



VELAN HOTELS LTD

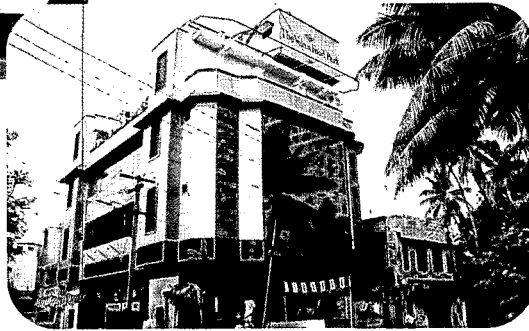
No.41, Kangayam Road, Tirupur - 641 604.

19th

Annual Report 2008 - 2009



Velan Hotel - Coonoor



The Velan Food Park - Coimbatore



Velan Hotel Greenfields - Tirupur





19th ANNUAL REPORT FOR THE YEAR ENDED 31st MARCH 2009

BOARD OF DIRECTORS :

SRI.R.V.E.VENKATACHALAM
CHAIRMAN

SRI.E.V.MUTHUKUMARA RAMALINGAM
MANAGING DIRECTOR

SRI.M.R.GAUTHAM
EXECUTIVE DIRECTOR

SRI. P.GANESAN
DIRECTOR

SRI. T.GOPALAKRISHNAN
DIRECTOR

DR. NAMASIVAYAM KARTHIKEYAN
DIRECTOR

AUDITORS :

M/S.P.S.KRISHNAN & CO.,
CHARTERED ACCOUNTANTS
55, UNIVERSAL ROAD
TIRUPUR 641 601

**REGISTRAR & SHARE TRANSFER AGENT :
(PHYSICAL & DEMAT)**

SKDC CONSULTANTS LTD.
NEW NO.7 (OLD NO 11), STREET NO.1
S.N. LAYOUT,
WEST POWER HOUSE ROAD, TATABAD
COIMBATORE 641 012
PHONE : 0422-6549995
E-mail : skdccbe@gmail.com

BANKERS :

STATE BANK OF INDIA
AXIS BANK LIMITED

REGD. & ADMINISTRATIVE OFFICE :

41 KANGAYAM ROAD
TIRUPUR 641 604
TAMIL NADU

LOCATION OF THE HOTELS :

VELAN HOTEL GREENFIELDS
41 KANGAYAM ROAD
TIRUPUR 641 604 - TAMIL NADU

VELAN HOTEL RITZ
RITZ ROAD, BEDFORD
COONOOR 643 101
TAMIL NADU

LOCATION OF THE RESTAURANTS :

VELAN UTHARA RESTAURANT
AVANASHI ROAD,
BEHIND IDBI BANK LTD
TIRUPUR 641 602

THE VELAN FOOD PARK
RAM NAGAR
COIMBATORE 641 009

NOTICE OF THE 19th ANNUAL GENERAL MEETING

NOTICE is hereby given that the 19th Annual General Meeting of the Company will be held at the Registered Office of the Company situate at 41, Kangayam Road, Tirupur - 641 604 on Thursday, the 24th day of September 2009 at 04.30 P.M. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2009 and Profit & Loss Account for the year ended as on that date and the Reports of the Auditors and Directors of the Company.
2. To declare a Dividend.
3. To appoint a Director in place of Sri.R.V.E.Venkatachalam who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Sri.T.Gopalakrishnan who retires by rotation, and being eligible, offers himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this meeting to the conclusion of the next Annual General Meeting and authorise the Board to fix their remuneration.

Place : Tirupur.
Date : 21.08.2009

for and on behalf of the Board
R.V.E. Venkatachalam
Chairman

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM SHOULD BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY ATLEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members, the Register of Beneficial Owners and Share Transfer Books of the Company will remain closed from 19/09/2009 (Saturday) to 24/09/2009 (Thursday) (Both days inclusive)
3. Details in respect of appointment / reappointment of Directors retiring by rotation, pursuant to Clause 49 of the Listing Agreements are annexed hitherto.
4. Members holding shares in physical form are requested to notify change in their 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 to their respective Depository Participants.

5. Members are requested to bring their copy of the Annual Report to the Annual General Meeting.
6. The equity shares of the Company are listed on Bombay Stock Exchange Ltd. The Annual Listing fee has been paid upto date to the above said Exchange.
7. For the convenience of the Members, an attendance slip is annexed to the proxy form. Members are requested to affix their signatures at the space provided and hand over the attendance slip at the place of the meeting.
8. Shareholders seeking any information with regard to accounts are requested to write to the Company seven days prior to the meeting so as to enable the management to keep the information ready.
9. Equity shares of the Company have been placed under Compulsory Demat Trading. Members who have not dematerialised their physical holding in the Company are advised to avail the facility of dematerialisation of equity shares of the Company.
10. The ISIN of the equity shares of your Company is **INE548D01014**

Place : Tirupur.
Date : 21.08.2009

for and on behalf of the Board
R.V. E. Venkatachalam
Chairman

Details of the Directors seeking appointment/reappointment at the forthcoming Annual General Meeting

Sri.R.V.E.Venkatachalam (Non-Executive Director). The Company's Board Chairman is Sri.R.V.E.Venkatachalam, a leading family head at Tirupur, owning extensive farmlands and large scale Coconut gardens. He is also a philanthropist helping many social organisations. He is well-known, respected senior citizen of Tirupur, a former Municipal Chairman of Tirupur. He is related to Sri.E.V.Muthukumara Ramalingam, Managing Director and Sri M.R.Gautham, Executive Director of the Company. He also holds Directorship in Shree Vallee Enterprises Pvt Ltd.

Sri.T.Gopalakrishnan (Independent-Non-Executive Director) Sri.T.Gopalakrishnan is a Chartered Accountant and a Management Consultant with more than 36 years experience in Corporate administration, banking and finance. He advises the Company on issues relating to General Management, Banking, Finance and stock market related operations.

DIRECTORS' REPORT

Ladies and Gentlemen,

Your Directors have great pleasure in presenting the 19th Annual Report of the Company together with its Audited Profit and Loss Account for the year ended 31st March, 2009 and the Balance Sheet as on that date.

FINANCIAL RESULTS :

	(Rs. in Lakhs)	
	2008 - 2009	2007-2008
Profit before Interest, Depreciation and Taxation	311.78	346.92
Interest	87.39	107.63
Profit before Depreciation	224.39	239.29
Depreciation	68.63	65.92
Profit Before Tax (PBT)	155.76	173.37
Less : Provision for Taxation	19.00	21.60
Profit After Tax	136.76	151.77
Add : Balance b/f from previous year	1.12	(60.19)
Profit Available for appropriation	137.88	91.58
Add : Depreciation on revaluation recouped	6.99	6.99
Add : MAT Credit Reserve	18.40	21.00
Less: Deferred Tax Liability	55.45	76.70
Less: Short provision towards Taxation & Expenses	0.56	14.55
Less: Proposed dividend	38.75	23.25
Less: Tax on proposed Dividend	5.99	3.95
Balance to be carried over to Balance sheet	62.52	1.12

OPERATING RESULTS AND OVERVIEW

After boom in the previous years, the past year has been a difficult and challenging period for the Indian economy and business in tune with the global economic scenario.

The global economic crisis has dented the corporate margins and business confidence all over the world and in India as well. The performance of the service sector and industrial sector slowed down significantly including the hotel industry. India too experienced a fall in tourist arrivals in the past year. The local tourism travel and business travel had also seen a significant down turn. The spiraling inflation during most part of last year, bomb blast in various parts of the country (including the Mumbai Blast) and the start of the Swine Flu threat added to the difficulties.

In this situation, despite these unfavourable occurrences, your company managed to get satisfactory results for the year 2008-09. The total income for the year ended March 31, 2009 at Rs.1185.55 lakhs was marginally higher as against Rs.1147.43 lakhs recorded in the previous year. The Profit After Tax (PAT) for the year under review was lower to Rs.136.76 lakhs as against Rs.151.77 lakhs recorded in the previous year mainly on account of increase in Power & Fuel cost, Employee cost and General Administrative expenses.

