held on 27th September, 2017. 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.
4. Shareholders desiring any information as regards the Accounts are required to write to the Company at least seven days in advance of the meeting so that the information, to the extent practicable, can be made available at the Meeting. Members/proxies are requested not bring any guest with them.
5. Members holding shares in physical form are requested to notify change in their address, bank mandate, e-mail address, if any, to the Registrar & Share Transfer Agent of the Company and Members holding shares in dematerialised form are requested to notify change in their address / bank mandate / email ID to their respective Depository Participants.
6. Pursuant to Regulations 26(4) and 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("SEBI Listing Regulations") and the Secretarial Standard-2 on "General Meetings" issued by The Institute of Company Secretaries of India, the particulars of appointment/re-appointment at the forthcoming Meeting are annexed to the Notice forms integral part of the Notice. The Directors have furnished the requisite declarations for their re-appointment. Mr.B.A.Madhusudhan and Mrs.M.Sasikala - Directors retire by rotation and, being eligible, offer for re-appointment at the Annual General Meeting. A brief resume of the said Directors is given below :

I	1. Name	: Sri. B. A. MADHUSUDHAN
	2. DIN	: 01027496
	3. Age	: 45 Years
	4. Qualification	: B.E. in Computer Engineering (from Madras University M.S. in Computer Science (from University of Kentucky) Post - Graduate Degree in Management from IIM Ahmedabad
	5. Date of Appointment	: 28.3.2012
	6. Experience	: Bio Mass Power Plant
	7. Shareholding in Velan Hotels Ltd	: 36,296 Shares
	8. List of Directorships held in Other Companies	: Whirl Academy Private Limited
	9. Membership in Other Board Committees, if any	: Nil

II	1. Name	:	Mrs. M. Sasikala
	2. Directors Identification Number (DIN)	:	01452586
	3. Age	:	64 Years
	4. Qualification	:	Bachelor of Arts
	5. Date of Appointment	:	28.3.2012
	6. Shareholding in Velan Hotels Ltd	:	21,30,743 Shares
	7. List of Directorships held in Other Companies	:	Shree Vallee Enterprises Pvt Ltd
	8. Membership in Other Board Committees	:	Available in Report on Corporate Governance

7. The equity shares of the Company are listed on BSE Ltd. The Annual Listing fee shall be made in due course. The Annual Custody Fees due to both the Depositories will be paid soon.
8. For the convenience of the Members and proper conduct of the Meeting, entry to the meeting venue will be regulated by Attendance Slip is enclosed in the Notice. Members are requested to sign at the place provided on the Attendance Slip and hand it over at the Registration Counter at the venue of the AGM.
9. Pursuant to the prohibition imposed vide Secretarial Standards on General Meetings (SS-2) issued by ICSI and the MCA Circular, no gifts shall be distributed at the Meeting.
10. Members are requested to register their email id and the changes therein from time to time with the Company to enable the Company to send notices/documents through email as permitted by law.
11. The Register of Members and the Share Transfer Books of the Company will remain closed from 21st September 2019 (Saturday) to 27th September, 2019(Friday) (both days inclusive).
12. Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Share Transfer Agent / the Company.
13. Members/proxies should bring the Attendance Slip are attached in the Annual Report for attending the meeting.
14. The Notice of the AGM 2018-19 is being sent by electronic mode to those Members whose email addresses are registered with the Company / Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their email addresses, a physical copy is being sent by permitted mode. Soft copy of the Annual Report for f.y.2018-19 will also be sent by electronic mode and physical copy of the same will be sent to the Members by post / courier with in the time stipulated by the Act / Rules.
15. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the Members at the Annual General Meeting.
16. The Company has designated an exclusive e - mail id for investor redressal investorrelations@velanhotels.com and info@skdc-consultants.com belongs to our Registrar and Share Transfer Agent.

17. SEBI has vide Circular No. SEBI/HO/MIRSD/DOP1/ CIR/P/2018/73 dated 20 April 2018, directed all the listed companies to record the Income Tax PAN, bank account details of all their shareholders holding shares in physical form and advise them to dematerialise their physical securities. Accordingly, the Company has sent letters by Registered Post to the shareholders holding shares in physical form at their last known address, advising them to register their Income Tax PAN (including that of joint holders, if any) and the bank account details. This was followed by two reminder letters to those shareholders who have not responded earlier. All those shareholders who are yet to update their details with the Company are requested to do so at the earliest. The shareholders are also advised to intimate any change in address and/or name, submit National Electronic Clearing Service (NECS) or Electronic Clearing Service (ECS) mandates, nominations, e-mail address, contact numbers, etc., if not so done, by writing to the Company's Registrar & Share Transfer Agents, SKDC CONSULTANTS LTD "Kanapathy Towers" 3rd Floor, 1391/A-1 Sathy Road Ganapathy Post, Coimbatore 641 006 - Phone : 0422 - 4958995 E-mail : info@skdc-consultants.com for providing efficient and better services. Members holding securities in dematerialised form are requested to intimate such changes to their respective depository participants.
18. SEBI has recently amended relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to disallow listed companies from accepting request for transfer of securities which are held in physical form, with effect from 1 April 2019. The shareholders who continue to hold shares in physical form even after this date, will not be able to lodge the shares with the Company / its RTA for further transfer. They 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 will be accepted by the RTA.
19. Your attention is invited on the Companies (Significant Beneficial Ownership) (Amendment) Rules, 2019 issued by the Ministry of Corporate Affairs on 8th February 2019. A person is considered as a Significant Beneficial Owner (SBO) if he/she, whether acting alone, together or through one or more individuals or trust holds a beneficial interest of at least 10%. The beneficial interest could be in the form of a company's shares or the right to exercise significant influence or control over the Company. If any Shareholders holding shares in the Company on behalf of other or fulfilling the criteria, is required to give a declaration specifying the nature of his/her interest and other essential particulars in the prescribed manner and within the permitted time frame.
20. As per the provisions of Section 72 of the Companies Act, 2013 and Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014, as amended, Members holding shares in physical form may file nomination in the prescribed Form SH-13 with the Company's Registrar and Share Transfer Agent. In respect of shares held in dematerialized form, the nomination form may be filed with the respective Depository Participant.
21. The route map showing directions to reach the venue of the 29th AGM is given as per requirement of the Secretarial Standard-2 on General Meeting.
22. Voting through electronics means

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

Instructions for the voting through electronic means

- i) The voting period begins on 24th September, 2019 at 9.00 a.m. and ends on 26th September, 2019 at 5.00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 20/09/2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- iv) Click on Shareholders.
- v) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- vi) Next enter the Image Verification as displayed and Click on Login.
- vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- viii) If you are a first time user follow the steps given below :
- ix) After entering these details appropriately, click on "SUBMIT" tab.

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <p>Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field.</p>
Dividend Bank Details OR Date of Birth DOB	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <p>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (ii).</p>

- x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is

strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xii) Click on the EVSN relevant to VELAN HOTELS LIMITED on which you choose to vote.
- xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xix) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can also download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- xx) Note for Non - Individual Shareholders and Custodians
 - " Non-Individual Shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves as Corporates.
 - " A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - " After receiving the login details, a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - " The list of accounts linked in the login should be emailed 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), duly signed and executed in favour of the Custodian, if any, should be uploaded in PDF format in the system for the Scrutiniser to verify the same.
- xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

Other Instructions:

23. The voting rights of the Members shall be in proportion to their shares in the paid up equity share capital of the Company as on the cut off date i.e. 20th September, 2019. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting or voting at the AGM.
24. Any person, who acquires shares of the Company and becomes a Member of the Company after despatch of the Notice and holding shares as of the cut-off date, may cast their vote by remote e-voting or through Poll at the Meeting. However, if you are already registered with CDSL for remote e-voting then you can use existing user ID and password for casting your vote. If you forget your password you can reset your password by using Forgot Password option available on www.evotingindia.com.
25. Mr. S.Ganesh Viswanathan, Practicing Company Secretary (Membership No. ACS 55207) has been appointed as the Scrutinizer by the Board of Directors of the Company to scrutinize the remote e-voting and the voting process at AGM in a fair and transparent manner.
26. The Members who have cast their vote by remote e-voting may also attend the meeting but shall not be entitled to cast their vote again at the Meeting. Members holding shares as on cut off date i.e. 20th September, 2019 and attending the Meeting, who have not already cast their vote by remote e-voting shall be able to exercise their right at the Meeting.
27. The Scrutinizer shall immediately after the conclusion of the voting period, first count the votes at the meeting, thereafter unblock the votes through remote e-voting in the presence of at least two (2) witnesses not in the employment of the Company and make not later than 2 days of the conclusion of the Meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, forthwith to the Chairman / Managing Director or any person authorised by the Chairman in writing, who shall countersign the same and the results of the e-voting / poll at the venue, will be announced by the Company on its website - www.velanhotels.com within 2 days of the conclusion of the AGM.

ANNEXURE TO THE NOTICE

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

ITEM NO. 4 & 5 :

Mr. P. Ganesan and Mr.S.P.Sivanandam are Independent Directors of the Company and were appointed as an Independent Director in the 24th Annual General Meeting held on 29th September 2014 for tenure of five years in terms of the applicable provisions of Companies Act, 2013.

As the above named independent directors will be completing their first term of appointment upon completion of five years from the respective dates of their appointment during the current year, they are eligible for re-appointment for another term of five consecutive years subject to the approval of members by a special resolution. They have consented to their re-appointment and confirmed that they do not suffer from any disqualifications which stand in the way of their reappointment as independent directors.

The details of other Directorship, Membership of Committees of other Companies, Shareholdings is reported below.

The Explanatory Statement may also be construed as disclosure under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

It is proposed to appoint Mr.P.Ganesan and Mr.S.P.Sivanandam as Independent Directors under Section 149 of the Act and SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 to hold office for 5 (Five) consecutive years for a term up to the conclusion of 34th Annual General Meeting of the Company in the calendar year 2024.

The Company has received notices in writing from members along with deposits of requisite amount under Section 160 of the Act proposing the candidature of Mr.P.Ganesan and Mr.S.P.Sivanandam for the office of Directors of the Company.

The Company has also received declarations from Mr.P.Ganesan and Mr.S.P.Sivanandam that they meet with the criteria of independence as prescribed under sub section (6) of Section 149 of the Act. In the opinion of the Board, Mr.S.P.Sivanandam and Mr.P.Ganesan fulfill the conditions for appointment as Independent Directors as specified in the Act.

Further, in accordance with the Regulation 17 (IA) SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, which are effective from 1st April, 2019, a person who has attained the age of seventy five years can continue as a Non-Executive Director in a listed Company, provided approval of its members by way of a special resolution is obtained. Mr. P.Ganesan is above the age of seventy five years. Mr.P.Ganesan is also the Chairman of the Board, Audit Committee and Stakeholders Relationship Committee of the Company. He is entitled to only sitting fee for attending the meeting of the Board, Committees or any other meetings of the Directors. He is not eligible to retire by rotation. He is not related to any other Director or Key Managerial Personnel. The Board considers that his continued association would be beneficial to the Company and it is desirable to continue to avail his services as a Non-Executive Director even after crossing the age of 75 years.

Brief resume of Mr.P.Ganesan and Mr.S.P.Sivanandam, nature of their expertise in specific functional areas and names of Companies in which they hold Directorships and Memberships / Chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and under Secretarial Standard -2 are given below.

Disclosure under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015		
Name	Mr.P.Ganesan	Mr.S.P.Sivanandam
DIN	00049804	01864334
Nationality	Indian	Indian
Qualification	Diploma in Textile Technology from Bolton Insitutue of Technology, U.K.	Intermediate
Expertise in Specific Area	Textile, Hosiery Garment and Finance	Textiles, Finance & Agriculture
Date of first Appointment on the Board of the Company	21/03/1990	29/09/2014
Shareholding in Velan Hotels Limited	33033	100
List of Directorship held in other Companies	Nil	Sri Gajalakshmi Theatre Pvt Ltd
Brief Profile of the Directors	<p>Holds vast experience of over 35 years in several different disciplines such as Textile, Hosiery Garment and Finance.</p> <p>He was the Managing Director of Velan Textiles Pvt Ltd, a company engaged in the business of spinning and weaving.</p>	<p>Belongs to a reputed industrialist cum financier's family of Mr. P. Palaniswamy Chettiar - his father. He holds vast experience in the fields of textile - from raw material to finished products - and finance. He also has reputation of being a successful agriculturist. His family is known of philanthropy.</p>
Disclosure of relationships between directors inter-se;	Not applicable	Not applicable
Names of listed entities in which the person also holds the directorship and the membership of Committees of the board;	Nil	Nil

Copies of the draft letters for respective appointments of Mr. P. Ganesan and Mr. S.P. Sivanandam as Independent Directors setting out terms and conditions are available for inspection by members at the Registered Office of the Company.

Mr. P. Ganesan and Mr. S.P. Sivanandam are interested in the resolutions set out respectively at item nos. 4 to 5 of the notice with regard to their respective appointments.

The relatives of Mr. P. Ganesan and Mr. S.P. Sivanandam may be deemed to be interested in the resolution set out respectively at item nos. 4 to 5 of the notice, to the extent of their shareholding interest, if any, in the Company.

Save and except above, none of the Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in these resolutions.

The board recommends the Special resolutions set out at item nos. 4 to 5 of the notice for approval by the shareholders.

ITEM NO. 6

Members may be aware that the Company's account was classified as NPA by Allahabad Bank and Andhra Bank and the entire debts of the Company alongwith all underlying security interest, all rights, title & benefits were assigned by the said bankers to RARE Asset Reconstruction Limited (previously known as Raytheon Asset Reconstruction Company) (RARE ARC) under the applicable provisions of the SARFAESI Act. After in-principle approval towards Company's One-Time Settlement (OTS) offer was abrogated by RARE ARC due to non-payment of initial payment, the Company has initiated negotiation / discussion with the said ARC. As part of ongoing negotiations and forming part of "OTS offer" with RARE ARC, the Company is obliged to settle its dues to the said RARE ARC when the Company gets approval / sanction of revised OTS offer again.

The Company is engaged in the business of running and operations of three star category hotels in Tirupur, Tamilnadu and Coonoor, The Nilgris District, Tamilnadu. The Company also owns Shopping Mall (completed & not in commercial operation) & Multiplex (partly completed) under the brand "The Velan Esplanade" and The Velan Renewable Engery Plant (partly completed) in Tirupur (collectively known as "Assets" / "Undertakings"). As regards the Coonoor Property, an Order was issued by the Hon'ble Debts Recovery Tribunal, Coimbatore on 18th March, 2015 under the applicable provisions of the SARFAESI act and the rules framed thereunder for the sale of said property to M/s. Stanes High School Association, ("Stanes School") Coonoor by a private treaty entered into among the parties concerned and subsequent order passed by the Hon'ble High Court of Madras in response to the Writ Petition filed by Stanes School in this regard. The Company initiated several attempts to conclude the deal with the said Stanes School / RARE ARC in terms of the order issued by the Hon'ble DRT / High Court. However, the same could not be materialised owing to non-payment of balance sale proceeds within the time stipulated by the said DRT / High Court / RARE ARC. Considering the age of the said property, the Company is looking for other potential purchaser(s) to make a deal for sale of the said Coonoor property in order to monetize and repay the Company's debt obligations.