ESTABLISHING OF THE VELAN FOOD PARK AND VELAN UTHARA RESTAURANT

Your company has added a Premium Multilevel Multi Cuisine Restaurant "The Velan Food Park" at Ram Nagar, Coimbatore which commissioned its operations during the month of April, 2009.

With a view to offer better facility to customers, Velan Uthara has been relocated to a more spacious and better premises.

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs.0.50 per equity share for the year ended 31st March, 2009 higher than Rs.0.30 per share distributed as dividend in the previous year.

FUTURE PROSPECTS

The business scenario in Tiruppur is reported to be improving. Accordingly the hotel also expects to better its performance during the current operational year. The newly opened The Velan Food Park at Coimbatore and the relocated Uthara restaurant is expected to contribute for the betterment of business.

CORPORATE GOVERNANCE

Pursuant to the requirements of Listing Agreement with the Stock Exchange, your Directors are pleased to annex the following:

1. Management Discussion and Analysis Report
2. A Report on Corporate Governance
3. Auditors' certificate regarding compliance of conditions of Corporate Governance.

INFORMATION REQUIRED UNDER SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956.

The information required under Section 217(1) (e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is furnished hereunder:

I. CONSERVATION OF ENERGY

- a. The Company is making continuous efforts to conserve and optimize energy wherever practicable by economizing on fuel and power. As a step towards energy conservation, the Company had installed solar water heating systems at Hotel Premises to reduce power consumption and also initiated several other measures such as wood-fired boilers has been installed in stead of diesel-fired boilers, the former being environment friendly and cost effective. These measures are to derive maximum benefit in terms of reduction in the consumption of energy and reduce the power cost in the long run.
- b. Since the activity of the Company is not covered under the list of specified Industries under the Schedule to the said Rules, the information to be reported in Form-A, the form for Disclosure of Particulars with respect to Conservation of Energy is not furnished.

II. TECHNOLOGY ABSORPTION

The Company has no technical collaboration arrangement with any organization.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange Earnings And Outgo	Current Year 2008-09 [Rs.in lakhs]	Previous Year 2007-08 [Rs.in lakhs]
1. Earnings	501.38	482.23
2. Expenditure in Foreign Currency	NIL	NIL

INFORMATION REQUIRED UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956.

None of employee of the Company was in receipt of remuneration, which in the aggregate exceeded the limits prescribed under sub-section (2A) of Section 217 of the Companies Act, 1956, during the year.

DIRECTORS' RESPONSIBILITY STATEMENT UNDER SECTION 217 (2AA) OF THE COMPANIES (AMENDMENT ACT) 2000
The Board of Directors Report that:

- (i) Your Directors have followed the applicable accounting standards, in the preparation of annual accounts.
- (ii) Your Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are 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 31st March, 2009 and of the Profit of the Company for that period.
- (iii) Your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and
- (iv) Your Directors have prepared the annual accounts on a 'going concern' basis.

DEPOSITS

Your Company has neither invited nor accepted any fixed deposits from the public as per the provisions of Section 58A of the Companies Act, 1956 during the year.

DIRECTORS

Sri.R.V.E.Venkatachalam and Sri.T.Gopalakrishnan are retiring by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

AUDITORS

M/s. P.S.Krishnan & Co., Company's existing Auditors are to retire at the ensuing Annual General Meeting and being eligible for reappointment, they have consented to continue to be the Auditors of the Company.

BANKERS

State Bank of India, Tirupur and AXIS Bank, Coimbatore & Tirupur Branches continue to be the bankers to the Company and your Directors place on record their appreciation for their co-operation and services.

ACKNOWLEDGEMENT

Your Directors would like to express their sincere appreciation and gratitude for the cooperation and assistance from its shareholders, bankers, regulatory bodies and other business constituents during the year under review.

Your Directors also wish to place on record their deep sense of appreciation for the contribution and commitments displayed by Executives, Staff and Employees of the Company.

Place : Tirupur.
Date : 21.08.2009

for and on behalf of the Board
R.V. E. Venkatachalam
Chairman
E.V. Muthukumara Ramalingam
Managing Director
M.R. Gautham
Executive Director

1. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

(Pursuant to Clause 49 of the Listing Agreement with Stock Exchange)

A. INDUSTRY STRUCTURE AND DEVELOPMENTS:**i. An overview of Global Tourism / Hotel Industry:**

After tremendous boom in the previous years, the past year has been a difficult and challenging period for the Hotel industry. High oil prices, diminished tourism due to the global financial crisis and concerns about terrorism are factors that have laid many challenges for the Industry. The Hotel industry faced significant challenges stemming from the economic recession as both business and consumers have cut back on travel expenditure. Lack of consumer confidence and reduced money spending has also impacted leisure travel as well. As Hotel industry is inextricably linked to the Tourism industry, the growth of the Hotel industry is in tandem with the performance of Tourism industry. During the year 2008, International tourist arrivals constituted @2% growth recorded as compared with previous year 2007. Tourism demand slowed significantly through the year due to global economic crisis. According to UNWTO, the international tourism in 2009 to be in the range of flat to 2% decline.

Despite the current difficulties, the Travel & Tourism sector remains a critical economic sector worldwide and provides significant potential for economic growth and development internationally.

ii. An overview of India Tourism / Hotel Industry:

The global recessionary trend has negatively impacted the Indian Tourism industry too. Tourist arrivals in the country slowed throughout the year 2008 after rising 13 percent y-o-y from 2005-06 mainly on account of slowdown in the main source markets for India such as U.S., U.K. and Euro zone.

The recent terror attacks in Mumbai have added to the woes of Hotel industry which is already reeling under the impact of the global financial meltdown. The terror attacks at Mumbai hotels negatively impacted in other parts of the country also especially leisure tourist destinations. The global financial crisis and rising terrorist activities have brought the Indian Hotel industry growth under a cloud. Due to terror attacks in Mumbai, Indian Hotel industry has seen huge cancellation of room bookings by many foreign tourists as many countries advising their citizens to not to visit India. It is expected that the negative impact to continue to stay for a longer period of time. The slowing Tourism industry has had direct influence on the Hotel sector with a decrease in the occupancy rate and average room rates.

Despite the India is facing challenges with regard to economic slowdown and terror attacks, the tourism industry in India is sustaining and developments in the sector is taking place at a faster pace and there are good prospects in the long run. Once the normalcy in business conditions resume, the foreign tourist arrivals can reach 10 million while domestic tourists will soar 500 million in the medium term.

iii. An overview of your Hotel business:

Tirupur City has gained universal recognition as the leading source of Hosiery, Knitted Garments, Casual Wear and Sportswear and is also known as the Knitwear city of India which has a major source of foreign exchange for the country because of its exports. Business visitors from all over the country as well as from abroad visit Tirupur daily. The revenue from foreign visitors constituted over 45% of total revenues of the Hotel.

B. OPPORTUNITIES AND THREATS:

i. OPPORTUNITIES:

To overcome the impact of slowdown, the Hotel industry joined in an initiative – 'Visit India-2009' with airlines and the Union Government to attract overseas leisure tourists with discount schemes and road shows. The positive impact of that drive would begin to yield results from October, 2009.

According to IMF forecast growth of 4.7 % next year and 1.5% this year, for the emerging economics is expected. Developed economies will grow 0.6% in 2010 after shrinking 3.8% this year which will help stabilization in consumer spending, which accounts for about 70% of GDP of the developed economies. The consumer spending will be a positive impact of business prosperity of Tirupur indirectly.

The various stimulus packages announced by many governments all over the world including India alongwith eased monetary measurements provided by many central banks of various countries to mitigate recession in their countries. These measurements would drive the world economy into growth path and spurt in economic activities.

The 2 percent interest subvention extended to employment-intensive sectors including textiles up to March 2010 which may have a positive influence to the garment business growth at Tirupur.

Therefore, your company is confident of good business potential in view of above factors which would drive the company to overcome cyclical nature of the industry in near term.

ii. THREATS:

The increasing number of swine flu cases in the country is putting the Hotel industry in trouble. The global economic slow down, infusion of additional inventory and price correction in the average room rentals have also made tough for the Hotel industry in general.

While operating expenses remain stable, decline in room rates as well as occupancy levels on account of reduced travels due to economic crisis, the bottom line of the Company will be impacted negatively.

Your Hotel performance is inextricably linked to performance of export business at Tirupur which totally depends on the level of economic activity of developed economies and growth in domestic economy as well.

C. SEGMENTWISE PERFORMANCE:

The company is presently engaged in only one segment of business i.e. Hotelier. Hence the report on segment wise performance is not applicable.

D. RISKS AND CONCERNS:**i. Industry's Risks and Concerns:**

This industry in general is highly susceptible to the changes in socio-political and economic environment of the domestic and abroad. The Hotel sector is likely to suffer in terms of changes in local market environment, excess hotel room supply, reduced international or local demand for hotel rooms and associated services, changes in interest rate, the availability of finance and other natural and social factors.

In addition, Hotel industry faces risk from social-political environment, conflict between nations, threat of terrorist activities, spread of infectious diseases etc.

ii. Risks and Concerns for your Hotel:

A large part of earnings of the Company is in foreign exchange and any adverse movement in the exchange rate will affect its earnings.

The prices of most essential food items are still showing double digit increase in prices. Besides, delayed and deficient monsoon is a cause for concern. Food inflation already at elevated levels has the potential to rise further due to erratic monsoon. This would have significant pressure on profit margin to Food & Beverage front of your Hotel.

According to experts in economics and business, all developed economies after shrinking large in GDP this year will be slow in recovering as unemployment continues to be a drag on consumer spending. This may affect negatively the export business of Tirupur which is totally dependent, and leisure travel as well.

E. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The company believes that internal controls are essential ingredient towards achieving excellence in corporate governance. Accordingly, it has set adequate control systems of financial reporting, efficiency of operations and compliance with various rules, regulations etc. The Audit committee of the Board reviews the adequacy of the internal control system on regular basis and monitors on continuous basis the implementations of the internal audit recommendations. Every single cost item goes through a thorough internal audit and in several stages as well. As part of the cost control system, every single aspect of costs goes through stringent pre-expenditure checks and audits as well.

F. BUSINESS PERFORMANCE:

Results of operations for the year ended March 31, 2009

i. Revenues:

Total income marginally stood increased by 3.32% from Rs. 1147 lakhs in 2007-08 to Rs.1185 lakhs in 2008-09. Average Room Rate (ARR) which increased by 12.50% to Rs.4513/- as against Rs.4011/- for the previous year. The Occupancy fell marginally from 64 % to 59%. The F & B income was 3.26% higher than the previous year.

ii. Operating Expenses:

The total expenditure increased by 9% from Rs.800.51 lakhs in 2007-08 to Rs.873.76 lakhs in 2008-09. The increase was largely on account of increase in food articles, employee cost, power & fuel and other operating expenses.

iii. Earnings Before Interest, Depreciation, Tax

The PBIDT Rs.311.78 lakhs for the current financial year is 10% lower than Rs.346.92 lakhs in 2007-08

iv. Interest Cost:

Interest cost was lower at Rs.87.39 lakhs for the year ended March 31, 2009 as compared to Rs.107.63 lakhs in the previous year.

v. Profit Before Tax:

Profit before Extra-ordinary & Exceptional items and Tax at Rs.155.76 lakhs was lower by 10% as compared to Rs.173.37 lakhs in 2007-08

vi. Profit After Tax:

Profit after Tax for 2008-09 stood at Rs.136.76 lakhs is lower than Rs.151.77 lakhs in 2007-08. Provision for taxation is Rs.19 lakhs.

G. FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

Rs. in Lakhs

Particulars	31 st March, 2009	31 st March, 2008	31 st March, 2007	31 st March, 2006	31 st March, 2005
I OPERATING RESULTS :					
1.Total Income	1185.54	1147.43	1074.04	1008.92	927.41
2. Profit Before Interest & Depr.	311.78	346.92	292.86	282.31	225.36
3. Interest	87.39	107.63	109.83	107.52	82.12
4. Depreciation	68.63	65.92	60.86	74.66	64.24
5. Taxes	19.00	21.60	16.50	8.75	6.20
6. Net Profit After Tax	136.76	151.77	105.67	91.38	72.80
7.Dividend %	5	3	---	---	---
Dividend Amt	38.75	23.25			
Dividend Tax-	5.99	3.95			
8.ARR in Rs.	4513	4011	3579	3254	2944
9.Occup. Rate	59%	64%	67%	71%	81%
II.PERFORMANCE PARAMETERS:					
1. Share capital	775.00	775.00	775.00	775.00	775.00
2. Reserves & Surplus [Revaluation Reserve)	729.56	675.15	681.02	688.00	694.99
3.Secured & Unsecured loans	670.97	638.74	788.28	726.14	800.78
4.Fixed Assets (Gross Block	3057.71	3001.36	2943.52	2759.17	2674.42
6.Accumulated Depreciation	871.88	803.53	737.62	707.42	633.41
8. Net Current Assets	61.89	25.21	33.36	10.54	3.57

H. HUMAN RESOURCES:

The Company believes that the quality of the services by an organization is very much dependent on the quality of the people in that organization. Employees at all levels are being motivated so that they contribute to perform par excellence. It is an on-going process to improve the efficiency levels and for the attainment of optimum potential human resources, the company is making vigorous attempts through its HR policies.

In order to provide qualitative services, the Company has focused on important aspects like efficiency, prompt and quick services to its customers. Industrial relations during the period under review remained cordial.

CAUTIONARY STATEMENT:

Management Discussion and Analysis forming part of this report is in compliance with the Corporate Governance standards incorporated in the listing agreement with Stock Exchange and such statements may be "Forward looking" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions and adverse effect in weather and the tea market in Coonoor.

2. REPORT ON CORPORATE GOVERNANCE

As required by Clause 49 of the Listing Agreement with Bombay Stock Exchange Limited, a Report on Corporate Governance is furnished below:-

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Velan Hotel is committed to the highest levels of corporate governance practices, which are essential to the enhancement in the stake-holders value and for the very success of the Company. Its corporate governance practices meet stock exchange corporate governance guidelines and other regulatory requirements to ensure transparency and effective governance of the Company.

2. BOARD OF DIRECTORS

Statutory and material information are placed before the Board on quarterly basis and thus the Board discharges its responsibility in an effective manner.

a. Present Composition of Board of Directors

Sl.No.	Name of the Directors	Position	Executive / Non-Executive / Independent
1.	Sri.R.V.E.Venkatachalam	Chairman	Non-Executive
2.	Sri.E.V.Muthukumara Ramalingam	Managing Director	Executive
3.	Sri.M.R.Gautham	Executive Director	Executive
4.	Sri.P.Ganesan	Director	Non-Executive / Independent
5.	Sri.T.Gopalakrishnan	Director	Non-Executive / Independent
6.	Dr.Namasivayam Karthikeyan	Director	Non-Executive / Independent

b. Board Meetings and attendance

During the year six Board meetings were held and the gap between two meetings did not exceed four months. The Board meetings were held on 24/04/2008, 15/07/2008, 24/07/2008, 23/10/2008, 22/01/2009 and 27/02/09.

The names and categories of the Directors on the Board, the attendance at Board meetings during the year and at the last Annual General Meeting and also the number of Directorships and Committee/Chairmanships held by them in other companies and the shares held by Non-Executive Directors are given below.