The current cash flows of the Company are stretched and sustenance of the present debt levels is difficult. As the above said Assets / Undertakings are considered no longer viable, it is therefore, desirable and inevitable at this juncture that the Company divests the entire assets of the Company and reduces a substantial part of its debt with the said RARE ARC. The Company also believes considering the seasonal nature of business of hotel and other macro-economic factors, a lower quantum of debt would be in the best interest of all stakeholders.

The Members may please note that the appended resolution is only an enabling resolution conferring authority on the Board to do all acts and deeds, which may be required to the sale of Assets / Undertakings at appropriate time in future including the price and timing of the sale(s). The Company would give first priority to sell the assets (non-core assets) as mentioned under SI.No.1 to SI.No.5 of the proposed resolution and shall not sell the Hotel Property at Tirupur (SI.No.6) at immediate future and retain the said property in order to continue its hotel business and to keep the Company 'a going concern'. The proposed sale of movable and immovable assets of the Company does not impair its ability to continue operation. As and when the

Board does take a decision on matters on which it has the discretion, necessary disclosures will be made to BSE Ltd on which the Equity Shares are listed under the provisions of the Listing Regulations.

The Company has identified properties which may be 'substantial' in terms of Section 180 (1) (a) of the Companies Act, 2013 and therefore requires members approval for disposal by way of Special Resolution. Further, the Company is in the process of negotiating and finalizing the consideration and other terms & conditions with the potential purchaser(s) of the said properties. In view of the same, the Board of Directors at its meeting held on 30 May, 2019 has subject to the approval of members of the Company by a special resolution and other applicable laws and subject to such approvals, consents, permissions and sanctions as may be necessary, approved to sell, transfer, convey, assign or otherwise dispose of the Company's immovable property/ies to any person(s) and/or entity(ies) as may be determined by the Board including finalization of the suitable purchaser(s)/ assignee(s)/ counterparty(ies) as the case may be, of the said properties, the terms and conditions, methods and modes in respect thereof, determining the exact effective date, and finalizing and executing and registering the necessary documents including agreements sale deed, agreement for sale and such other deeds, documents and writings, deeds of conveyances and irrevocable powers of attorney etc. and such other documents in the best interest of the Company.

Pursuant to Section 110(1) of the Companies (Amendment) Act, 2017 as notified on 9th February 2018, any item of business to be transacted by means of postal ballot may be transacted at a general meeting by a company subject to provide the facility to members to vote by electronic means under Section 108 of the Act. Hence, your company proposed to transact this resolution at ensuing Annual General Meeting for which the Company is pleased to offer remote e-voting facility as an alternate for its Shareholders to exercise their vote on resolutions proposed to be passed at the venue of AGM by way of Ballot form which will enable the shareholders to cast their votes electronically, instead of physical ballot forms.

The net proceeds from the proposed sale of the Assets / Undertakings will be utilized to repay the existing debts and reduce accumulated interest burden.

None of the Directors, Key Managerial Personnel or their relatives are in any way concerned or interested, financially or otherwise in this resolution.

The Board recommends the Resolution of the Notice for approval of the members by a Special Resolution.

ITEM NO. 7

Pursuant to 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 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.

It is explicitly stated in Section 2(76) of the Companies Act 2013, that any director or key managerial personnel is a related party. However, lending money by Directors to a Company does not fulfill the criteria of related party transactions as per Section 188 of the Companies Act 2013. Therefore, there is no need to follow the compliance and legal requirements of Section 188 of the Companies Act, 2013 in respect of unsecured loan provided by directors of a Company. However, Regulation 2(1)(zc) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') defines term related party transactions which include a transfer of resources. Transferring a resource means giving away or selling a resource i.e. giving away cash to another person is a transfer of resources. With a view to the above explanation, the unsecured loan from Directors to the Company may be deemed to be a related party transaction in purview of the said Regulation.

Pursuant to Regulation 23 of the SEBI- Listing Regulation, approval of the public 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. All the Related Party Transactions entered into by the Company are at arm's length basis and in the ordinary course of business and approval of the Audit Committee and Board is obtained, wherever required. However, the estimated transaction value with the below mentioned related parties may likely exceed 10% of the Annual Turnover of the Company as per the last audited financial statements of the Company.

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(7) of SEBI (LODR).

The transactions going to be made with such parties as stated below are 'Related Parties' of the Company as per Section 2(76) of the Companies Act, 2013.

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.15 Crores together with the unsecured loan already lent, if any.	Providing Unsecured Loan to the Company with interest at a rate not more than the bank rate declared by RBI or without interest
2.	Mr. M. R. Gautham	Mr.E.V.Muthukumara Ramalingam & Mrs.M.Sasikala	Executive Director	Not exceeding Rs.15 Crores together with the unsecured loan already lent, if any.	Providing Unsecured Loan to the Company with interest at a rate not more than the bank rate declared by RBI or without interest

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

Your Board feels that Unsecured Loan proposed to be availed by the Company from the Directors would be beneficial to the Company.

Mr. E. V. Muthukumara Ramalingam and Mr. M. R. Gautham are interested in the resolution set out at item No. 7 of the notice. The relatives of Mr. E. V. Muthukumara Ramalingam and Mr. M. R. Gautham (as per table above) may be deemed to be interested in the resolution set out at item No.7 of the notice, to the extent of their shareholding interest, if any, in the Company.

Save and except above, none of the Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in this resolution.

The board recommends Ordinary resolution set out at item no.7 of the notice for approval by the Public Shareholders (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 : 30.05.2019

DIRECTORS' REPORT TO THE MEMBERS

Your Directors are in presenting their 29th Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2019.

FINANCIAL HIGHLIGHTS

(Rs. in lakhs)

PARTICULARS	2018 - 19	2017 - 18
Profit/(Loss) Before Interest, Depreciation and Tax	(19.46)	39.92
Less : Interest	23.28	24.29
Profit / (Loss) Before Depreciation & Tax	(42.74)	12.63
Add : Depreciation	180.07	184.69
Profit / (Loss) Before Tax [PBT]	(222.81)	(172.06)
Less : Tax Expenses		
- Current Tax	—	—
- Tax relating to prior years	—	—
- Deferred Tax	—	(75.47)
Profit / (Loss) After Tax	(222.81)	(247.53)
Balance b/f from previous years	(4853.66)	(4613.02)
Balance to be carried over to the Balance sheet	(5076.47)	(4853.66)

OPERATIONAL REVIEW :

During the period under review, there was an overall economic slow down in India, in particular in Textile Industry and the same was highly pronounced and reflected in the working of the Hosiery Industry at Tirupur region. The impoverished condition of the hosiery market of Tirupur in the form of closure of many unorganised jobwork units and transformation of the business from hosiery to other business due to rollout of GST. This led to termination of earnings and opportunity of many employers who were out of their business and, has resulted in slow down in the export business from Tirupur and as logical fallout; our company too is experiencing the repercussions of the economic slow down and the worst situations in hosiery business in Tirupur, in terms of lower sales volume. The prospectus would improve once the turnaround strategy of the Government to improve exports and accelerate economic growth starts taking roots.

During the year under consideration, the gross receipts of your company decreased to Rs.644.05 Lacs from Rs. 870.87 Lacs registered in the previous year. Profit/(Loss) before Interest, Depreciation and Taxation was Rs.(19.46) lacs against Rs. 36.92 Lacs recorded in the previous year. Similarly, the Loss After Tax for the year ended March 31, 2019 stood at Rs.222.81 lacs as against a Loss of Rs. 247.53 lacs registered in the previous year.

STATE OF THE COMPANY'S AFFAIRS

Members may be aware that the Company's account was classified as NPA by Allahabad Bank and Andhara Bank which took symbolic possession of the entire assets of the Company. Subsequently, the Banks assigned the entire debts of the Company along with all underlying security interest, all rights, titles & benefits to RARE Asset Reconstruction Limited (RARE ARC) (previously known as Raytheon Asset Reconstruction Company) under the applicable provisions of the SARFAESI Act. Though the management had been exploring possibilities to revive and rehabilitate the Company, the same could not be materialised due to the pending matters with lenders /ARC and non-availability of funds.

Due to concerted and constant efforts of the promoters of the Company to revive and rehabilitate the Company, the Company obtained In-Principle approval of the Company's One-Time-Settlement Offer ("OTS offer") from RARE ARC on 18th March, 2019 for payment of Rs.97,50,00,000/- towards full and final payment of the amount due and payable to RARE ARC subject to complying with 'Schedule of Payments' as was referred in the said OTS offer. As per terms of In-Principle approval, an initial payment of Rs.16,78,00,000/- which include balance sale proceeds from the proposed sale of Coonoor Hotel property as per direction issued to M/s.Stanes High School Association, Coonoor, the proposed buyer, by the Hon'ble DRT, Coimbatore and Hon'ble of High Court of Madras along with promoters' contribution was ought to be paid before 26th March, 2019 and balance amount is ought to be paid in a phased manner but before 31st March, 2020 with interest @ coupon rate of 6.50% p.a on outstanding dues.

With a short span of time i.e less than 6 working days, the Company & its Promoters and M/s.Stanes High School Association were not able to mobilize the required funds to make the initial payment to RARE ARC. Consquent upon non-payment of the said initial payment within the date stipulated, then RARE ARC vide their letter dated 16th April, 2019 intimated the Company that the in-principle approval towards OTS offer was abrogated. The Company has initiated further discussions with the said ARC to get approval of revised offer again. The Company is taking several measures to reduce its debts / liabilities.

In respect of dues to ARC which have been assigned by banks, no interest has been provided, since, the Company is in the process of making settlement with RARE ARC.

In view of the management's expectations of the successful outcome of above revised OTS offer with RARE ARC and revival of its business, the financial statements have been prepared on a going concern basis despite continuous losses for the last four years, declining liquidity position, substantial erosion of net worth and outstanding dues to Asset Reconstruction Company. The appropriateness of the said basis is *inter-alia* dependent on Company's ability to generate profit in future years and meet its financial obligations. The Company placed an enabling resolution before the members of the Company for their approval to monetize the assets of the Company via sale at ensuing AGM in order to clear the debts due to RARE ARC. This enabling resolution is being proposed to give adequate flexibility and discretion to the Board to finalize the terms of the sale of the assets. The Company remains a going concern even when the proposed sale of movable and immovable assets that will not impair its ability to continue operation. The Statutory Auditors of the Company has not given any qualification in this regard.

Your Company has a dedicated team of Management and Operating Personnel who have been instrumental in the growth of the business over the years. Your Directors believe that the Company has the potential to further scale up its business volumes and profitability and are in the process of identifying new avenues of growth and effective utilization of its existing resources.

DIVIDEND:

In view of operating losses incurred during the year, your Directors do not recommend payment of any dividend.



SHARE CAPITAL:

The Authorised Share Capital of the Company is Rs.5000 lakhs and the paid up equity capital as on March 31, 2019 was Rs. 3196.41 Lakhs.

During the year under review, the Company has not issued shares with differential voting rights nor granted stock options nor sweat equity.

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 2018 - 19.

ACCOUNTS - IND-AS

As mandated by the Ministry of Corporate Affairs, the financial statements for the year ended on March 31, 2019 has been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (hereinafter referred to as "the Act") read with the Companies (Accounts) Rules, 2014 as amended from time to time. The estimates and judgements relating to the Financial Statements are made on a prudent basis, so as to reflect in a true and fair manner, the form and substance of transactions and reasonably present the Company's state of affairs, losses and cash flows for the year ended March 31, 2019. The Notes to the Financial Statements adequately cover the standalone Audited Statements and form an integral part of this Report.

TRANSFER OF AMOUNT TO RESERVE

As the Company reported Loss after Tax, the Company does not propose to transfer any amount to Reserves.

FIXED DEPOSITS

During the year under review, your Company did not accept any deposits in terms of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposit) Rules, 2014.

The details of the unsecured loan received from the Directors of the Company are reported elsewhere in the Annual Report and declarations are furnished by them 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 of the Board & 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.

REPORTING OF FRAUDS

There was no instance of fraud during the year under review, which required the Statutory Auditors to report to the Audit Committee and / or Board under Section 143(12) of the Act and the rules made thereunder.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Since the Company does not fall under "Corporate Social Responsibility" (CSR), the Annual Report on CSR activities is not annexed.

DIVIDEND DISTRIBUTION POLICY

Pursuant to Regulation 43A of the SEBI (Listing Obligations and Disclosures) Regulations 2015, only top 500 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 the above policy, no such report is provided in the Annual Report.

BUSINESS RESPONSIBILITY REPORT

Regulation 34(2) of SEBI Listing Regulations, *inter alia*, provides that the Annual Report of the top 500 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 500 listed entities, has not included BRR, as part of the Annual Report.

CONSERVATION OF ENERGY

1. The operation of your company is not power intensive. However, adequate operational measures have been initiated to reduce energy consumption.
 - a) Energy efficient lighting and high efficient HVAC System used/retrofitted extensively in the hotel has reduced electrical consumption.
 - b) Air conditioning system and system boiler have been tuned for best efficiency to conserve energy.
 - c) All the areas of hotel are replacing CFL & LED lightings gradually instead of conventional lightings, which also reduced the consumption of energy.
 - d) The water used by the guests and in other areas is recycled by in-house treatment plants and the recycled water is being used for gardening. Rainwater harvesting system is adopted to recharge the wells within Hotel premises. Wastes are segregated at source, such as de-gradable, non-gradable and hazardous wastages, and disposed off thoroughly as per norms issued by the concerned regulator / Local Authority. Effective water management gadgets are in place to minimize the usage of water in toilets and other places.
2. No specific investment has been made in the reduction in energy consumption.
3. As the impact of measures taken for conservation and optimum utilisation of energy is not quantitative, its impact on cost cannot be stated accurately.

TECHNOLOGY ABSORPTION

The Company has no technical collaboration arrangement with any organization. The Company continues to absorb and upgrade modern technologies and advanced hotel management techniques in various guest contact areas, which includes wireless internet connectivity in the hotel.



FOREIGN EXCHANGE EARNINGS AND OUT-GO

(Rs. in lakhs)

Foreign Exchange Earnings And Outgo	Current Year 2018 - 19	Previous Year 2017 - 18
1. Earnings	120.00	172.94
2. Expenditure in Foreign Currency	Nil	Nil

INDUSTRIAL RELATIONS

During the year under review, your Company enjoyed a cordial relationship with workers and employees at all levels.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

a. Appointments / Re-appointments:

In order to comply with the provisions of Regulation 17(1) (b) of the Listing Regulations, Mr.P.Ganesan, Non-Executive - Independent Director was elected as Chairman of the Board during the year.