Directors	Board Meetings	Audit Committee	Share Transfer/ Shareholders/ Investors Grievance Committee	Last AGM Attended (Yes/No)	No. of shares Held by Non-Executive Directors
Sri.R.V.E.Venkatachalam	6	5	37	Y	372700
Sri.E.V.Muthukumara Ramalingam	6	-	37	Y	N.A.
Sri.M.R.Gautham	6	-	-	Y	N.A.
Sri.P.Ganesan	6	5	37	Y	33050
Sri.T.Gopalakrishnan	6	5	-	Y	2500
Dr.Namasivayam Karthikeyan	-	-	-	N	NIL

There is no inter-se relationship between Directors other than Sri.R.V.E.Venkatachalam, Sri.E.V.Muthukumara Ramalingam and Sri.M.R.Gautham. Sri.R.V.E.Venkatachalam is related as father to Sri.E.V.Muthukumara Ramalingam and Grant-Father to Sri.M.R.Gautham. Similarly Sri.E.V.Muthukumara Ramalingam and Sri.M.R.Gautham are related each other as father and son respectively.

c. Directorship and Membership held in other companies

Sri.R.V.E.Venkatachalam, Sri.E.V.Muthukumara Ramalingam and Sri.M.R.Gautham are holding Directorship in Shree Vallee Enterprises Private Limited. Sri.E.V.Muthukumara Ramalingam holds a directorship in Sarju International Limited also. Sri.P.Ganesan holds Directorship in M/s.Velan Textile Private Limited. None of the other Directors hold any position in other companies.

3. CODE OF CONDUCT

- a) The Company has adopted the Code of Conduct for Directors and Senior Management. This Code of Conduct helps to maintain the standards of business conduct for the Company and ensures compliance with legal requirements by the Company. All the Board Members and Senior Management personnel have affirmed compliance with the Code.
- b) CEO/CFO Certification

CEO/CFO certification under clause 41 and 49 of the listing agreement entered by Company with stock exchange has been submitted to the Board by CEO and CFO.

4. DETAILS OF REMUNERATION PAID OR PAYABLE TO DIRECTORS DURING 2008-09

The remuneration paid / payable to Managing Director and Executive Director is provided elsewhere in the report and notes on accounts.

During the year, the Company has not paid any fees by way of sitting fees to its Executive and Non-Executive Directors towards attending the Board and Committee meetings. The outstation members of the board get reimbursement of traveling and incidental expenses incurred for attending the Board and Committee meetings in accordance with the Articles of Association of the Company.

5. AUDIT COMMITTEE

The Company has an Audit Committee with scope of activities as set out in clause 49 of the Listing Agreement with Bombay Stock Exchange Ltd read with Section 292A of the Companies Act, 1956.

a. Composition

The Audit Committee presently consists of three Non-Executive Directors viz.Sri.P.Ganesan and Sri.R.V.E.Venkatachalam and Sri.T.Goplakrishnan as Members. Sri.P.Ganesan is the Chairman of the Committee.

b. Terms of reference:

The primary objective of this committee is to monitor and provide effective supervision of the financial control and reporting process. The terms of reference of the Audit Committee are in tandem with those laid down by stock exchange regulations and the provisions of the Companies Act. In particular the Committee would review the financial reporting process, internal audit process, adequacy of internal control systems, risk management policies and management audit process. The committee would also adopt matters such as auditors report, appointment of statutory auditors and fixation of their remuneration before consideration by the Board of Directors.

c. Committee meetings

The Committee met 5 times during the year on 24/04/2008, 15/07/2008, 24/07/2008, 23/10/2008, and 22/01/2009.

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

Member	Committee meetings attended
Sri.P.Ganesan	5
Sri.R.V.E.Venkatachalam	5
Sri.T.Gopalakrishnan	5

The Chairman of the Committee Sri.P.Ganesan was present at the Annual general Meeting held on 01st September, 2008.

6. SHARE TRANSFER & SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE
a. Composition

The Share Transfer and Shareholders' /Investors' Grievance Committee which comprises of Sri.R.V.E.Venkatachalam, Sri.E.V.Muthukumara Ramlingam and Sri.M.R.Gautham.

b. Terms of reference

This committee approves transfers, deletion of the names of deceased share holders, transmission of shares, issue of duplicate share certificates, issue of fresh share certificates as a result of splitting of share certificates and encompasses formulation of shareholders'/investors' servicing policies, looking into redressal of shareholders and investors complaints viz. transfer of shares, non receipt of balance sheet, non receipt of declared dividends etc.,

c. Committee meetings

The Share Transfer & Shareholders'/Investors' Grievances Committee met 37 times in 2008-09 which approved the share transfer and reviewed the grievances/complaints received and the action taken on the grievances / complaints.

Complaints' status: 01.04.2008 to 31.03.2009

- Number of shareholders' complaints received during the period : 6
- Number not solved to the satisfaction of shareholders : Nil
- Number of pending complaints : Nil

The business transacted at the Share Transfer & Shareholders'/Investors' Grievances Committee meetings are placed before the Board regularly.

All the Member of the Committee attended all the meetings held during the year. None of the Directors have taken leave.

7. REMUNERATION COMMITTEE

a. Composition

This Committee comprises entirely of Non-Executive Directors from the Board. It presently comprises with Sri.P.Ganesan, Sri.R.V.E.Venktachalam and Sri.T.Gopalakrishnan

b. Terms of reference

The role of the Remuneration Committee is to give recommendations to the Board regarding the company's policy and specific remuneration packages of the Executive Directors including pension rights and any compensation payments.

c. Committee Meetings

The committee met whenever appointment / re-appointment of Managing Director / Executive Directors with remuneration took place in the past.

8. GENERAL BODY MEETINGS

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

Year	Location	Date	Time
2008	Regd. Office at 41, Kangayam Road, Tirupur 641 604	01 st Day of September, 2008	04.45 P.M.
2007	Regd. Office at 41, Kangayam Road, Tirupur 641 604	29 th Day of June,2007	05.00 P.M.
2006	Regd. Office at 41, Kangayam Road, Tirupur 641 604	30 th June, 2006	12.15 P.M.

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

9. DISCLOSURES

1. Disclosure on related party transactions i.e. transactions of the Company with its Promoters, Directors or the Management, Relatives, Bodies Corporate in which the Directors are interested etc., are annexed elsewhere in the Annual Report. There is no materially significant related party transaction that would have been a potential conflict with the interests of the Company at large.
2. No penalty or strictures have been imposed on the company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

3. In compliance of Clause 49(1)(B) of the Listing Agreement, it is disclosed that the Company does not have any pecuniary relationship or transactions with its Non-Executive Directors during the financial year ended 31st March, 2009.
4. The Company has scrupulously complied with all the mandatory requirements and the Company has at present not adopted the non mandatory requirements of corporate governance except for certain clauses regarding Remuneration Committee. However in line with its policy to ever improve the good corporate governance practices it is proposed to adopt all such practices in due course of time.
5. The Company does not have any Whistle Blower Policy. However no person has been denied access to the Audit Committee of the Company.

10. MEANS OF COMMUNICATION

Intimation of Board & Annual General Meetings, Quarterly results, dividend announcements, book closure/record dates are intimated to the Bombay Stock Exchange Limited where the Company's shares are listed and also published in the Newspapers either in Business Line or Trinity Mirror in English and Makkal Kural or Dinamalar in Tamil. The Annual Reports are sent by post to the shareholders. Furthermore, the Annual Reports and quarterly results are also sent to those who requested for the same.

11. GENERAL SHAREHOLDER INFORMATION

1. Annual General Meeting
 - a. Date : 24-09-2009
 - b. Time : 04.30 P.M.
 - c. Venue : Registered Office at
41 Kangayam Road, Tirupur 641 604
2. Financial Calendar :
Financial reporting for the quarter ended June 30,2009 : By July 25, 2009
Financial reporting for the quarter ending September 30,2009 : By October, 2009
Financial reporting for the quarter ending December 31,2009 : By January, 2010
Financial reporting for the quarter ending March 31, 2010 : By April, 2010
3. Date of Book Closure : 19.09.2009 to 24.09.2009 (Both days inclusive)
4. Dividend payment : Dividend recommended by the Directors, after the same is approved by the members at the Annual General Meeting will be paid to the Share Holders whose name appear on the Company's Register of Members as on 24.9.09 and for the Beneficial owners whose name appear on the closing hours of 18. 9.09 as per the details forwarded by RTA for this purpose.
5. Listing on Stock Exchange : Bombay Stock Exchange Ltd.,
& Stock code : 526755

6. Stock price data.

High / Low prices of the shares of the Company quoted during the financial year 2008-09 on Bombay Stock Exchange Ltd.