All the Independent Directors are liable for re-appointment for the second term by way of special resolution which is placed at the Notice of AGM.

b. Retirement by rotation :

In accordance with the provisions of the Companies Act, 2013 and in terms of the Memorandum & Articles of Association of the Company, both Directors namely Mr. B.A. Madhusudhan and Mrs.Sasikala retire by rotation and being eligible, offer themselves for re-appointment. The Directors recommend Mr. B.A. Madhusudhan and Mrs. M. Sasikala for their re-appointment.

c. 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.

d. Cessation:

Mr.Giri Balasubramanian, Independent Director resigned from the Board on 23rd May, 2019 due to personal reasons. The Board wishes to place on record its appreciation for the invaluable services rendered by Mr.Giri Balasubramanian during his tenure as Director of the Company.

BOARD INDEPENDENCE

The definition of Independence of Directors is derived from Regulation 16 of SEBI (LODR) Regulations, 2015 and Section 149(6) of the Companies Act, 2013. Based on the confirmation/ disclosures received from the Independent Directors and on evaluation of the relationships disclosed, the following Non-Executive Directors are Independent in terms of Regulation 16 of SEBI (LODR) Regulations, 2015 and Section 149(6) of the Companies Act, 2013;

1. Mr. P. Ganesan
2. Mr. S.P. Sivanandam

In compliance with Schedule IV of the Companies Act, 2013 and Rules thereunder, the Independent Directors met on 25th March 2019 and discussed issues as prescribed under the Schedule IV of the Companies Act, 2013 and also discussed various other issues.

DECLARATION BY AN INDEPENDENT DIRECTOR(S)

All independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Chapter IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

The Company has also adopted a structured programme for orientation and training of independent directors at the time of their joining and on time to time basis so as to enable them to understand the Company's operations, business, industry and environment. Your Company follows a structured orientation and familiarisation programme through various reports / codes / internal policies for all the Directors with a view to update them on the Company's policies and procedures on a regular basis at all the Board Meetings held during the year. Periodic presentations are made at the every Board Meetings on business and performance, long term strategy, initiatives, etc. The details of the familiarisation programme can be viewed at

<https://www.velanhotels.com/pdf/Details%20of%20familiarization%20program.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

Pursuant to the applicable provisions of the Act, the Listing Regulations and SEBI's Guidance Note on Board Evaluation, the Board has carried out an Annual Evaluation of its own performance, performance of the Directors and the working of its Committees based on the evaluation criteria defined by Nomination and Remuneration Committee (NRC) for performance evaluation process of the Board, its Committees and Directors.

The Board's functioning was evaluated on various aspects, including *inter-alia* the Structure of the Board, Meetings of the Board, Functions of the Board, Degree of fulfilment of key responsibilities, Establishment and delineation of responsibilities to various Committees, Effectiveness of Board Processes, information and functioning.

The Committees of the Board were assessed on the degree of fulfilment of key responsibilities, adequacy of Committee composition and effectiveness of meetings. The Directors were evaluated on aspects such as attendance, contribution at Board/Committee Meetings and guidance/support to the Management outside Board/Committee Meetings.

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. Performance evaluation of Independent Directors was done by the entire Board, excluding the Independent Director being evaluated.

The Board and NRC in their meetings held on 25th March, 2019 has discussed its 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.

MEETINGS

During the year six Board Meetings and four 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.

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.
- 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 loss 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 a 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:

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/Velan%20Hotels%20-%20Related--Party-Transactions-Policy-2.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.

All Related Party Transactions that were entered during the financial year under review were on an arm's length basis and in the ordinary course of business and is in compliance with the applicable provisions of the Act and the Listing Regulations. There were no materially significant Related Party Transactions i.e. not exceeding 10% of the annual turnover of the Company as per the last audited financial statements, made by the Company during the year that required shareholders' approval under Regulation 23 of the Listing Regulations.

None of the transactions entered with related parties falls under the scope of Section 188(1) of the Act. Details of transactions with related parties as required under Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 are provided in Annexure - A in Form AOC-2 and forms part of this Report.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN MARCH 31, 2019 AND MAY 30, 2019 (DATE OF THE REPORT)

There were no material changes and commitments affecting the financial position of the Company between the end of financial year (March 31, 2019) and the date of the Report (May 30, 2019), except as disclosed in the financial statements.

SUBSIDIARY COMPANIES

The Company does not have any subsidiary.

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 and the revised policy was approved by the Board on 25th March, 2019. 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

The Board has adopted at its meeting held on 25th March, 2019, 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%20-Code-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.

INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

Pursuant to the applicable provisions of the Companies Act, 2013 read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (the Rules), as amended from time to time, all unpaid or unclaimed dividends are required to be transferred by every Company to the IEPF established by the Government of India, after completion of seven years. Further, according to the Rules, the shares on which dividend had remained unpaid or unclaimed by the shareholders for seven consecutive years or more are also to be transferred to the demat account of the IEPF Authority.

Accordingly, during the year under review, an amount of Rs.4,26,548/- in respect of unpaid/unclaimed dividend pertaining to the financial year 2010-11 was remitted to IEPF of the Central Government.

During the financial year 2018-19, considering 2010-11 as base year, the Company has transferred 1,49,697 equity shares, on which the dividend was unclaimed for 7 consecutive years, to demat account of IEPF's authority in compliance with IEPF Rules. Last year 3,21,023 shares were already transferred to IEPF authority and at the end of the year, 4,70,720 shares available in IEPF authority account cumulatively. Members may please be informed that no dividend was declared since then.

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 :

1. The Auditors' Report is unqualified. The notes to the Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further clarifications under Section 134 of the Companies Act, 2013.
2. Response to comments on Secretarial Audit Report :
 - i. 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.
 - ii. Pursuant to 19(2) of SEBI (LODR), Regulations, 2015, Mr.S.P.Sivanandam was elected as the Chairman of the Nomination & Remuneration Committee vide circulation resolution passed by the Members on 10th May, 2019 in place of Mr.P.Ganesan who was elected the Chairman of the Board during the year.

AUDITORS

The Members of the Company at its 27th Annual General Meeting held on 27th September, 2017, had appointed M/s.Krishaan & Co, Chartered Accountants, Chennai having ICAI Registration Number FRN 001453S as Statutory Auditors of the Company who shall hold office for a period of five consecutive years from the conclusion of the 27th Annual General Meeting till the conclusion of 32 Annual General Meeting of the Company.

Pursuant to the amendments made to Section 139 of the Companies Act, 2013 by the Companies (Amendment) Act, 2017 effective from May 07, 2018, the requirement of seeking ratification of the members for the re-appointment of Statutory Auditors has been withdrawn from the statute. In a view of the above, ratification of members for continuance of their appointment at this Annual General Meeting is not being sought.

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.

INTERNAL AUDITOR

Pursuant to Section 138 of the Companies Act, 2013, the Company has re-appointed M/s. Rangarajan & Co. as the Internal Auditor of the Company for the financial year 2019-20.

MAINTENANCE OF 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.



AUDIT COMMITTEE

Audit Committee consists of the Directors namely Sri.P.Ganesan, Mrs.M.Sasikala and Sri.S.P.Sivanandam. 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 Nomination and Remueratnion Policy was revised by Board of Directors at their meeting held on 25th March 2019, 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 - B' 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 has 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. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. Disclosure in relation to the said as follows :

- a. Number of Compliants filed during the financial year : Nil
- b. Number of Compliants disposed of during the financial year : Nil
- c. Number of compliants pending as on end of the financial year : Nil

SECRETARIAL AUDITOR

Mr.S.Ganesh Viswanathan, Company Secretaries in Practice, has been appointed 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 the Secretarial Auditor is appended to this Report as "Annexure D".

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, 2019

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form No.MGT-9 as per Sections 92(3) and 134(3) of the Act read with the Rules framed thereunder are given as Annexure -E, which forms part of this Report. The Annual Return for Financial Year 2017-18 is also available on the Company's website at https://www.velanhotels.com/pdf/Form_MGT-7-Year%202017-18.pdf

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>

STATEMENT UNDER COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

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 is provided in Annexure - C.

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 Annexures, together with the Certificate from the Company Secretary in Practise 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 the Members of the Company, Bankers, M/s.RARE Asset Reconstruction Ltd, Central /State Governments, Local Bodies, Customers, Suppliers, Executives, Staff and Workers at all levels of their continuous co-operation and assistance.

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 : 30.05.2019

Annexure A to Board's Report

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 arm's length transactions under third proviso thereto:


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


All transactions entered into by the Company during the year with related parties were on an arm's length basis.

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.

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 : 30.05.2019

Annexure B 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. The 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 thereunder 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 C to Board's Report

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 :

Since no remuneration was paid to Managing Director / Executive Director / other Directors during the period under review, not applicable.

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 :

As no managerial remuneration including sitting fees was paid to Managing Director / Executive Director / Independent Director during the year period under review in view of the financial difficulties experienced by the Company, not applicable.

CFO got 8.56% increase in remuneration during the financial year 2018-19 whereas the Company Secretary got no increase in remuneration.

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

The percentage of increase in the median remuneration of the employees in the financial year was around 3.46%. The calculation of percentage of increase in the 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 was 56 as on March 31, 2019.

5. 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 point out if there are any exceptional circumstances for increase in the managerial remuneration

The average annual increase was around 7.82% and no remuneration was paid to the managerial personnel.

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

Annexure D to Board's Report

Form No. MR-3

SECRETARIAL AUDIT REPORT

For the Financial Year Ended on 31st March, 2019

[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, 2019 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, 2019 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 and Section 12A of the Securities Contracts (Regulation) Act, 1956 read with Rule 19(2) and 19A of the Securities Contracts (Regulation) Rules, 1957.

2. Non-compliance with Regulation 19(2) of The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

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

Place : TIRUPUR
Date : 30.05.2019

ANNEXURE - 1

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

Place : TIRUPUR
Date : 30.05.2019

ANNEXURE - D**Form No. MGT-9****EXTRACT OF ANNUAL RETURN**AS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2019

[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
E-mail : info@velanhotels.com
- vi) Whether listed company : Yes
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any : S K D C Consultants Limited
Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road
Ganapathy, Coimbatore, Tamilnadu-641006
Ph : 0422 - 4958995, 2539835-36
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	51.10 %
2	Restaurants & Bars	56301	48.90 %

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.					
2.					
3.					
4.					

Not Applicable

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 01-04-2018)				No. of shares held at the end of the year (As on 31-3-2019)				% of change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A.	Promoter									
	1) Indian									
	a) Individual/ HUF	22791096	-	22791096	71.302	22791096	-	22791096	71.302	-
	b) CentralGovt	-	-	-	-	-	-	-	-	-
	c) State Govt(s)	-	-	-	-	-	-	-	-	-
	d) Bodies Corp	2826934	-	2826934	8.844	2826934	-	2826934	8.844	-
	e) Banks / FI	-	-	-	-	-	-	-	-	-
	f) Any Other	-	-	-	-	-	-	-	-	-
	Sub-total(A)(1):-	25618030	-	25618030	80.146	25618030	-	25618030	80.146	-
	2) Foreign									
	g) NRIs-Individuals	-	-	-	-	-	-	-	-	-
	h) Other-Individuals	-	-	-	-	-	-	-	-	-
	i) Bodies Corp.	-	-	-	-	-	-	-	-	-
	j) Banks / FI	-	-	-	-	-	-	-	-	-
	k) Any Other....	-	-	-	-	-	-	-	-	-
	Sub-total(A)(2):-	-	-	-	-	-	-	-	-	-
	Total Shareholding of Promoter & Promoter Group A=(A)(1)+(A)(2)	25618030	-	25618030	80.146	25618030	-	25618030	80.146	-
B.	Public Shareholding									
	1. Institutions	-	-	-	-	-	-	-	-	-
	a) Mutual Funds	-	-	-	-	-	-	-	-	-
	b) Banks / FI	-	-	-	-	-	-	-	-	-
	c) Central Govt	-	-	-	-	-	-	-	-	-
	d) State Govt(s)	-	-	-	-	-	-	-	-	-
	e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
	f) Insurance Companies	-	-	-	-	-	-	-	-	-
	g) FIs	-	-	-	-	-	-	-	-	-
	h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
	i) Others (specify)	-	-	-	-	-	-	-	-	-
	j) Foreign Portfolio inv	-	-	-	-	-	-	-	-	-
	Sub-total(B)(1)	-	-	-	-	-	-	-	-	-
	2. Non Institutions									
	a) Bodies Corp.									
	i) Indian	116313	75400	191713	0.600	268793	9300	278093	0.870	0.270
	ii) Overseas	-	-	-	-	-	-	-	-	-
	b) Individuals									
	i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	1214743	531190	1745933	5.462	1239809	424670	1664479	5.208	-0.254
	ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	3128271	235300	3363571	10.523	3685266	39800	3725066	11.654	1.131
	c) Others(Specify)	-	62650	62650	0.196	-	62650	62650	0.196	-
	i) Directors& Relatives									
	ii) NRI	8359	-	8359	0.026	5359	5359	-	0.016	-0.010
	iii) OCB	-	1000	1000	0.000	-	1000	1000	0.000	0.000
	iv) Clearing Members	73445	-	73445	0.230	64669	-	64669	0.202	-0.028
	v) HUF	578395	-	578395	1.810	74153	-	74153	0.232	-1.578
	vi) IEPF Authority	321023	-	321023	1.004	470720	-	470720	1.473	0.469
	Sub-total (B) (2)	5440549	905540	6346089	19.854	5808769	537320	6346089	19.854	0.000
	Total Public Shareholding (B)=(B)(1)+(B)(2)	5440549	905540	6346089	19.854	5808769	537320	6346089	19.854	0.000
C.	Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
	Grand Total (A+B+C)	31058579	905540	31964119	100.000	31426799	537320	31964119	100.00	0.000

ii) Shareholding of Promoter

S No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% 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/ sweatequity etc):	—	—	—	—
3	At the end of the year	—	—	25618030	80.145

iv) Shareholding Pattern of top ten Shareholders : (other than Directors and Promoters and Holders of GRDs and ADRs) :

S No	Name of the Top 10 shareholders	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	Kaliappagounder Subramaniam	560000	1.752		
	Increase/Decrease during the year	---	---		
	At the end of the year			560000	1.752
2	Prithviraj	505000	1.580		
	Increase/Decrease during the year	---	---		
	At the end of the year			505000	1.580