Month & Year	High (Rs.)	Low (Rs.)	Volume Traded
April 2008	15.70	10.45	73300
May 2008	15.55	13.50	70800
June 2008	14.20	10.06	22900
July 2008	13.11	8.28	39000
August 2008	13.50	11.17	53856
September 2008	14.00	10.00	37180
October 2008	12.00	7.90	127567
November 2008	9.34	6.50	50071
December 2008	8.97	6.61	7588
January 2009	9.00	6.51	21242
February 2009	7.96	6.00	9029
March 2009	7.85	6.00	28980

7. Categories of Shareholders as on 21st August, 2009 .

Category of Shareholder	No. of Shareholders	No. of shares	% of Holding
Promoters Shareholding (Indian)			
Individuals/ Hindu Undivided Family	14	4320500	55.74
Bodies Corporate	1	241500	3.12
Sub Total -A	15	4562000	58.86
Public shareholding			
Institutions			
Mutual Funds/ UTI	2	7600	0.10
Non-institutions			
Bodies Corporate	108	338758	4.37
Resident Individuals	7904	2751761	35.51
Non-Resident Indians	2	18200	0.23
Hindu Undivided Family	24	38325	0.49
OCB & Clearing Members	22	33356	0.43
Sub-Total - C	8062	3188000	41.14
GRAND TOTAL	8077	7750000	100.00

8. Registrar and Transfer Agents.

Both physical and Demat segments are handled by the Company's Registrar & Share Transfer Agent namely SKDC Consultants Ltd., New No.7, Old No.11, S.N. Layout, Street No.1, (West Power House Road), Coimbatore 641 012.

9. Share Transfer System

The share transfers are registered and returned within the stipulated time if the documents are in order.

10. Distribution of Shareholdings as on 21st August, 2009.

Range (Value)	No. of Shareholders	%held (% No. of persons)	Face value of shares (Rs.)	% held (% Value)
Up to 5000	7478	92.58	10007070	12.91
5001 to 10000	275	3.40	2228280	2.88
10001 to 20000	146	1.81	2233850	2.88
20001 to 30000	55	0.68	1381880	1.78
30001 to 40000	29	0.30	1052530	1.36
40001 to 50000	14	0.17	664000	0.88
50001 and 100000	26	0.32	1772960	2.29
100001 and above	54	0.67	58139430	75.02
TOTAL	8077	100.00	77500000	100.00

11. Demat Information as on 21.08.2009

1. No. of Shares dematerialized	: 18,81,111
2. % of Total Capital	: 24.273 %
3. No. of share certificates dematerialized	: 18,698
4. % of Total Certificates	: 52.440 %

12. Secretarial Audit

The Company gets the Secretarial Audit done by a Practicing Company Secretary for the purpose of reconciliation of the total Equity Capital with both the Depositories and in physical form with the total paid up capital as per the books. The Secretarial Audit Reports are placed before the Board of Directors on a quarterly basis and are also sent to the Bombay Stock Exchange Ltd where the Company's shares are listed.

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

No funds have been raised from public in the last three years.

14. 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.



15. Location of the Hotels

: 1. Velan Hotel Greenfields
41 Kangayam Road
Tirupur 641 604

2. Velan Hotel Ritz
Ritz Road
Coonoor - 643 101

15. Location of the Restaurants

: 1. Velan Uthara Restaurant
Avanashi Road,
Behind IDBI Bank Ltd
Tirupur 641 602

2. The Velan Food Park
Ram Nagar
Coimbatore 641 009

15. Address for correspondence

: Velan Hotels Limited
41 Kangayam Road
Tirupur 641 604
Tamil Nadu
Phone 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

16. Compliance Officer

: Mrs.R.Lalitha, Manager – Accounts

Place : Tirupur.
Date : 21.08.2009

for and on behalf of the Board
R.V. E. Venkatachalam
Chairman

ANNUAL CERTIFICATION BY MANAGING DIRECTOR PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT

As the Managing Director of Velan Hotels Limited and as required pursuant to Clause 49 of the Listing Agreement, I hereby declare and certify that all the Board Members and Senior Management Personnel of Velan Hotels Limited have affirmed compliance with the Code of Conduct adopted by the Company for the year 2008-09.

For and on behalf of the Board.

E.V.Muthukumara Ramalingam
Managing Director

P.S.KRISHNAN & CO
Chartered Accountants

55, Universal Road,
Tirupur 641 601
Phones : 2201912, 13 & 14

COMPLIANCE CERTIFICATE FROM THE AUDITORS OF THE COMPANY

The Board of Directors,
M/s. Velan Hotels Limited,
41, Kangayam Road,
Tirupur.

We have reviewed the implementation of Corporate Governance procedures by M/s .Velan Hotels Limited, during the year ended 31st March 2009 with the relevant records and documents maintained by the company, furnished to us for our review and the report of Corporate Governance as approved by the Board of Directors.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

We have conducted our review on the basis of the relevant records and documents maintained by the company and furnished to us for the review and the information and explanations given to us by the company.

Based on such a review, in our opinion, the company has complied with the conditions of the Corporate Governance, as stipulated in Clause 49 of the Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that based on the reports given by the Registrars of the Company to the Investors Grievances Committee, as on March 31, 2009, there were no investor grievance matters against the Company remaining unattended / pending for more than 30 days.

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

Place: Tirupur
Date : 21.08.2009

for P.S.Krishnan & Co
(G.Krishnamurthi)
Partner
Chartered Accountants
(Membership No: 23896)



P.S.KRISHNAN & CO
Chartered Accountants

55, Universal Road,
Tirupur 641 601
Phones : 2201912, 13 & 14

AUDITOR'S REPORT

To
The Members of Velan Hotels Ltd.,
Tirupur.

We have audited the attached Balance Sheet of M/s. **VELAN HOTELS LIMITED, TIRUPUR** as at 31st March, 2009 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
- (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- (iv) In our opinion and subject to our remarks as contained above, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred in the Companies Accounting Standard Rules 2006 read with Section 211 (3C) of the Companies Act, 1956;
- (v) In our opinion, and based on information and explanations given to us, none of the directors is disqualified as on 31st March 2009 from being appointed as directors in terms of Clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vi) Attention is invited to Note No: 14 of the Notes forming part of the accounts in respect non-disclosure of information required under Micro, Small and Medium Enterprises Development Act, 2006.
- (vii) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the Significant Accounting Policies and other Notes thereon, give subject to clause (vi) above the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :-
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
 - (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (c) in the case of Cash Flow Statement, of the cash flow for the year ended on that date.

Place: Tirupur
Date : 21.08.2009

for P.S.Krishnan & Co
(G.Krishnamurthi)
Partner, Chartered Accountants
(Membership No: 23896)

PS. KRISHNAN & CO
Chartered Accountants

55, Universal Road,
Tirupur 641 601
Phones :2201912, 13 & 14

Annexure Referred to in Paragraph No.3 of our Report of even date.

- (i) (a) In respect of Fixed Assets :
- (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of Fixed Assets.
- (b) The Fixed Assets have been physically verified by the management at reasonable intervals and we are informed that no material discrepancies have been noticed on such verification.
- © During the year, there is no disposal of any substantial portion of Fixed Assets of the Company.
- (ii) (a) In respect of Inventories :
- (a) The stock of stores, provisions, crockeries, beverage, etc., have been physically verified by the management at reasonable intervals during the year.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The company is maintaining proper records of inventory and no material discrepancies have been noticed on physical verification of inventory as compared to book records.
- (iii) (a) The Company has not granted any loan to companies, firms or other parties listed in the Register maintained u/s 301 of the Companies Act, 1956. and hence the provisions of clause 4(iii)(b),(c)&(d) are not applicable.
- (b) The company has taken loans (unsecured) from companies, firms, or other parties covered in the Register maintained u/s 301 of the Act.
- 1) No. of Parties : 4
- 2) Aggregate amount : Rs. 191.05 Lakhs
- © In our opinion, the rate of interest and other terms and conditions are not prima facie prejudicial to the interest of the company.
- (d) The company is regular in the payment of both the principal and the interest.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of Inventory and Fixed Assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts and arrangements that need to be entered in the register maintained u/s 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions, during the year made in pursuance of contracts or arrangements entered in the Register maintained u/s 301 of the Companies Act, 1956, are at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The company has not accepted any deposit from the public and hence clause 4(vi) of the Order is not applicable.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Central Government has not prescribed the maintenance of cost records for the products of the company u/s 209(1)(d) of the Companies Act, 1956.

- (ix) In respect of statutory dues:
- (a) **The company is regular in depositing the undisputed statutory dues including Income tax, Sales tax, Wealth tax, Service tax, Customs Duty and Cess and other statutory dues with appropriate authorities, except small delays in remittance of Provident Fund and Employees State Insurance.**
- (b) In our opinion and according to the information and explanations given to us, there are no disputed statutory dues including Income tax, Sales tax, Wealth tax, Service tax, Customs Duty and Cess as at the year end.
- (x) The company has not incurred cash losses in the Financial Year covered by our audit and in the immediately proceeding Financial Year.
- (xi) The Company has not defaulted in repayment of dues to M/S.AXIS Bank Limited & State Bank of India .
- (xii) In our opinion and according to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a Chit Fund or a Nidhi/Mutual Fund/Society and therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order 2003 are not applicable to the company.
- (xiv) In our opinion and according to the information and explanations given to us, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order 2003 are not applicable to the company.
- (xv) In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks/financial institutions during the year.
- (xvi) During the year new term loans have been used for the purpose for which the loan is availed.
- (xvii) In our opinion and according to the information and explanations given to us and also on an overall examination of the Balance Sheet of the Company, the funds raised during the year on short term basis have not been used for long term investments.
- (xviii) In our opinion and according to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and Companies covered in the Register maintained under section 301 of the Companies Act, 1956, during the year.
- (xix) The company has not issued any debentures and hence clause 4(xix) of the Companies (Auditor's Report) Order 2003, is not applicable to the company.
- (xx) During the year, the company has not raised any money by way of public issue
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been reported during the year.

Place: Tirupur
Date : 21.08.2009

for P.S. Krishnan & Co
(G.Krishnamurthi)
Partner
Chartered Accountants
(Membership No: 23896)

BALANCE SHEET AS AT 31.03.2009

PARTICULARS	SCH NO.	2008-09 Rs	2007-08 Rs
I. SOURCES OF FUNDS			
i). SHARE HOLDERS FUNDS			
a) Share Capital	1	7,75,00,000	7,75,00,000
b) Reserves & Surplus	2	7,29,55,861	6,75,14,647
ii) LOAN FUNDS			
a) Secured Loans	3	4,79,92,505	2,99,73,714
b) Unsecured Loans	4	1,91,04,723	3,39,01,102
iii) DEFERRED TAX LIABILITY			
	5	1,91,85,526	1,36,40,283
TOTAL		23,67,38,615	22,25,29,746
II. APPLICATION OF FUNDS			
A. FIXED ASSETS			
	6		
Gross Block		30,57,70,659	30,01,36,443
Less: Depreciation		8,71,87,831	8,03,53,333
Capital Work in Progress		1,19,66,561	2,24,720
Net Block		23,05,49,389	22,00,07,830
B. INVESTMENTS			
C. CURRENT ASSETS, LOANS & ADVANCES			
A. CURRENT ASSETS			
a) Inventories	7	51,28,163	49,98,040
b) Sundry Debtors	8	16,58,354	18,70,255
c) Cash & Bank balances	9	9,98,829	28,96,700
d) Loans & Advances	10	1,94,56,934	94,68,487
Sub Total (A)		2,72,42,280	1,92,33,482
Less : Current Liabilities & Provisions			
a) Current Liabilities	11	1,04,84,944	85,23,432
b) Provisions	12	1,05,68,110	81,88,134
Sub Total (B)		2,10,53,054	1,67,11,566
NET CURRENT ASSETS (A-B)		61,89,226	25,21,916
TOTAL		23,67,38,615	22,25,29,746
Notes on Accounts	24		
Accounting Policies	25		

"Schedules 1 to 25 form part of Annual Accounts"

"As per our report of even date"

for **P.S. KRISHNAN & Co**

G. Krishnamurthi

Partner

Chartered Accountants

Place : Tirupur

Date : 21.08.2009

For and on behalf of the Board

R.V.E. Venkatachalam

Chairman

E.V. Muthukumara Ramalingam

Managing Director

M.R. Gautham

Executive Director

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31.03.2009

PARTICULARS	SCHEDULE NO.	2008-09 Rs	2007-08 Rs
INCOME			
Sales / Receipts	14	11,78,61,847	11,40,33,729
Other Income	15	6,92,692	7,09,588
Total		11,85,54,539	11,47,43,317
EXPENDITURE			
Consumption of Provisions & Supplies	16	2,65,65,567	2,52,29,002
Housekeeping & Laundry	17	34,70,320	33,10,106
Power & Fuel	18	2,03,82,696	1,75,50,820
Repairs & General Maintenance	19	91,53,257	1,05,25,296
Employees' Cost	20	1,81,12,395	1,53,84,876
Administrative & Selling Expenses	21	96,92,508	80,51,539
Interest	22	87,38,635	1,07,62,976
Depreciation	23	68,62,556	65,91,538
Total		10,29,77,934	9,74,06,153
Profit Before Tax		1,55,76,605	1,73,37,164
Provision for Tax		19,00,000	21,60,000
Profit After Tax		1,36,76,605	1,51,77,164
Profit / Loss brought forward		1,12,006	-60,18,812
Profit Available for Appropriation		1,37,88,611	91,58,352
Depn. on revaluation recouped		6,98,864	6,98,864
MAT Entitlement		18,40,000	21,00,000
		1,63,27,475	1,19,57,216
Deferred Tax		55,45,243	76,70,167
Short Provision Towards taxation / Expenses		56,460	14,54,909
Proposed Dividend		38,75,000	23,25,000
Tax on Proposed Dividend		5,98,688	3,95,134
Surplus Transferred to Balancesheet		62,52,084	1,12,006
		1,63,27,475	1,19,57,216
Earning Per Share - Basic (Vide Note No. 17 of Notes on Accounts)		1.76	1.96
Notes on Accounts	24		
Accounting Policies	25		

"Schedules 1 to 25 form part of Annual Accounts"

"As per our report of even date"

for **P.S. KRISHNAN & Co**

G. Krishnamurthi

Partner

Chartered Accountants

Place : Tirupur

Date : 21.08.2009

For and on behalf of the Board

R.V.E. Venkatachalam

Chairman

E.V. Muthukumara Ramalingam

Managing Director

M.R. Gautham

Executive Director

**SCHEDULES ANNEXED TO AND FORMING PART OF THE ANNUAL ACCOUNTS
FOR THE YEAR ENDED 2008 - 2009**

PARTICULARS	2008 - 2009 Rs.	2007 - 2008 Rs.
SCHEDULE : 1		
SHARE CAPITAL		
Authorised:		
8500000 Equity Shares of Rs.10/ each	8,50,00,000	8,50,00,000
Issued, Subscribed, Called up & Paid up :		
7750000 Equity Shares of Rs.10/- each fully called up and paid up	7,75,00,000	7,75,00,000
SCHEDULE : 2		
RESERVES & SURPLUS		
Revaluation Reserve	7,16,83,901	7,16,83,901
(Reserves created out of revaluation of Land & Building situate at Tirupur)		
Less : Depreciation on Revalued Assets	49,80,124	42,81,260
	6,67,03,777	6,74,02,641
Balance in Profit & Loss Account	62,52,084	1,12,006
	7,29,55,861	6,75,14,647
SCHEDULE : 3		
SECURED LOANS		
i) FROM BANKS		
a) Axis Bank - Term Loan	--	2,37,53,999
b) Axis Bank Loan - working capital loan	--	47,11,374
c) SBI - Term Loan	4,23,99,899	--
d) SBI - working capital loan	44,67,752	--
e) Interest accrued but not due	--	1,33,591
ii) OTHERS		
a) Sundaram Auto Finance	11,24,854	13,74,750
	4,79,92,505	2,99,73,714
SCHEDULE : 4		
UNSECURED LOANS		
From Managing Director	20,38,684	32,43,346
From Directors	15,00,275	6,01,832
Inter Corporate Deposit	1,50,00,000	3,00,00,000
Interest accrued and due	5,65,764	55,924
	1,91,04,723	3,39,01,102
SCHEDULE : 5		
DEFERRED TAX LIABILITY		
Opening Balance	1,36,40,283	59,70,116
For the year	55,45,243	76,70,167
	1,91,85,526	1,36,40,283