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

S No	Name 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
3	Investor Education Protection Fund	321023	1.004		
	Increase/Decrease during the year	149697	0.469		
	At the end of the year			470720	1.473
4	Kanku	250000	0.782		
	Increase/Decrease during the year	—	—		
	At the end of the year			250000	0.782
5	Mahaveer Chand	215000	0.673		
	Increase/Decrease during the year	—	—		
	At the end of the year			215000	0.673
6	Kishore Kumar Salecha	212442	0.665		
	Increase/Decrease during the year	—	—		
	At the end of the year			212442	0.665
7	P.S.Kathiresan	195500	0.612		
	Increase/Decrease during the year	—	—		
	At the end of the year			195500	0.612
8	Master Capital Services Ltd	65834	0.206		
	Increase/Decrease during the year	89325	0.279		
	At the end of the year			155159	0.485
9	Amit Jain	151522	0.474		
	Increase/Decrease during the year	—	—		
	At the end of the year			151522	0.474
10	Shivangi Agarwal	43055	0.135		
	Increase/Decrease during the year	106945	0.334		
	At the end of the year			150000	0.469
11	Vibha Prashant Bamb	143961	0.450		
	Increase/Decrease during the year	(557)	0.001		
	At the end of the year			143404	0.449
12	Mahender Agarwal HUF	500000	1.564		
	Increase/Decrease during the year	(500000)	1.564		
	At the end of the year			—	—

v) Shareholding of Directors and Key Managerial Personnel:

S No	Name of Directors and Key Managerial Personnel	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	Mr.E.V.Muthukumara Ramalingam	12678383	39.664		
	Increase/Decrease during the year	—	—		
	At the end of the year			12678383	39.664
2	Mr.M.R.Gautham	6420750	20.087		
	Increase/Decrease during the year	—	—		
	At the end of the year			6420750	20.087
3	Mrs. M. Sasikala	2130743	6.666		
	Increase/Decrease during the year	—	—		
	At the end of the year			2130743	6.666
4	Mr. B.A. Madhusudhan	36296	0.114		
	Increase/Decrease during the year	—	—		
	At the end of the year			36296	0.114
5	Mr. P. Ganesan	33050	0.103		
	Increase/Decrease during the year	—	—		
	At the end of the year			33050	0.103
6	Mr. S.P. Sivanandam	100	0.000		
	Increase/Decrease during the year	—	—		
	At the end of the year			100	0.000
7	Mr.Giri Balasubramanian (*)	—	—		
	Increase/Decrease during the year	—	—		
	At the end of the year			—	—
8	Smt.R.Lalitha - Chief Financial Officer	—	—		
	Increase/Decrease during the year	—	—		
	At the end of the year			—	—
9	Mr.M.Srinivasan - Company Secretary	—	—		
	Increase/Decrease during the year	—	—		
	At the end of the year			—	—

(*) Resigned on 23/05/2019

vi. INDEBTEDNESS

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

(in Rs.)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	81,03,36,359	5,19,70,781	—	86,23,07,170
ii) Interest due but not paid	50,57,64,605	—	—	50,57,64,605
iii) Interest accrued but not due	—	1,18,016	—	1,18,016
Total (i+ii+iii)	131,61,00,964	5,20,88,797	—	136,81,89,761
Change in Indebtedness during the financial year				
- Addition	—	51,86,363	—	51,86,393
- Reduction	—	18,76,348	—	18,76,348
Net Change - Indebtedness	—	33,10,015	—	33,10,015
Indebtedness at the end of the financial year				
I. Principal Amount	81,03,39,359	5,52,75,867	—	86,56,12,226
ii. Interest due but not paid	50,57,64,605	—	—	50,57,64,605
iii. Interest accrued but not due	—	1,22,945	—	—
Total (i+ii+iii)	131,61,00,964	5,53,98,812	—	137,14,99,776

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

During the year, no remuneration was paid to Managing Director / Executive Director

B Remuneration to other directors:

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

C. Remuneration to Key Managerial Personnel Other Than MD / Manager / WTD

(in Rs.)

S No	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total Amount
1.	Gross salary			
	a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961	2,88,000	8,05,195	10,93,195
	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 Contribution to Employees Provident Fund	—	21,600	21,600
	Total	2,88,000	8,26,795	11,14,795

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES :

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A. INDUSTRY STRUCTURE AND DEVELOPMENTS:

The industry can be classified as business and leisure destinations from the point of view of the hospitality sector. The hotel industry demand is seasonal and cyclical in nature i.e., during positive cycles, the industry witnesses periods of sustained growth and sees healthy average room rates (ARRs) and occupancy rates (ORs). Until the economy goes through a downturn or if there is excess supply, the trend continues. When recession sets in, the ORs begin to decline followed by the ARR. While the macro-economic factors affect the business destinations, the leisure destinations show a greater sensitivity to non-economic factors such as terror attacks, health related travel warning, etc.

Tourism Industry tends to encourage the development of multiple-use infrastructure including hotels, resorts & restaurants, transport infrastructure (aviation, roads, shipping & railways) and healthcare facilities. Tourism and Hospitality are one of the most promising drivers of growth for the world economy. The sector has emerged as an instrument of employment generation, poverty alleviation and sustainable human development. The Indian tourism and hospitality industry has emerged as one of the key drivers of growth among the services sector in India. Tourism in India has significant potential considering the rich cultural and historical heritage, variety in ecology, terrains and places of natural beauty spread across the country. Tourism plays a role of significant economic multiplier and becomes critical since India has to grow at rapid rates and create jobs.

India received 10.6 million foreign tourists in 2018-19 compared to 10.4 million in 2017-18. Foreign exchange earnings from tourism in India stood at US\$27.7 billion in 2018-19 compared to US\$28.7 billion in 2017-18. In India, the Tourism sector had been performing well with Foreign Tourist Arrivals (FTAs) growing at 14 per cent to 10.4 million and Foreign Exchange Earnings (FEEs) at 20.6 per cent to US\$28.7 billion in 2017-18. However, the sector witnessed a slowdown in 2018-19.

B. OPPORTUNITIES

At the close of 2018, the country saw macroeconomic stability owing to a decline in inflation, current account deficit etc. The Union Interim Budget FY19 had identified some major pillars that will support economic growth for the country that includes tax reforms, fiscal discipline, investment in infrastructure, ease of doing business, agriculture and farmer welfare, rural sector, social sector, education and job creation. This is said to have translated into an overall pick up in economic activities, thereby having a positive impact on the demand for hotels industry in the country. India, after China, is considered as one of the most lucrative hotel markets in the world and has the second largest construction pipeline in Asia. Growing affluence, potential for economic growth, increases in disposable incomes and the burgeoning middle class are expected to drive both leisure and business travel in the coming years.

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. In September 2018, the Indian government launched the 'Incredible India Mobile App' to assist the traveller to India and showcase major experiences for travelling. The Government of India is working to achieve one per cent share in world's international tourist arrivals by 2020 and two per cent share by 2025.

The total contribution of travel and tourism to Indian GDP is forecasted to increase by 4.97 per cent per annum to \$280.5 billion by 2026, according to a recent report commissioned by Confederation of Indian Industry (CII) and Deloitte. The value of the restaurant and hotel industry is expected to continue to grow at a rate (averaging 8.1% annually throughout the forecast period), as India seeks to develop and diversify the types of tourists served. Its value will increase to \$39.8 billion by 2020.

C. SEGMENTWISE PERFORMANCE :

Segment-wise Revenue, Result and capital employed for the year ended 31st March 2019 and 31st March 31.3.2018

(Rs. in lakhs)

Particulars	Year ended	
	Audited	Audited
	31.3.2019	31.3.2018
1 Segment Revenue		
(Net sales/Income)		
a) Hotel	634.92	857.12
b) Shopping Arcade	—	—
Total	634.92	857.12
Less : Intersegment Revenue	—	—
Net sales / Income from operations	634.92	857.12
2 Segment results		
(profit/loss before interest & tax)		
a) Hotel	(85.22)	(30.19)
b) Shopping Arcade	(114.31)	(117.58)
Total	(199.53)	(147.77)
Less: i) interest	(23.28)	(24.29)
ii) Other unallocable expenditure net off	—	—
iii) Un-allocable income	—	—
Total profit / (Loss) Before tax	(222.81)	(172.06)
3 Capital Employed		
(Segment Assets-Segment Liabilities)		
Segment Assets :		
a) Hotel	6,419.58	6,633.08
b) Shopping Arcade	4,694.06	4,796.74
c) Unallocated	6,479.92	6,479.92
Total Segment Assets	17,593.56	17,909.74
Segment Liabilities :		
a) Hotel	12,670.64	12,632.18
b) Shopping Arcade	2,741.12	2,741.12
c) Unallocated	437.58	437.58
Total Segment Liabilities	15,849.34	15,810.89

D. THREATS, RISKS AND CONCERNS :

Economic uncertainties in leading economies like US and Europe and trade war between USA and China can impact the demand of overall business of India. Overall economic environment continues to be volatile and such volatility may affect business sentiments.

Increase in employee costs and other operating expenses may create pressure on margin. The industry's concern however, are high GST rates, which at 28% for room tariffs above Rs. 7,500 are amongst the highest in South East Asia positioning the country as an expensive destination in comparison with regional peers. Further, the recent turmoil within the airline industry in India leading to a decline in flights has impacted travel, notwithstanding the high demand for air travel.

Major issues for most of the industries in India are related to multiple windows of clearances, even for the hotel industry. A company requires approximately 100 clearances for setting up an upscale category hotel in India. The clearances have to be taken from multiple government bodies. It is tedious and a time-consuming process.

Indian hotels face the continued challenge of shortage of trained employees, especially at the manager and supervisor levels. Most of the companies are falling short of skilled employees for their hotels. Retaining the workforce even through training and development in the hotel industry is a tedious task as attrition levels are too high.

Due to stiff competitions in the hotel field where the Company's activities are centred in, the overall margins are always under pressure, but maintainable with the constant effort and good services rendered by the Company. A significant portion of your Company's revenues is realized from its Tirupur operations. Any adverse movement in the Garment Industry in Tirupur could lead to a downturn in the hotel business.

E. OUTLOOK:

The long-term outlook for the Indian hospitality business continues to be positive, both for the business and leisure segments. The sector has potential for growth on the back of increases in disposable incomes, increase in foreign tourist arrivals, momentum from government-led initiatives and the burgeoning middle-class population.

The tourism industry is also looking forward to the expansion of E-visa scheme which is expected to double the tourist inflow to India. India's travel and tourism industry has the potential to expand by 2.5 per cent on the back of higher budgetary allocation and low cost healthcare facility, according to a joint study conducted by ASSOCHAM and Yes Bank. India's hotel industry is on an upswing on the back of robust prospects in the domestic tourism industry, increasing foreign tourist arrivals, improving forex inflows, high demand for air travel and muted supply growth. These factors corroborated by domestic macroeconomic data suggest the road ahead will bring higher revenues and margins for the hospitality industry in the country

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, 2019

i. Revenues:

The total income stands decreased by 26.04% from Rs.870.87 in 2017-18 to Rs.644.05 lakhs in 2018-19.

ii. Operating Expenses:

The total expenditure except Interest and Depreciation stands decreased by 20.44% from Rs.833.95 lakhs in 2017-18 to Rs.663.51 lakhs in 2018-19.

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

During the year under review, the PBIDT is Rs.(19.45) lakhs whereas in 2017-18 the PBIDT was Rs.36.92 lakhs.

iv. Interest Cost:

During the year under review, the Interest cost stands Rs.23.28 lakhs as compared to Rs.24.29 lakhs in the previous year.

v. Profit / Loss Before Tax :

Loss Before Tax at Rs.222.81 lakhs against loss of Rs.172.06 lakhs registered in 2017-18.

vi. Profit / Loss After Tax :

During the under review, the Loss after Tax for 2018-19 stood at Rs.222.51 lakhs from loss of Rs.247.53 lakhs reported in 2017-18.

H. FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

Particulars	31 st March, 2019	31 st March, 2018	31 st March, 2017	31 st March, 2016	31 st March, 2015
OPERATING RESULTS					
1. Total Income	644.05	870.87	1238.42	1369.57	1493.31
2. Profit Before Depre. Int & Tax	(19.46)	36.92	195.42	199.52	238.08
3. Interest	23.28	24.29	1850.67	1589.87	1438.70
4. Depreciation	180.07	184.69	195.81	207.52	220.75
5. Tax Liability	--	75.47	67.02	35.44	(23.33)
6. Net Profit /(Loss) After Tax	(222.81)	(247.53)	(1959.16)	(1637.54)	(1391.30)
PERFORMANCE PARAMETERS					
1. Share capital	3196.41	3196.41	3196.41	3196.41	3196.41
2. Reserves & Surplus	(1320.37)	(1097.56)	(850.03)	1109.13	2753.42
3. Secured & Unsecured loans	13714.99	13681.90	13719.77	12088.56	10638.11
4. Fixed Assets (Gross Block)	13133.57	13132.57	13096.16	13264.58	12818.75
5. Accumulated Depreciation	2154.25	1974.18	1789.49	1741.84	1535.04
6. Net Block	10979.32	11158.39	11306.66	11522.74	11283.71

I. FINANCIAL RATIOS :

Following are ratios for the current financial year and their comparison with preceding financial year, along with explanations where the change has been 25% or more when compared to immediately preceding financial year :

Sl. No.	Particulars	31 st March, 2019	31 st March, 2018	Change %	Explanation
1	Debtors Turnover (in days)	7.49	12.66	41	Debtor Turnover ratio improved due to reduction in collection period
2	Inventory Turnover (in days)	38.38	30.96	(24)	Inadequate inventory level due to lower volume of sales
3	Interest Coverage Ratio	(2.22)	2.96	175	The Difference is due to reduction in occupancy rate
4	Current Ratio	0.43	0.52	17	Lower volume of sales
5	Debt Equity Ratio	8.45	7.53	(12)	Changes is less than 25%, not applicable
6	Operating Profit Margin (%)	(8%)	8%	200	Lower sales volume due to reduction in occupancy rate
7	Net Profit Margin (%)	(35%)	(29%)	(22)	Lower sales volume due to reduction in occupancy rate
8	Return on Net Worth (%)	(0.12)	(0.08)	(50)	Lower sales volume due to reduction in occupancy rate

J. HUMAN RESOURCES

An organization's success depends largely on its human resources, its management and good industrial relations. Your Company has always viewed human resource development as a critical activity for achieving its business goals. Your Company understands the importance of having the right people with right skills, to deliver the strong and exceptional service and also requisite expertise, which is the basis of our relationships with the guests.

The Company recognizes the importance of human values and ensures that proper encouragement both moral and financial is extended to employees to motivate them. The senior management team consists of experienced professionals with diverse skills. Industrial Relations throughout the year continued to remain cordial. The Company enjoys a harmonious relationship with its employees.

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's philosophy on Corporate Governance revolves around fair and transparent governance and disclosure practices in line with the principles of Good Corporate Governance. This philosophy is backed by principles of Concern, Commitment, Ethics, Excellence and Learning in all its acts and relationships with Stakeholders, Clients, Associates and Community at large. The Company respects the inalienable rights of the shareholders to information on the performance of the Company. The Company's Corporate governance policies ensures, among others, the accountability of the Board of Directors and the importance of its decisions to all its participants viz. employees, investors, customers, regulators etc. The Company believes that the good Corporate Governance is a continuous process and strives to improve the Corporate Governance practices to meet shareholder's expectations.