**SCHEDULE-6
FIXED ASSETS**

PARTICULARS	COST			DEPRECIATION					NET VALUE	
	As On	ADDITIONS	DEDUCTIONS	As On	Upto	FOR	WITH-	Upto	As On	As On
	01.04.2008			31.03.2009	31.03.2008	THE YEAR	DRAWN	31.03.2009	31.03.2008	31.03.2009
LAND	4,91,11,900			4,91,11,900					4,91,11,900	4,91,11,900
BUILDING	16,96,22,275	28,49,686		17,24,71,961	2,95,33,079	27,74,493*		3,23,07,572	14,00,89,196	14,01,64,389
PLANT & MACHINERY	6,31,76,032	21,09,658	36,000	6,52,49,690	3,91,46,332	33,31,393	28,058	4,24,49,667	2,40,29,700	2,28,00,023
FURNITURE & FITTINGS	1,32,85,108	28,658		1,33,13,766	1,03,58,190	3,22,258		1,06,80,448	29,26,918	26,33,318
VEHICLES	49,41,128	6,82,214		56,23,342	13,15,732	4,34,412		17,50,144	36,25,396	38,73,198
TOTAL	30,01,36,443	56,70,216	36,000	30,57,70,659	8,03,53,333	68,62,556	28,058	8,71,87,831	21,97,83,110	21,85,82,828
Capital WIP									2,24,720	1,19,66,561
									22,00,07,830	23,05,49,389

* Includes Depreciation on Revalued Assets Rs. 698864


**SCHEDULES ANNEXED TO AND FORMING PART OF THE ANNUAL ACCOUNTS
FOR THE YEAR ENDED 2008 - 2009**

PARTICULARS	2008 - 2009 Rs.	2007 - 2008 Rs.
SCHEDULE : 7 INVENTORIES		
(Valued at cost or market price whichever is lower and as certified by the Management)		
Provisions & Supplies	51,28,163	49,98,040
	-----	-----
	51,28,163	49,98,040
	-----	-----
SCHEDULE : 8 SUNDRY DEBTORS		
A. DEBTS DUE FROM CONCERNS IN WHICH DIRECTORS/ THEIR RELATIVES ARE INTERESTED	0	0
B. OTHERS		
i. Outstanding for a period exceeding six months	2,08,966	1,38,106
ii. Others	14,49,388	17,32,149
	-----	-----
	16,58,354	18,70,255
	-----	-----
SCHEDULE : 9 CASH & BANK BALANCES		
Cash in Hand	4,43,463	23,45,325
Balance with Scheduled Banks		
In Current account	5,45,366	1,29,653
In Fixed Deposit	10,000	4,21,722
	-----	-----
	9,98,829	28,96,700
	-----	-----
SCHEDULE :10 LOANS & ADVANCES		
(Unsecured-considered good)		
(Advances recoverable in cash or in kind or for value to be received)		
Excise Duty Refund Receivable	--	62,157
Income Receivable	33,600	33,600
Advance Payment of Tax	29,97,666	25,17,006
MAT Entitlement	53,90,000	35,50,000
Other Advances	82,20,013	8,56,133
Prepaid Expenses	8,81,350	6,79,012
Deposits	19,34,305	17,70,579
	-----	-----
	1,94,56,934	94,68,487
	-----	-----


**SCHEDULES ANNEXED TO AND FORMING PART OF THE ANNUAL ACCOUNTS
FOR THE YEAR ENDED 2008 - 2009**

PARTICULARS	2008 - 2009 Rs.	2007 - 2008 Rs.
SCHEDULE : 11		
CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors	56,38,092	48,78,706
Other Current Liabilities	33,70,927	22,31,994
Statutory Liabilities	13,70,405	12,99,937
Advance / Progress Payments from Customers	1,05,520	1,12,795
	1,04,84,944	85,23,432
SCHEDULE : 12		
PROVISIONS		
Provision for Taxation-Income Tax and FBT	42,10,000	38,10,000
Proposed Dividend	41,87,421	23,25,000
Provision for Gratuity & Leave Wages	13,72,001	14,58,000
Provision for Bonus	2,00,000	2,00,000
Tax on Dividend Distributable	5,98,688	3,95,134
	1,05,68,110	81,88,134
SCHEDULE : 13		
PRIOR YEAR ADJUSTMENTS		
INCOME		
	-----	-----
(A)	-----	-----
EXPENSES		
Short provision towards Taxation	56,460	27,909
Short provision towards Expenses	--	14,27,000
	56,460	14,54,909
(B)	56,460	14,54,909
(A)-(B)	-56,460	-14,54,909
SCHEDULE : 14		
SALES / RECEIPTS		
Guest Accommodation (TDS Rs. 92236 / L.Y Rs.52654)	6,92,03,542	6,57,15,492
Food & Beverages	3,43,61,112	3,32,75,073
Healthclub	5,658	5,270
Income on Taxi Hire - Audi Car	5,62,028	4,10,958
Swimming Pool Income	7,18,490	10,44,080
Service Charges	11,65,551	19,33,955
Laundry Receipts	2,57,220	2,48,684
Telephone Charges Receipts	16,68,096	43,18,842
Liquor	99,20,150	70,81,375
	11,78,61,847	11,40,33,729


**SCHEDULES ANNEXED TO AND FORMING PART OF THE ANNUAL ACCOUNTS
FOR THE YEAR ENDED 2008 - 2009**

PARTICULARS	2008- 2009 Rs.	2007 - 2008 Rs.
SCHEDULE : 15		
OTHER INCOME		
Interest Receipts(TDS Rs.16,398/- L.Y. Rs.21,316/-)	96,535	95,687
Sundry Receipts	5,96,157	6,13,901
	-----	-----
	6,92,692	7,09,588
	-----	-----
SCHEDULE : 16		
CONSUMPTION OF PROVISIONS & SUPPLIES		
Opening Stock	49,98,040	49,93,119
Purchases	2,66,95,690	2,52,33,923
	-----	-----
	3,16,93,730	3,02,27,042
Less : Closing Stock	51,28,163	49,98,040
	-----	-----
	2,65,65,567	2,52,29,002
	-----	-----
SCHEDULE : 17		
HOUSEKEEPING & LAUNDRY		
Housekeeping Expenses	28,18,218	29,58,355
Laundry Expenses	6,52,102	3,51,751
	-----	-----
	34,70,320	33,10,106
	-----	-----
SCHEDULE : 18		
POWER & FUEL		
Electricity Charges	69,39,463	74,91,813
Diesel & Lubricants	46,55,805	29,78,593
Fire Wood	43,84,407	32,89,816
Gas	27,98,300	26,93,331
Carriage Inward	1,87,741	1,58,072
Charcoal	4,22,550	3,42,075
Water	9,94,430	5,97,120
	-----	-----
	2,03,82,696	1,75,50,820
	-----	-----
SCHEDULE : 19		
REPAIRS & GENERAL MAINTENANCE		
Buildings	26,01,944	36,84,622
Machinery	61,18,877	64,77,316
Others	4,32,436	3,63,358
	-----	-----
	91,53,257	1,05,25,296
	-----	-----