Regardless of the whether or not, Regulation 15(2) of SEBI-LODR with respect to the provisions of Corporate Governance are applicable to the Company with a view to the Networth of the Company as on the last day of the previous financial year is less than twenty five crores, the Company has **voluntarily** 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 on report date, the Board is 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, the Managing Director and Mr.M.R.Gautham - Executive Director, under the active guidance of the Chairman.

Independent - Non-Executive Director

Mr.P.Ganesan and Mr.S.P.Sivanandam are Non-Executive, Independent Directors who constitute 1/3 of the total strength of the Board where the Chairman of the Board is Non-Executive -Independent Director. Mr.Giri Balasubramanian, Non-Executive/Independent Director has resigned from the Board on 23rd May, 2019.

Non-Independent Director

Mr.E.V.Muthukumara Ramalingam, Mr.M.R.Gautham, Mrs.M.Sasikala and Mr.B.A.Madhusudhan are Non-Independent Directors. Both Mrs.M.Sasikala and Mr.B.A.Madhusudhan are also Non-Executive Directors. 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 as on 31st March 2019.

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	6	Yes	Nil	Nil	33050
Mr. E.V. Muthukumara Ramalingam	Managing Director/ Non-Independent- Executive	6	Yes	2	Nil	N.A
Mr. M.R. Gautham	Executive Director/ Non-Independent- Executive	6	Yes	1	Nil	N.A.
Mrs. M. Sasikala	Non-Executive Director / Non-Independent	6	Yes	1	Nil	2130743
Mr. B.A. Madhusudhan	Non-Executive Director / Non-Independent	5	No	1	Nil	36296
Mr. Giri Balasubramanian(*)	Independent- Non-Executive	2	No	4	Nil	Nil
Mr. S. P. Sivanandam	Independent- Non-Executive	6	Yes	1	Nil	100

(*) Resigned from the Board on 23/05/2019

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. During the year under review, the Board met six (6) times. There were held on 24/05/2018, 11/08/2018, 28/09/2018, 09/11/2018, 11/02/2019 and 25/03/2019. 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 familiarisation programmes imparted to Independent Directors during the year 2018-19 can be viewed at: <https://www.velanhotels.com/pdf/Details%20of%20familiarization%20program.pdf>

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

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 of our global corporation 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 endeavours 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, international business, compensation, legal, HR, corporate governance, strategy, industry knowledge and general business matters.

g. Confirmation of Independence

In the opinion of the Board that the Independent Directors fulfil 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

Mr. Giri Balasubramanian, Independent Director has resigned before the expiry of his tenure due to personal reasons. He confirmed that his resignation is due to his own personal grounds and did not have any material reasons to state.

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:

Apart from all the matters provided in Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and Section 177 of the Companies Act 2013, the Audit committee reviews reports of the Internal Auditor, meets Statutory Auditors as and when required and discusses their findings, suggestions, observations and other related matters. 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.

The Audit Committee comprises entirely of three Non-Executive Directors and two-thirds of them are Independent Directors. Sri.P.Ganesan and Sri.S.P.Sivanandam 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 4 committee meetings held. There were held on 24/05/2018, 11/08/2018, 09/11/2018 and 11/02/2019.

Name of the Member	Designation	No. of Meetings of Attended
Sri. P. Ganesan	Chairman	4
Smt. M. Sasikala	Member	4
Sri. S. P. Sivanadam	Member	4

The Chairman of the Audit Committee was present at the last Annual General Meeting.

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
Mr. Giri Balasubramanian(*)	Member

(*) Resigned from the Board on 23/05/2019.

(#) Inducted as member of the Committee in place of Mr.Giri Balasubramanian who resigned from the Board.

In accordance with the applicable provisions of the Companies Act, 2013 and applicable regulations of the SEBI-LODR, 2015, Mr.P.Ganesan was elected as the Chairman of the Board and thus Committee was reshuffled. Accordingly, Mr.S.P.Sivanadam was elected the Chairman of the Committee as per circular resolution passed on 10/05/2019.

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 year under review, two meetings were held i.e. 24th May, 2018 and 25th March, 2019. They evaluated the performance of the Independent Directors, Non-Independent Directors and the Board as per the prescribed criteria. By circular resolution passed by the Members on 10th May, 2019, Mr.S.P.Sivanandam was elected as the Chairman of the Committee. Besides, a proposal for re-appointment of Independent Directors was also taken place at the meeting.

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 loss incurred by the Company. 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 which was approved and adopted by the Board 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 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, Non-Executive Director 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 the Committee has been expanded in accordance with Regulation 20 and part D of Schedule II to the Listing Regulations and Section 178 of the Companies Act, 2013 which includes reviewing and redressing complaints from Shareholders such as non receipt of dividend, annual report, transfer of shares and transmission, issue of duplicate share / debenture certificates, etc.; to oversee, review and approve all matters connected with transfers, transmissions, dematerialization, rematerialisation, splitting and consolidation of securities issued by the Company; to oversee the performance of the Registrar and Transfer Agent of the Company and recommends measures for overall improvement in the quality of investor services;

c. Committee meetings

During the year under review, the Stakeholders Relationship Committee met 15 times and approved the share transfer and transmission, issue of duplicate share certificates and split of share certificate.

The details of meeting held during the year as follows : 11/08/2018, 21/09/2018, 13/10/2018, 27/10/2018, 03/11/2018, 28/11/2018, 22/12/2018, 31/12/2018, 08/01/2019, 09/02/2019, 23/02/2019, 02/03/2019, 23/03/2019 and 30/03/2019

Complaints Status		01-04-2018 to 31-03-2019
Number of shareholders' compliants received during the period	:	Nil
Number not solved to the satisfaction of shareholders	:	Nil
Number of pending compliants	:	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	14
Mr. S. P. Sivanandam	Member	14
Mr. E.V. Muthukumara Ramalingam	Member	12

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 25th March 2019 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 the Business Standard, an English daily newspaper having all India circulation and in Makkal Kural, 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 corporates.

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., Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy Post, Coimbatore - 641 006.

3. Share Transfer System:

All physical share transfers are effected within 15 days of lodgment, subject to the documents being in order. The Board has delegated the authority for approval of the transfer, transmission etc. to the Stackholders Relationship Committee.

SEBI vide its Circular No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 amended Regulation 40 of SEBI (LODR) Regulations, 2015 pursuant to which after 31st March 2019 transfer of securities could not be processed unless the securities are held in the dematerialized form with a depository.

Members holding shares in physical form are requested to dematerialize their holdings at the earliest as it will not be possible to transfer shares held in physical mode after 31st March 2019.

4. GENERAL BODY MEETINGS :

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

Year	Location	Date	Time
2018	Regd. Office at 41, Kangayam Road, Tirupur 641 604	28th September, 2018	12.05 p.m.
2017	Regd. Office at 41, Kangayam Road, Tirupur 641 604	27th September, 2017	11.45 a.m.
2016	Regd. Office at 41, Kangayam Road, Tirupur 641 604	30th September, 2016	12.15 p.m.

ii. Extra-Ordinary General Meeting :

No Extra -Ordinary General Meeting was held during the year 2018 - 19.

iii. Special Resolutions:

No special resolution(s) passed at last three years Annual General Meeting 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 : 27.09.2019
- ii. Time : 12.05 p.m.
- iii. Venue : 41 Kangayam Road, Tirupur - 641 604

b. Financial Calendar

- Financial reporting for the quarter ended September 30,2019 : Before November 14, 2019
- Financial reporting for the quarter ending December 31,2019 : Before February 14, 2019
- Financial reporting for the Annual for March 31, 2020 : Before May 30, 2020
- Financial reporting for the quarter ending June 30, 2020 : Before August 14, 2020

c. Date of Book Closure

: 21/09/2019 to 27/09/2019

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 2018-19 at BSE Ltd.

Month & Year		High (Rs.)	Low (Rs.)
April	2018	8.40	5.40
May	2018	7.40	5.00
June	2018	6.45	5.15
July	2018	6.11	4.69
August	2018	6.93	5.14
September	2018	6.93	5.46
October	2018	7.17	4.72
November	2018	6.08	4.56
December	2018	5.85	4.26
January	2019	5.94	3.80
February	2019	5.50	3.20
March	2019	5.49	3.62

- 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 31.03.2019

Range (in Nos.)	No. of Shareholders	%held (% No. of persons)	Face value of shares (Rs.)	% held (% Value)
Up to 500	4637	86.77	6353150	1.99
501 to 1000	322	6.03	2676570	0.84
1001 to 2000	164	3.07	2502500	0.78
2001 to 3000	55	1.03	1405430	0.44
3001 to 4000	32	0.60	1118650	0.35
4001 to 5000	31	0.58	1446970	0.45
5001 and 10000	37	0.69	2554900	0.80
10001 and above	66	1.24	301583020	94.35
TOTAL	5344	100.00	319641190	100.00

I. Categories of Shareholding as on 31st March 2019:

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	5201	5389545	16.86
	b. Directors/Directors relatives	3	62550	0.20
	c. Bodies Corporate	47	278093	0.87
	d. Non-Resident Indian (NRI)	9	5359	0.02
	e. Overseas Corporate Bodies	1	1000	0.00
	f. Clearing Members	16	64669	0.20
	g. HUF	59	74153	0.23
	h. IEPF	1	470720	1.47
	Total	5344	319641190	100.00

j. Dematerialization of shares and Liquidity as on 31.03.2019

Dematerilised form in CDSL	-	16377814
Dematerilised form in NSDL	-	15048985
Total shares in demat form	-	31426799
% of total share capital	-	98.32
No.of shares in physical form	-	537320
% of total share capital	-	1.68

k. Reconciliation of Share Capital Audit

In keeping with the requirements of the SEBI and the Stock Exchanges, 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 said periods, 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 not issued any debt instruments or any fixed deposit programm 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
→ Velan Hotel, Bedford, Ritz Road, Coonoor - 643 101

q. Location of Shopping Mall → The Velan Esplanade, 41 Kangayam Road, Tirupur 641 604

r. Address for correspondence → Velan Hotel - Greenfields
41 Kangayam Road, Tirupur 641 604 Tamil Nadu
Ph Nos : (+91/0)(421) 2424426 to 30 & 4311111
Fax Nos : (+91/0)(421) 2424434 & 2424444
E-mail : accounts@velanhotels.com & investorrelations@velanhotels.com
Website : www.velanhotels.com

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

5. OTHER DISCLOSURES

a. **Related Party Transactions:**

During the year, there were no material related party transactions i.e. transactions of the Company of a material nature with its promoters, the Directors or the management or relatives etc. that may have a potential conflict with the interests of the Company at large. The details of Related Party Transactions are given in Annexure to the Directors Report.

b. **Compliances**

The Company believes that it has complied with all the regulations of Stock Exchanges, SEBI or other statutory authority/ties on matters related to capital markets. No penalty has been imposed or strictures passed during the last three financial years against the Company by SEBI, Stock Exchange(s), or any other statutory authority.

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 behaviour, 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/Velan%20Hotels%20-%20Related--Party-Transactions-Policy-2.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 has adequate risk assessment and minimization system in place including for commodities. 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.

NotApplicable

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.

The details of number of complaints filed and disposed of during the year and pending as on March 31, 2019 is given 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 net worth of the Company is less than Rs.25 Crores as on the last day of the previous financial year. i.e. 2017-18, the provisions of Corporate Governance stated under Regulation 15(2) of SEBI(LODR),Regulation, 2015 may not be applicable to the Company in complying with report of Corporate Governance. The Company has sought an exemption from the subject regulation in response to Letter No.LIST/COMP/Reg.27(2) & Reg.17 to 21/Mar-19/526755/37/2019-20 dated 2nd May 2019 issued by BSE Limited.The Company yet to receive any communique from BSE Ltd as on report date.

However, as the Company is committed to highest levels of Corporate Governance, the Company has complied **voluntarily** 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

THE DISCLOSURES OF THE COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS SPECIFIED IN REGULATION 17 TO 27 AND REGULATION 46(2) AS ON 31ST MARCH, 2019.

Sr. No.	Particulars	Regulations	Brief Descriptions of the Regulations	Compliance Status (Yes / No / N.A.)
1	Board of Directors	17(1)	Composition of Board	Yes
		17(2)	Meeting of Board of Directors	Yes
		17(3)	Review of Compliance Reports	Yes
		17(4)	Plans for orderly succession for appointments	Yes, as and when applicable
		17(5)	Code of Conduct	Yes
		17(6)	Fees/Compensation	Yes, as and when applicable
		17(7)	Minimum Information to be placed before the Board	Yes
		17(8)	Compliance Certificate	Yes
		17(9)	Risk Assessment & Management	Yes
		17(10)	Performance Evaluation	Yes
2	Audit Committee	18(1)	Composition of Audit Committee & Presence of the Chairman of the Committee at the Annual General Meeting	Yes
		18(2)	Meeting of Audit Committee	Yes
		18(3)	Role of the Committee and Review of information by the Committee	Yes
3	Nomination and Remuneration Committee	19(1)	Composition of Nomination and Remuneration Committee	Yes
		19(2)	The Chairman of the Board shall not be the Chairman of the Committee	No (*)
		19(3)	Presence of the Chairman of the Committee at the Annual General Meeting	Yes
		19(4)	Role of the Committee	Yes
4	Stakeholders Relationship Committee	20(1), (2) & (3)	Composition of Stakeholder Relationship Committee	Yes
		20(4)	Role of the Committee	Yes
5	Risk Management Committee	21(1),(2) &(3)	Composition of Risk Management Committee	N.A(#)
		21(4)	Role of the Committee	N.A(#)
6	Vigil Mechanism	22	Formulation of Vigil Mechanism for Directors and Employee	Yes

Sr. No.	Particulars	Regulations	Brief Descriptions of the Regulations	Compliance Status (Yes / No / N.A.)
7	Related Party Transaction	23(1),(5),(6),(7) &(8)	Policy for Related Party Transaction	Yes
		23(2)&(3)	Approval including omnibus approval of Audit Committee for all Related Party Transactions and review of transaction by the Committee	Yes
		23(4)	Approval for Material Related Party Transactions.	N.A.
8	Subsidiaries of the Company	24(1)	Composition of Board of Directors of Unlisted Material Subsidiary	N.A
		24(2),(3),(4),(5) & (6)	Other Corporate Governance requirements with respect to Subsidiary including Material Subsidiary of listed entity	N.A
9	Obligations with respect to Independent Directors	25(1)&(2)	Maximum Directorship & Tenure	Yes
		25(3)	Meeting of Independent Directors	Yes
		25(4)	Review of Performance by the Independent Directors	Yes
		25(7)	Familiarisation of Independent Directors	Yes
10	Obligations with respect to Directors and Senior Management	26(1)&(2)	Memberships & Chairmanship in Committees	Yes
		26(3)	Affirmation with compliance to code of conduct from members of Board of Directors and Senior Management Personnel	Yes
		26(4)	Disclosure of Shareholding by Non- Executive Directors	Yes
		26(5)	Disclosures by Senior Management about potential conflicts of Interest	Yes
11	Other Corporate Governance Requirements	27(1)	Compliance of Discretionary Requirements	Yes
		27(2)	Filing of Quarterly Compliance Report on Corporate Governance	Yes
12	Disclosures on Website of the Company	46(2)(b)	Terms and conditions of appointment of Independent Directors	Yes
		46(2)(c)	Composition of various committees of Board of Directors	Yes
		46(2)(d)	Code of Conduct of Board of Directors and Senior Management Personnel	Yes
		46(2)(e)	Details of establishment of Vigil Mechanism / Whistle Blower policy	Yes
		46(2)(f)	Criteria of making payments to Non-Executive Directors	Yes
		46(2)(g)	Policy on dealing with Related Party Transactions	Yes
		46(2)(h)	Policy for determining Material Subsidiaries	N.A
		46(2)(i)	Details of familiarisation programmes imparted to Independent Directors	Yes

(*) During the year under review, Mr.P.Ganesan, who already held the position of Chairman of the Remuneration committee, was selected as the Chairman of the Board in compliance with the Regulation 17(1)(b) of Listing Regulation and consequent upon the notice issued by BSE Ltd., Mr.S.P.Sivnandam was elected as the Chairman of the Committee.

(#) As the Company is not a top 500 listed entities, determined on the basis of market capitalisation, not applicable.

❖ **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 Company has not adopted the practice of sending out half-yearly declaration of financial performance to shareholders. Quarterly results as approved by the Board are disseminated to Stock Exchange and updated on the website of the Company.

iii. Modified opinion(s) in audit report

There are no modified opinions in audit 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.

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 2018-19 to the Board of Directors at their meeting held on 30 May, 2019, 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 weblink 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, 2019.

For and on behalf of the Board

E. V. Muthukumara Ramalingam

Managing Director

(DIN : 00046166)

Place : TIRUPUR

Date : 30.05.2019

CERTIFICATE OF MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER OF 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, 2019 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 2019 and that to the best of our knowledge and belief:
- These Statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - 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
- significant changes in internal control over financial reporting during the financial year;
 - significant changes in accounting policies during the financial year and that the same have been disclosed in the Notes to the Accounts; and
 - 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 : 30.05.2019



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 for the year ended on March 31, 2019 as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15(2) of the Listing Regulations for the period April 1, 2018 to March 31, 2019. As per explanation given to me, the Company has sought an exemption from the said Regulation and a letter submitted with BSE Ltd. The Company is yet to receive the reply from the Stock Exchange. However the Company has complied **voluntarily** with all mandatory requirements as specified in listing regulations.

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 to ensure compliance with 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 my information and according to the explanations given to me, I certify that the Company has complied **voluntarily** with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations, regardless of whether (or) not applicable, except non-compliance with the requirement of Minimum Public Shareholding (MPS) and the Chairman of the Board also chaired the Nomination and Remuneration Committee under Regulation 38 and 19(2) of SEBI (LODR) Regulations, 2015 respectively.

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

Place : TIRUPUR
Date : 30.05.2019

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/us 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, 2019 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.	MUTHUKUMARARAMALINGAM GAUTHAM	00046187	01/12/2001
3.	PALANISAMY GOUNDER GANESAN	00049804	21/03/1990
4.	MADHUSUDHAN BALASUBRAMANIAN	01027496	28/03/2012
5.	MUTHUKUMARARAMALINGAM SASIKALA	01452586	28/03/2012
6.	SUBBANNA CHETTIAR PALANISWAMY CHETTIAR SIVANANDAM	01864334	29/09/2014

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

Place : TIRUPUR
Date : 30.05.2019

INDEPENDENT AUDITOR'S REPORT

To

The Members of Velan Hotels Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Velan Hotels Limited ("the Company"), which comprise the balance sheet as at March 31, 2019, 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, 2019, and profit/loss, changes in equity and its cash flows for the year ended on that date.

Basis for 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.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note No. 35 of the attached Financial Statements for the year ended 31st March 2019. The Company's borrowings was taken over by M/s. RARE Asset Reconstruction Company Limited ("ARC") commencing from April 1, 2017 and as of the year ended March 31, 2019 a final settlement amount of Rs. 97.50 Crores was agreed between the Company and the ARC by way of a 'One-time Settlement' ("OTS") offer with certain conditions and milestones for the said repayment. There were delays in adhering to the agreed milestones and the Company is in the process of re-negotiation with the ARC for revised conditions to meet the commitments as per the original OTS offer. As informed by the management, the Company is taking necessary steps to meet the debt obligations as per the OTS and revised terms, if any, arising out of such re-negotiations. Accordingly no adjustments have been made in these financial statements for the revision of the outstanding debt which is under negotiation. Pending conclusion of the negotiations, as represented by the management, these financial statements have been prepared on a going concern basis as the extinguishment of the debt can be made from the sale of such of those assets linked to the debt which does not have a bearing on the revenue-generating assets of the Company. Any shortfall arising out of such sale will be dealt with on realisation basis, which in the opinion of the management, shall not have a bearing on the going concern assumption. In view of the above, our opinion is not modified.

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.

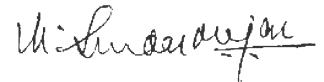
Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("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 have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of 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, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 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 36 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.

KRISHAAN & CO
Chartered Accountants
FRN : 001453S



(K. SUNDARRAJAN)

Partner

(Membership No. : 208431)

Place : Tirupur

Dated : May 30, 2019

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 2019, 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 records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii)
 - a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
 - 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.
- iii) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms, LLPs or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Consequently, the provisions of clauses iii (a), iii (b) and iii (c) of the order are not applicable to the Company.
- iv) The Company has not granted any loans, made investments, issued guarantees or provided any security to any Director or any other person as specified in the Act and hence this clause is not applicable to the Company for this year.
- v) The Company has not accepted any deposits from the public covered under Section 73 to 76 of the Companies Act, 2013.
- 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 generally regularly deposited 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 provident fund, employees' state insurance, income tax, sales tax, wealth tax, excise duty, duty of customs, value added tax/GST, cess and other material statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable, except service tax dues, amounting to Rs. 50.51 lakhs upto June 30, 2017 and Goods and Services Tax dues from August 2018 amounting to Rs. 40.63 lakhs which have not been deposited till date.

- 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

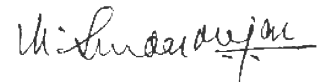
(*) - response filed on Income Tax Portal, pending rectification

- viii) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders during the year however the Company could not meet the repayment obligations as per the One-time Settlement Offer received from the Asset Reconstruction Company (ARC) for the dues to the ARC vide Note No. 35 to these financial statements.
- ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and no term loans have been raised during the year.
- x) 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.
- xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not paid / provided any managerial remuneration to managerial personnel.
- 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 to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable Accounting Standards.
- xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- 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) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

Place : Tirupur
Dated : May 30, 2019

KRISHAAN & CO
Chartered Accountants
FRN : 001453S



(K. SUNDARRAJAN)
Partner
(Membership No. : 208431)

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, 2019 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

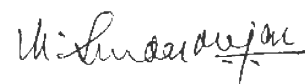
Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal 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, 2019, 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.

Place : Tirupur
Dated : May 30, 2019

KRISHAAN & CO
Chartered Accountants
FRN : 001453S



(K. SUNDARRAJAN)
Partner
(Membership No. : 208431)

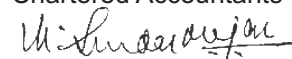
BALANCE SHEET AS AT 31st MARCH 2019

Particulars	Note No.	As at 31.3.2019 Rs.	As at 31.3.2018 Rs.
A. ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	109,79,32,069	111,58,39,166
Capital work-in-progress		64,79,91,836	64,79,91,836
NON-CURRENT FINANCIAL ASSETS			
Trade receivables, non current	6	1,01,355	26,331
Loans	7	1,33,31,047	1,18,89,227
Sub total- Non-current Assets		175,93,56,307	177,57,46,560
CURRENT ASSETS			
Inventories	8	67,73,058	73,88,200
Current Financial asset		—	—
Trade receivables, current	9	13,76,171	11,02,991
Cash and Cash equivalents	10	37,13,664	39,76,741
Loans-current	11	13,19,505	27,59,365
Sub Total - Current Assets		1,31,82,398	1,52,27,297
Total assets		177,25,38,705	179,09,73,857
B. EQUITY AND LIABILITIES			
Equity			
Equity Share capital	12	31,96,41,190	31,96,41,190
Other equity - Reserves & Surplus	13	(13,20,37,150)	(10,97,55,935)
Total equity		18,76,04,040	20,98,85,255
LIABILITIES			
Non-current liabilities			
Deferred Tax liabilities (net)	14	4,37,58,307	4,37,58,307
Employee Benefit Obligations	15	47,30,894	45,12,156
Tax Liabilities (Net)	16	-	-
Non-current Financial liabilities			
Borrowings-non-current	17	135,99,98,757	135,80,72,676
Trade payable-Non current	18	5,96,54,625	6,19,88,847
Other non -current financial liabilities	19	77,40,506	50,86,744
Other non-current liabilities	20	7,85,92,039	7,85,92,039
Sub Total Non-current Liabilities		155,44,75,128	155,20,10,769
Current liabilities			
Current financial liabilities			
Borrowings-current	21	1,01,21,939	1,01,17,085
Trade payable-current	22	88,15,611	73,89,183
Other current financial liabilities	23	1,15,21,987	1,15,71,565
Sub Total Current Liabilities		3,04,59,537	2,90,77,833
Total Liabilities		158,49,34,665	158,10,88,602
Total Equity and Liabilities		177,25,38,705	179,09,73,857

Significant Accounting Policies & Notes forming part of Annual Accounts


"As per our Report of even date"

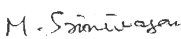
For **Krishaan & Co.,**
Chartered Accountants (FRN 001453S)


(K SUNDARRAJAN)

Partner
(Membership No. : 208431)

Place : Tirupur
Date : 30.05.2019


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


M. Srinivasan
Company Secretary


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


R. Lalitha
Chief Financial Officer

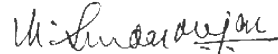


STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31st MARCH 2019

Particulars	Note No.	Year ended 31.3.2019 Rs.	Year ended 31.3.2018 Rs.
I. Revenue			
Revenue from Operations (Net of duties)	24	6,34,91,549	8,57,12,097
II. Other Income	25	9,13,864	13,74,823
III. Total Revenue		6,44,05,413	8,70,86,920
IV Expenses			
Cost of Supplies Consumed	26	1,17,54,761	1,75,79,548
House Keeping Expenses	27	9,10,306	18,31,686
Power and Fuel	28	1,50,88,453	1,77,87,866
Employee benefit expenses	29	2,38,09,677	2,42,16,246
Other Expenses	30	1,47,87,855	2,19,79,569
Total Expenses		6,63,51,052	8,33,94,914
EBITDA		(19,45,639)	36,92,006
Depreciation and Amortization Expenses	5	1,80,07,370	1,84,68,972
Finance cost	31	23,28,189	24,29,262
Profit/(Loss) before Exceptional Items and Tax		(2,22,81,198)	(1,72,06,229)
Exceptional Items(Net)		-	-
Profit/(Loss) before Tax		(2,22,81,198)	(1,72,06,229)
Tax Expenses			
a) Current tax expense - MAT		-	-
b) ax relating to prior years	-	-	-
c) Deferred tax	14	-	75,46,568
Total Tax Expenses		-	75,46,568
Profit/(Loss) for the year		(2,22,81,198)	(2,47,52,797)
"Earnings Per Equity Share (Refer Note 28) [nominal value of share Rs. 10 (31st March 2018:Rs. 10)]"			
1) Basic		(0.70)	(0.77)
2) Diluted		(0.70)	(0.77)


Significant Accounting Policies & Notes forming part of Annual Accounts
"As per our Report of even date"

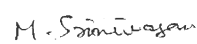
For **Krishaan & Co.,**
Chartered Accountants (FRN 001453S)


(K SUNDARRAJAN)

Partner
(Membership No. : 208431)

Place : Tirupur
Date : 30.05.2019


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


M. Srinivasan
Company Secretary


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


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

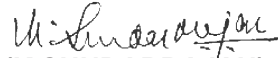
Particulars	Share Capital	Revaluation Reserve	Securities Premium	Surplus / (Deficit) in the Statement of Profit and Loss
As at the Beginning of 01.04.2018	31,96,41,190	6,04,92,200	31,47,83,547	(48,50,31,683)
Add : During the Year	-	-	-	(2,22,81,198)
Add : Transferred from Revaluation Reserve	-	-	-	6,78,855
Less : Utilised during the year	-	(6,78,855)	-	-
Closing Balance as at 31.03.2019	31,96,41,190	5,98,13,345	31,47,83,547	(50,66,34,026)

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

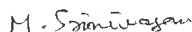
(Membership No. : 208431)

Place : Tirupur

Date : 30.05.2019



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 2019

Particulars	Year ended on 31.3.2019 Rs.		Year ended on 31.3.2018 Rs.	
A. Cash flow from operating activities				
Net Profit / (Loss) before extraordinary items and tax		(2,22,81,198)		(1,72,06,229)
Adjustments for:				
Depreciation and amortisation	1,80,07,370		1,84,68,972	
Finance costs	23,28,189		24,29,262	
Interest income	(97,645)		(1,77,699)	
Extraordinary Items	—		—	
Net (gain)/loss on sale of Fixed Assets	—		—	
Liabilities / provisions no longer required written back	(70,426)	2,01,67,488	(8,31,142)	1,98,89,394
Operating profit / (loss) before working capital changes		(21,13,710)		26,83,165
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Inventories	6,15,142		2,70,843	
Trade receivables	(3,48,204)		36,88,768	
Short-term loans and advances	7,72,030		(35,211)	
Long-term loans and advances	(14,41,820)		9,09,675	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	(9,07,811)		8,59,442	
Other Financial liabilities	29,79,000		1,99,119	
Other long-term liabilities	-		-	
Employees Benefit Obligation	2,89,164		(1,17,550)	
		19,57,501		57,75,086
Cash flow from extraordinary items				
Cash generated from operations		(1,56,209)		84,58,251
Net income tax (paid) / refunds		6,67,830		(1,24,098)
Net cash flow from / (used in) operating activities (A)		5,11,621		83,34,153
B. Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances	(1,00,273)		(19,88,287)	
Proceeds from Sale of Fixed Assets	—		—	
Net cash flow from / (used in) investing activities (B)		(1,00,273)		(19,88,287)

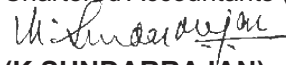
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019 (Contd.,)

Particulars	Year ended on 31.3.2019 Rs.	Year ended on 31.3.2018 Rs.
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	4,854	(30,16,356)
Repayment of Long Term Borrowings	19,26,081	(7,71,000)
Investment in Shares		
Interest received	97,645	1,77,699
Dividend Paid	(3,74,816)	(4,05,505)
Finance cost	(23,28,189)	(24,29,262)
Net cash flow from / (used in) financing activities (C)	(6,74,425)	(64,44,425)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	(2,63,077)	(98,559)
Cash and cash equivalents at the beginning of the year	39,76,741	40,75,300
Cash and cash equivalents at the end of the year	37,13,664	39,76,741
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents as per Balance Sheet (Refer Note No. 10)	37,13,664	39,76,741
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 No. 10	37,13,664	39,76,741
Cash and cash equivalents at the end of the year *		
* Comprises :		
Balances with Banks		
Balances with Banks in Indian Rupees		
- In Current accounts	2,86,963	10,01,312
- in a Fixed Deposit	-	9,56,199
- In Margin Money Accounts	750	3,75,566
	2,87,713	23,33,077
Cash on Hand	34,25,951	16,43,665
	37,13,664	39,76,741

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)

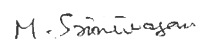
Partner
(Membership No. : 208431)

Place : Tirupur
Date : 24.05.2018

For and on behalf of the Board of Directors of
Velan Hotels Limited


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


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


M. Srinivasan
Company Secretary


R. Lalitha
Chief Financial Officer

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 guidelines 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.

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

Note No.3

A) 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.

B) Use of estimates and judgment

The preparation of the financial statements in conformity with Ind AS requires the 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. 4

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, 2019 and March 31, 2018 is 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 of 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.5,98,13,345/- (March 31, 2018 Rs. 6,04,92,200) is not freely available for distribution.

- c) Retained earnings

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

c) **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 an expected 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 in 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 there porting 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.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR 2018 - 2019

Particulars	Land	Building	Plant and Machinery	Furniture and Fittings	Vehicles	Total
Note 5 - Property, Plant and Equipment						
Gross Carrying Value						
As at April 1, 2017	45,01,50,385	68,60,64,563	13,12,17,494	2,81,12,634	1,40,70,727	130,96,15,803
Additions during the year	-	6,80,849	24,91,537	-	4,69,000	36,41,386
Deletions during the year	-	-	-	-	-	-
As at Mar 31, 2018	45,01,50,385	68,67,45,412	13,37,09,031	2,81,12,634	1,45,39,727	131,32,57,189
As at April 1, 2018	45,01,50,385	68,67,45,412	13,37,09,031	2,81,12,634	1,45,39,727	131,32,57,189
Additions during the year	-	-	78,917	21,356	-	1,00,273
Deletions during the year	-	-	-	-	-	-
As at March 31, 2019	45,01,50,385	68,67,45,412	13,37,87,948	2,81,33,990	1,45,39,727	131,33,57,462
"Accumulated depreciation/impairment:"						
As at April 1, 2017	-	8,19,88,207	7,61,17,592	1,80,86,872	27,56,380	17,89,49,051
Depreciation	-	1,08,62,210	65,96,309	4,57,766	5,52,688	1,84,68,972
Disposal / adjustments	-	-	-	-	-	-
As at Mar 31, 2018	-	9,28,50,417	8,27,13,901	1,85,44,638	33,09,068	19,74,18,023
As at April 1, 2018	-	9,28,50,417	8,27,13,901	1,85,44,638	33,09,068	19,74,18,023
Depreciation	-	1,08,70,361	65,38,918	5,07,044	91,046	1,80,07,370
Disposal / adjustments	-	-	-	-	-	-
As at March 31, 2019	-	10,37,20,778	8,92,52,819	1,90,51,683	34,00,114	21,54,25,394
Net Carrying Value						
As at April 1, 2017	45,01,50,385	60,40,76,356	5,50,99,902	1,00,25,762	1,13,14,347	113,06,66,752
As at March 31, 2018	45,01,50,385	59,38,94,995	5,09,95,131	95,67,996	1,12,30,659	111,58,39,166
As at March 31, 2019	45,01,50,385	58,30,24,634	4,45,35,129	90,82,307	1,11,39,613	109,79,32,069
Capital work-in-progress						
As at April 1, 2018						64,79,91,836
As at March 31, 2018						64,79,91,836
As at March 31, 2019						64,79,91,836



NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR 2018 - 2019

Particulars	As at 31.3.2019 Rs.		As at 31.3.2018 Rs.	
Note 6				
TRADE RECEIVABLE- NON CURRENT				
(Unsecured, considered good)				
For Sales and Services		1,01,355		26,331
		1,01,355		26,331
Note 7				
LOANS - NON CURRENT				
Unsecured, considered good				
Security Deposits		28,47,851		29,92,536
Other Loans and Advances				
Advances		8,41,256		66,000
MAT credit entitlement		52,63,540		52,63,540
Balance with Government Authorities		43,78,400		35,67,151
Total		1,33,31,047		1,18,89,227
Note 8				
INVENTORIES				
Inventories				
Stores and Provisions		67,73,058		73,88,200
(Valued at cost or market price which ever is lower on FIFO basis)				
Total		67,73,058		73,88,200
Note 9				
TRADE RECEIVABLES				
(Unsecured, considered good)				
Trade Receivables outstanding for a period not exceeding 6 months		13,08,043		11,02,991
Trade Receivables outstanding for a period More than 6 months		68,128		-
Total		13,76,171		11,02,991
(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		34,25,951		16,43,665
Balances with Banks				
- in Current accounts	2,86,963		10,01,312	
- in a Fixed Deposit	-		9,56,199	
- In Unpaid Dividend Account	750	2,87,713	3,75,566	23,33,077
Total		37,13,664		39,76,741

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR 2018 - 2019

Particulars	As at 31.3.2019 Rs.		As at 31.3.2018 Rs.	
Note 11				
LOANS CURRENT				
(Unsecured, considered good)				
Others				
Loans and advances against supplies		31,290		6,21,908
Staff Advance		2,000		1,25,750
Advance Income Taxes (net of provision)		1,43,419		8,11,249
Accrued revenue		54,000		1,93,500
Prepaid expenses		10,88,796		10,06,958
Total		13,19,505		27,59,365
Note 12				
SHARE CAPITAL				
Authorised shares				
5,00,00,000 Equity shares of Rs. 10 each		50,00,00,000		50,00,00,000
		50,00,00,000		50,00,00,000
Issued, subscribed and fully paid-up shares				
3,19,64,119 Equity shares of Rs. 10 each		31,96,41,190		31,96,41,190
Total		31,96,41,190		31,96,41,190

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 2018 - 2019

- d) The reconciliation of number of shares outstanding and the amount of share capital as at March 31, 2018, 2019 is set out below :

Particulars	As at March 31, 2019		As at March 31, 2018	
	Nos.	Rs.	Nos.	Rs.
	Numbers of Shares	Amount	Numbers of Shares	Amount
a) Equity Shares				
No. of Shares at the beginning of the year	3,19,64,119	31,96,41,190	3,19,64,119	31,96,41,190
No. of Shares Issued during the year /period	—	—	—	—
No. of Shares at the End of the year/period	3,19,64,119	31,96,41,190	3,19,64,119	31,96,41,190

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	1,26,78,383	40%	1,26,78,383	40%
2. Sri.M.R.Gautham	64,20,750	20%	64,20,750	20%
3. Shree Vallee Enterprises private limited	28,26,934	9%	28,26,934	9%
4. Smt.M.Sasikala	21,30,743	7%	21,30,743	7%

Particulars	As at 31.3.2019 Rs.		As at 31.3.2018 Rs.	
Note 13				
OTHERS EQUITY - RESERVES & SURPLUS				
a) Revaluation Reserve				
Opening balance	6,04,92,200		6,11,71,055	
Add: Transferred from surplus in Profit and Loss Statement	—		—	
Less: Utilised / transferred during the year	678,855		678,855	
Closing balance		5,98,13,345		6,04,92,200
b) Securities Premium				
Opening balance	31,47,83,547		31,47,83,547	
Add: During the year	—		—	
Less: Utilised / transferred during the year	—		—	

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR 2018 - 2019

Particulars	As at 31.3.2019 Rs.	As at 31.3.2018 Rs.
Closing balance	31,47,83,547	31,47,83,547
c) Surplus / (Deficit) in the Statement of Profit and Loss		
Balance at the beginning of the year	(48,50,31,683)	(46,09,57,740)
Profit / (Loss) for the year	(2,22,81,198)	(2,47,52,797)
Add: Revaluation Reserve	6,78,855	6,78,855
Total Surplus / (Deficit) available for appropriations	(50,66,34,026)	(48,50,31,683)
Less: Appropriations:		
Total appropriations	—	—
Net Surplus / (Deficit) in the Statement of Profit and Loss	(50,66,34,043)	(48,50,31,683)
Total (a+b+c)	(13,20,37,150)	(10,97,55,935)
Note 14		
DEFERRED TAX LIABILITY (NET)		
Deferred Tax Liability (net)	4,37,58,307	4,37,58,307
Ref. additional information in Note No. 30 (b)		
Net Deferred Tax [(Asset)/Liability]	4,37,58,307	4,37,58,307
Note 15		
EMPLOYEE BENEFIT OBLIGATION		
The Employee Benefit Obligation are classified as follows:		
For Gratuity and Leave Encashment	47,30,894	45,12,156
Total	47,30,894	45,12,156
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	131,47,21,883	131,61,00,964
Unsecured		
From Directors	4,52,76,874	4,19,71,712
Total	135,99,98,757	135,80,72,676



NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR 2018 - 2019

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 Coonoor 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.

Particulars	As at 31.3.2019 Rs.	As at 31.3.2018 Rs.
(b) Loan from Director includes loan availed from Directors of the Company		
i) Mr. E.V.Muthukumaramalingam	86,05,662	49,50,903
ii) Mr. M.R.Gautham	3,66,71,212	3,70,20,809
Note 18		
TRADE PAYABLES- NON CURRENT		
For goods and services	87,53,852	73,51,724
For Capital Goods	5,09,00,773	5,46,37,123
Total	5,96,54,625	6,19,88,847
Trade Payables includes amount payable to companies in which Directors are Interested		
a) The Velan Petroleum Agencies (Prop. E.V. Muthukumara Ramalingam)	19,85,343	18,39,225
Note 19		
OTHER NON - CURRENT FINANCIAL LIABILITIES		
The Other Non-Current Liabilities are classified as follows:		
Unpaid Dividend	750	3,75,566
Statutory Liabilities -Non-Current	62,51,483	37,74,625
Other Payables	14,88,273	9,36,553
Total	77,40,506	50,86,744
Note 20		
OTHER NON-CURRENT LIABILITIES		
The Other Long Term borrowings are classified as follows:		
Security Deposits from Tenants	2,05,92,039	2,05,92,039
Advance Received on Sale of Fixed Asset	5,80,00,000	5,80,00,000
Total	7,85,92,039	7,85,92,039
Note 21		
BORROWINGS-CURRENT		
The Short Term borrowings are classified as follows:		
Secured Loan from bank - Working Capital Loan	1,01,21,939	1,01,17,085
Total	1,01,21,939	1,01,17,085

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR 2018 - 2019

Other Note:

- a) The above credit facilities availed by the company from Axis Bank Limited are collaterally secured by Hypothecation by way of extension of Equitable Mortgage of Land to the total extent of 20808 Sq.ft situated in SF No. 739/2 T.S.No. 112 Block No.13, Nallur Village, Tirupur Joint II SRO, Tirupur registered in the name of Mr. M.R. Gautham, Executive Director. The Loan is also personally guaranteed by the Managing Director & Executive Director of the Company.
- b) There are no defaults in the repayment of loan and interest during the year.

Particulars	As at 31.3.2019 Rs.	As at 31.3.2018 Rs.
Note 22		
TRADE PAYABLES		
For goods and services	88,15,611	73,89,183
Total	88,15,611	73,89,183
Note 23		
OTHER CURRENT LIABILITIES		
Statutory Liabilities	51,23,855	43,24,763
Other Payables - Current	63,98,132	72,08,980
Advance/Progress payments received from customers	—	37,821
Total	1,15,21,987	1,15,71,565

Particulars	Year ended 31.3.2019 Rs.	Year ended 31.3.2018 Rs.
Note 24		
REVENUE FROM OPERATIONS		
a) Sale of Services		
i) Guest Accommodation	3,18,12,865	4,43,88,276
ii) Others	2,31,000	2,45,000
b) Sale of Products		
i) Food & Beverage	2,33,45,975	3,52,05,811
ii) Liquor	70,90,494	45,12,166
c) Other Operating Services		
i) Swimming Pool Income	3,53,160	3,30,961
ii) Service Charges	—	64,093
iii) Laundry Receipts	6,48,923	9,50,548
iv) Telephone Charges Receipts	9,132	15,242
Total	6,34,91,549	8,57,12,097
Note 25		
OTHER INCOME		
a) Interest Income	97,645	1,77,699
b) Liabilities no longer required/Sundry Balances written back	70,426	8,31,142
c) Other Income	6,58,593	42,324
d) Commission	7,144	2,994
e) Misc. Income	80,056	3,20,664
Total	9,13,864	13,74,823



NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR 2018 - 2019

Particulars	Year ended 31.3.2019 Rs.	Year ended 31.3.2018 Rs.
Note 26		
COST OF SUPPLIES CONSUMED		
a) Opening stock	73,88,200	76,59,043
Add: Purchases	1,11,39,619	1,73,08,705
	1,85,27,819	2,49,67,748
Less: Closing stock	67,73,058	73,88,200
Cost of material consumed	1,17,54,761	1,75,79,548
Note 27		
HOUSE KEEPING EXPENSES		
House Keeping Expenses	9,10,306	18,31,686
Total	9,10,306	18,31,686
Note 28		
POWER & FUEL		
Electricity Charges	82,13,534	92,74,440
Diesel & Lubricant	19,87,829	25,48,294
Firewood	29,51,590	36,36,221
Gas	13,37,517	16,30,804
Charcoal	1,30,139	2,76,718
Water	4,67,844	4,21,388
Total	1,50,88,453	1,77,87,866
Note 29		
Employee Benefit Expenses		
(a) Salaries and Wages	2,11,34,327	2,21,62,811
Bonus and Ex-Gratia	5,80,988	6,21,554
Contribution to Statutory Funds	11,88,300	12,15,114
Gratuity & Leave Salary	7,51,047	—
Staff Welfare Expenses	1,55,015	2,16,767
Total	2,38,09,677	2,42,16,246
Note 30		
OTHER EXPENSES		
a) Rent	-	5,98,185
Rates and Taxes	19,33,194	50,28,271
Repairs and Maintenance- Building	15,15,546	30,01,246
- Machinery	31,59,015	32,69,891
- Others	3,83,555	3,40,437
Travelling and Conveyance	18,91,519	23,82,685
Postage and Telephone	12,00,718	13,13,290
Printing and Stationery	3,47,440	4,21,848
Brokerage and Commission	-	2,73,581
Insurance	6,34,915	7,23,993
Loss on Sale of Asset	-	-

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR 2018 - 2019

Particulars	Year ended 31.3.2019 Rs.	Year ended 31.3.2018 Rs.
Auditors' Remuneration	1,80,000	2,06,000
Carriage Inward	10,302	1,06,194
Advertisement, Sales Promotion and entertainment	17,04,850	22,02,606
Subscription	57,069	1,16,521
Discounts	2,14,252	91,480
Watch and Ward	—	—
Vehicle Running Expenses	5,85,201	4,92,698
Professional Fees	3,76,165	6,99,560
Internal Audit Fees	50,000	1,05,360
News Papers & Periodicals	92,500	1,11,939
Share Transfer Expenses	1,51,008	1,60,658
Miscellaneous Expenses	3,00,606	3,33,126
Total	1,47,87,855	2,19,79,569
b) Note		
Payments to the Auditors comprises :		
- For statutory audit	75,000	75,000
- For Tax audit	25,000	25,000
- For taxation matters	50,000	50,000
- For Certification	30,000	56,000
Total	1,80,000	2,06,000
Note 31		
FINANCE COSTS		
a) INTEREST:		
i) Bank		
- On Term Loan	—	—
- On Working Capital Loan	14,96,380	14,25,047
ii) Others	26,850	1,309
Bank charges	8,04,959	10,02,906
Total	23,28,189	24,29,262

b) Note- Term Loan

- a) In the light of continued discussions with M/s.RARE Asset Reconstruction Limited (ARC), Ahmedabad-380009, and the uncertainty in the principal amount payable, the Interest accrued and due on such borrowings taken over by the ARC from banks have not been provided for the year.

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

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR 2018 - 2019

(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.

Particulars	Year ended 31.3.2019 Rs.	Year ended 31.3.2018 Rs.
Guest Accommodation	3,18,12,865	4,43,88,276
Foods & Beverage Sales	2,33,39,488	3,52,05,811
Wine & Liquor	70,90,494	45,12,166
Telephone Receipts	9,132	15,242
Others	12,28,617	15,90,602
	6,34,80,596	8,57,12,097
i) Opening Stock		
Provisions, & Supplies	63,65,064	73,47,110
Wine & Liquor	10,23,136	3,11,933
	73,88,200	76,59,043
ii) Closing Stock		
Provisions, & Supplies	67,73,058	63,65,064
Wine & Liquor	—	10,23,136
	67,73,058	73,88,200
iii) Consumption		
Provisions, & Supplies	93,97,949	1,65,62,059
Wine & Liquor	23,56,812	10,17,489
	1,17,54,761	1,75,79,548

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

	2018 - 2019		2017 - 2018	
	Value Rs.	Percentage %	Value Rs.	Percentage %
PROVISIONS & SUPPLIES				
Imported	Nil	Nil	7,41,774	4.22
Indigenous	1,17,54,761	100	1,68,37,774	95.78

k. EARNING IN FOREIGN EXCHANGE

(As reported by the Management to the Department of Tourism but not verified by the Auditors)	2018 - 2019	2017 - 2018
		Rs. 120 Lakhs

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR 2018 - 2019

I. CIF VALUE OF IMPORTS

Capital Goods	2018 - 2019	2017 - 2018
	Rs. Nil	Rs. Nil

m) 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.

n) 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	31.3.2019 Rs.	31.3.2018 Rs.
Profit/ Loss before Tax for the year	(2,22,81,198)	(1,72,06,229)
Net Profit / Loss for the year attributable to equity share	(2,22,81,198)	(2,47,52,797)
No. of equity shares (In Numbers) (B)	3,19,64,119	3,19,64,119
Earnings per share/ Weighted Average (A)/(B)	(0.70)	(0.77)
Nominal value per share	10/-	10/-

Note : 33 Deferred Tax Liability

Net Deferred Tax in respect of the year ending 31st March 2019 debited to Profit and Loss Account and Net Deferred Tax Liability as on 31st March, 2019 are computed as below:

Rs. in Lakhs

S. No.	Particulars	Accumulated As at 01.04.2018	Changes / (credit) in P&L during the year	As at 31.03.2019
1.	Deferred tax Liability on account of Depreciation on account of difference in Depreciation under Income Tax Act and books of accounts	438.59	—	438.59
	Net Deferred Tax Liability	438.59	—	438.59

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
Key Management Personnel	Sri. E.V. Muthukumara Ramalingam, Managing Director Sri. M.R. Gautham, Executive Director Sri. P.Ganesan, Non-Executive Chairman Smt. Sasikala, Director Sri. Giri Balasubramaniam , Director Sri. B.A. Madhusudhan, Director Sri. S.P.Sivanandam, Director Sri.Srinivasan- Company Secretary Smt. R.Lalitha - CFO

Note: Related parties have been identified by the Management.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR 2018 - 2019

Details of related party transactions during the year ended 31 March, 2019 and balances outstanding as at 31 March, 2019

Name of the party	Key Managerial Personnel			
	Sri. E.V. Muthukumara Ramalingam	Sri. M.R. Gautham	Sri. Srinivasan	Smt. R. Lalitha
Purchase of Fuel	19,85,343 (18,39,225)	—	—	—
Salary & Remuneration	—	—	2,88,000 (2,88,000)	8,26,795 (7,61,575)
Outstandings				
a) Unsecured Loan	86,05,662 (49,50,903)	3,66,71,212 (3,70,20,809)	—	—

Note: Figures in Brackets are previous year

Note: 35 : Asset Reconstruction Company

Subsequent to the takeover of Term Loan liabilities due to M/s. Allahabad Bank, Tirupur and M/s. Andhra Bank, Coimbatore by M/s. RARE Asset Reconstruction Limited (ARC), Ahmedabad - 380009 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 in respect of the repayment of loans without disclosing the purchase consideration payable by the ARC to the Banks. The Company has been in constant negotiation with the said ARC for a One Time Settlement (OTS) offer for the said dues. The ARC had, vide their letter dated March 18, 2019, accepted the said offer amounting to Rs.97.50 Crore together with Interest at Coupon rate at 6.5% per annum on outstanding amount together with Interest towards proposed settlement. As an initial payment of Rs. 16.78 Crores was payable on or before March 26, 2019.

As per the said offer, significant portion of the Initial payment amounting to about Rs. 9.67 Crores was due to have been by the Prospective buyer of the Company's Coonoor Property directly to the ARC as per the confirmation between the two parties. However, the Company was informed by the ARC that the proposed sale did not take place by the stipulated date and thereby the ARC cancelled the offer given to the proposed buyer. Due to the above the initial payment of Rs. 16.78 Crores could not be made by the Company and the ARC has informed the Company about the cancellation of OTS. The Company, as informed by the Management, has been in constant communication with the ARC for the revision in the OTS offer and revised terms, if any. Pending the conclusion of OTS offer, no adjustments to the Term liabilities and Fixed Assets thereon have been made in these Financial Statements.

The initial payment of Rs 16.78 Crores was committed to be paid by the Company on the basis that a major portion of this will be paid by the proposed buyer of the Coonoor hotel to complete the sale transaction that was initiated in 2013 and firmed up via a tri-party agreement between the banks (now RARE ARC), this buyer and our company in 2015 at the Hon'ble DRT, Coimbatore. However, even in 2019, after RARE ARC had given the confirmation to complete the sale transaction as part of our OTS offer, this buyer could not complete the transaction. As a result of which, the initial payment of Rs 16.78 Crores could not be paid by the Company within the short duration provided by the ARC as well as loss of reputation for the company and its promoter directors for which the Company is considering suitable action. In addition, the Company had made arrangements for the balance portion of the initial amount which has also lapsed due to the above default.

The total liability payable to the ARC is represented by specific project assets, the extinguishment of such liability shall be made by sale of those assets directly relating to the debts. Since these assets do not form part of the revenue generating assets their sale will not have bearing on the continuing operations of the Company. The company is hopeful of realising sufficient amount to repay the due to ARC. Any shortfall arising on such sale, shall be dealt with on realisation basis which shall not have any impact on the Going Concern Assumption.

Note: 36 : Pending Litigations

The Company is having pending litigations against its Bankers and Purchaser of Coonoor Property. The Company has filed writ petitions and appeals against notices issued by the bankers/orders issued by the DRT at various forums and challenged the legality and validity of these notices / orders.

The Company is having pending litigations filed by a creditor for non payment of dues including interest amounting to Rs. 49.71 lacs and same is pending before District Court of Coimbatore

The tenant of the Mall has filed an litigation with the Arbitrator, Coimbatore for refund of Security deposit of Rs.9.72 Lacs and also claim for compensation amounting to Rs, 24.75 lakhs, the same is pending before the Arbitrator, Coimbatore

The Company has filed a stay petition with the Labour Court amounting to Rs. 5.99 lacs for payment of damages on late payment of Employees Provident Fund for the period 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 the following Assessment Years and same is pending for processing.

AY 2010-11

AY 2011-12

AY 2012-13

The above said demands are payable subject to pending rectification.

Note: 37 : Segment Reporting : Refer Page No. 47 reported under Management Discussion and Analysis Report.

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

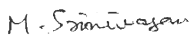
(Membership No. : 208431)


Place : Tirupur

Date : 30.05.2019

For and on behalf of the Board of Directors of Velan Hotels Limited


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

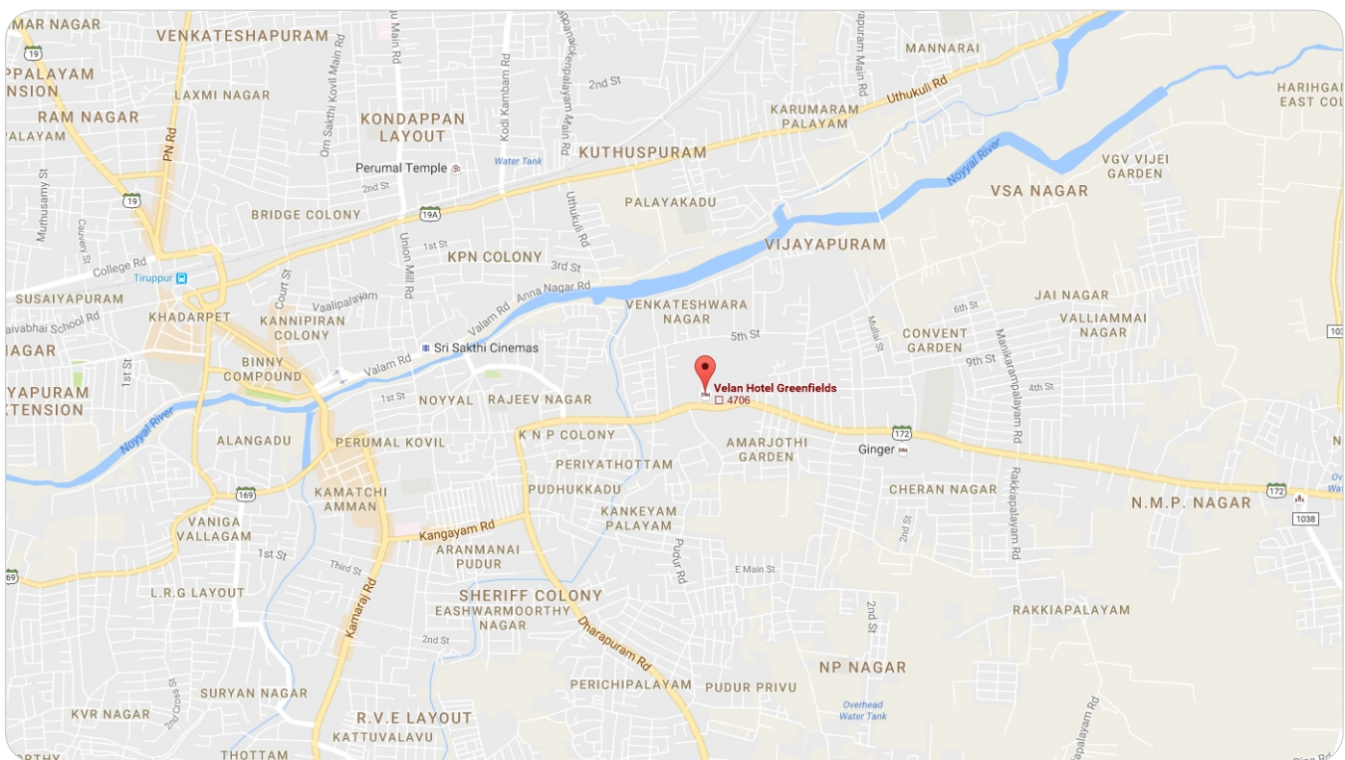

M. Srinivasan
Company Secretary


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


R. Lalitha
Chief Financial Officer

Velan Hotel Limited

Venue of A G M : Route Map : Pursuant to SS-2 : Secretarial Standard on General Meeting.





VELAN HOTELS LTD

CIN : L55101TZ1990PLC002653

Registered Office : 41, Kangayam Road, Tirupur - 641 604.

ATTENDANCE SLIP

PLEASE BRING THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

Name & Address of the Shareholder

SEQUENCE No:

FOLIO No :

DP.ID :

Client ID :

I hereby record my presence at the 29th ANNUAL GENERAL MEETING at 41, Kangayam Road, Tirupur - 641 604 on Friday, 27th September, 2019 at 12.05 p.m.

Signature of the Member or Proxy

No. of Share held

Form No. MGT-11

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN	L55101TZ1990PLC002653
Name of the Company	VELAN HOTELS LTD
Registered Office	41, Kangayam Road, Tirupur - 641 604

Name of the shareholder	
Registered address	
E-mail ID	
Folio No. / Client ID	
DP ID	

I/We, being the shareholder (s) of shares of the above named company, hereby appoint

1	Name	
	Address	
	E-mail ID	
	Signature	

or failing him

2	Name	
	Address	
	E-mail ID	
	Signature	

or failing him

3	Name	
	Address	
	E-mail ID	
	Signature	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 29th Annual General Meeting of the Company to be held on Friday, the 27th September, 2019 at 12.05 p.m. at 41, Kangayam Road, Tirupur - 641 604 and at any adjournment thereof in respect of such resolutions as are indicated below :

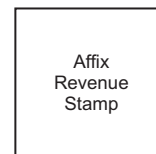
Resolution No. ()

1	
2	
3	
4	
5	
6	
7	

Signed this day of 2019.

Signature of shareholder :

Signature of Proxy holder(s) :



Note : This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.