**SCHEDULES ANNEXED TO AND FORMING PART OF THE ANNUAL ACCOUNTS
FOR THE YEAR ENDED 2008 - 2009**

PARTICULARS	2008 - 2009 Rs.	2007 - 2008 Rs.
SCHEDULE : 20		
EMPLOYEES COST		
Managerial Remuneration	8,01,000	7,65,000
Salary & Wages	1,48,85,689	1,22,10,471
Stipend	64,160	55,146
Bonus & Exgratia	5,84,020	6,98,868
Gratuity & Leave Salary	1,73,815	2,20,037
Staff Welfare Expenses	6,11,260	3,78,965
Contribution to Statutory Funds	9,92,451	10,56,389
	1,81,12,395	1,53,84,876
SCHEDULE : 21		
ADMINISTRATIVE & SELLING EXPENSES		
Advertisement	3,86,839	3,09,746
Telephone Charges	9,09,606	11,17,476
Printing & Stationery	8,16,857	8,45,872
Miscellaneous Expenses	5,83,154	4,47,082
Postage & Telegrams	1,72,435	1,18,714
Periodicals & Newspapers	1,42,353	1,52,921
Discount	3,79,611	3,86,250
Donations	1,500	2,500
Professional Fees	1,00,000	28,090
Rent	5,57,943	2,53,440
Rates & Taxes, Legal Fees	17,50,661	12,50,269
Travelling & Conveyance	12,27,951	10,88,622
Insurance	3,17,080	3,96,115
Pooja Expenses	1,53,301	1,09,770
Subscription	22,810	20,025
Remuneration to Auditors		
Statutory Audit	40,000	35,000
Tax Audit	15,000	10,000
Taxation Matters	20,000	20,000
Certification Work	26,500	19,500
Others & Service Tax	38,058	9,263
Internal Audit Fees	87,500	60,000
Loss on sale of Asset	2,942	--
Share Transfer Expenses	1,57,506	1,21,306
Business Promotion Expenses	4,09,818	4,32,739
Vehicle Running Expenses	8,49,288	6,81,947
Watch & Ward	5,23,795	1,34,892
	96,92,508	80,51,539
SCHEDULE : 22		
INTEREST		
Banks:		
Term Loans	38,32,892	44,82,680
Working Capital Loan	3,54,969	4,44,691
Bank Charges	21,38,955	18,14,514
Financial Charges	1,20,917	1,20,917
Other Interest	22,90,902	39,00,174
	87,38,635	1,07,62,976

**SCHEDULES ANNEXED TO AND FORMING PART OF THE ANNUAL ACCOUNTS
FOR THE YEAR ENDED 2008 - 2009**

PARTICULARS	2008 - 2009 Rs.	2007 - 2008 Rs.
SCHEDULE : 23 DEPRECIATION		
Building	27,74,493	27,14,483
Plant & Machinery	33,31,393	30,35,551
Vehicles	4,34,412	4,02,356
Furniture & Fittings	3,22,258	4,39,148
	-----	-----
	68,62,556	65,91,538
	-----	-----

**SCHEDULE : 24
NOTES ON ACCOUNTS**

1. Estimated amount of the contracts remaining to be executed on capital account and not provided for : N.A. (Previous Year Not Ascertainable)
2. Contingent Liabilities not provided for in the books of accounts Rs.Nil. (Previous year Rs. 150000)
3. a) Depreciation is provided under straight line method on Fixed Assets on a pro-rata basis at the rates specified in Schedule XIV to the Companies Act, 1956.
b) Depreciation on assets revalued is calculated on its revalued figure on Straight Line Method at the rates specified in Schedule XIV to the Companies Act, 1956.
4. Expenditure on Employees who are in receipt of Remuneration of not less than Rs. 24,00,000/- per annum (previous year Rs. 24,00,000/- per annum) when employed through out the year or Rs. 2,00,000/- per month (previous year Rs. 2,00,000/- per month) when employed for part of the year is nil (previous year Rs. Nil.)
5. Previous year figures have been regrouped and/or reclassified wherever necessary.
6. The figures have been rounded off to the nearest rupee.
7. Balances in Sundry Debtors, Creditors and Loans & Advances are subject to confirmation and reconciliation and are stated at the book balance thereof.
8. In the opinion of the Management, the Current Assets, Loans & Advances will fetch the amount as stated, if realized in the ordinary course of its business.
9. Additional information pursuant to the paragraphs 3 & 4 of the Part II of Schedule VI of the Companies, Act, 1956
 - l) In line with the order of Department of Company Affairs order (No. 46/165/2008-CL-III date 31.03.2009) under section 211 (4) of the Companies Act, 1956, quantitative details of turnover, opening and closing stock, purchase, production and consumption have not been furnished.

ii) Income of the Company includes the following:

Particulars	2008-09 Rs.	2007-08 Rs.
Guest Accommodation	6,92,03,542	6,57,15,492
Food & Beverage	3,43,61,112	3,32,75,073
Wine & Liquor	99,20,150	70,81,375
Telephone Receipts	16,68,096	43,18,842
Others	34,01,639	43,52,535
	-----	-----
	11,85,54,539	11,47,43,317
	-----	-----
i) Opening Stock		
Provisions & Supplies	48,05,850	49,32,733
Wine & Liquor	1,92,190	60,386
	-----	-----
	49,98,040	49,93,119
	-----	-----
ii) Closing Stock		
Provisions & Supplies	49,51,196	48,05,850
Wine & Liquor	1,76,967	1,92,190
	-----	-----
	51,28,163	49,98,040
	-----	-----
iii) Consumption		
Provisions & Supplies	2,34,83,274	2,26,67,472
Wine & Liquor	30,82,293	25,61,530
	-----	-----
	2,65,65,567	2,52,29,002
	-----	-----

iv) Break-up of Consumption of Provisions and Stores & Supplies into Imported and indigenous.

	2008-09		2007-08	
	Value Rs.	Percentage %	Value Rs.	Percentage %
Provisions & Supplies				
Imported	Nil	Nil	Nil	Nil
Indigenous	2,65,65,567	100%	2,52,29,002	100%

10. Term Loans
1. State Bank of India

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 entire current assets of the Company. The loan is also personally guaranteed by the Chairman, Managing Director & Executive Director of the company.

2. Sundaram Finance Limited

Secured by way hypothecation of Vehicle of the Company.

11. Working Capital Loans
State Bank of India

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 entire current assets of the Company. The loan is also personally guaranteed by the Chairman, Managing Director & Executive Director of the company.

- | | | |
|---|------------------|------------------|
| 12. Earning in Foreign Exchange
(As reported by the management to the Department of Tourism but not Verified by the Auditors) | Rs. 501.38 Lakhs | Rs. 482.23 Lakhs |
| 13. CIF Values of imports | | |
| Capital Goods | Nil | Nil |
| Others | Nil | Nil |
14. The Company is in the process of compiling relevant information from its suppliers about their coverage under the Micro, Small and Medium Enterprises Development Act, 2006. Since the relevant information is not readily available, no disclosures have been made in these Financial Statements. However, in the considered view of the management and as relied upon by the auditors, impact of interest, if any that may be payable in accordance with the provisions of this Act is not expected to be material.
15. A sum of Rs.546000/- has been paid to Sri E.V.Muthukumararamlingam, Managing Director of the company as remuneration and a sum of Rs.255000- has been paid to Sri. M.R. Gautham, Director of the company as remuneration.
16. During the year a sum of Rs.18,40,000/has been provided in the books of accounts towards income tax after taking into consideration the provisions of Section 115JB of the Income tax Act. and Rs. 60,000/- towards Fringe Benefit Tax.
17. Earning per share
- (a) Basic earnings per share are calculated by dividing the net profit attributable to the share holders by the weighted average number of ordinary shares outstanding during the year.



(b) The following reflects the income and share data used by the company for this calculation of basic earnings per share :-

		<u>31.03.2009</u> Rs.	<u>31.03.2008</u> Rs.
Net Profit for the year		1,55,76,604	1,73,37,164
Net Profit for the year attributable to equity share holders	(A)	1,36,76,604	1,51,77,164
No. of equity shares (In Numbers)	(B)	77,50,000	77,50,000
Earnings per share		1.76	1.96
Nominal value per share		10/-	10/-

18. Net Deferred Tax in respect of the year ending 31st March 2009 debited to Profit and Loss Account and Net Deferred Tax Liability as on 31st March, 2009 are computed as below :

A. DEFERRED TAX LIABILITY

S.No	Particulars	Opening Balance	Provided during the year	Closing Balance
1.	Depreciation on account of difference in Depreciation under Income tax and books of accounts	266.51	1.03	267.54
	TOTAL (A)	266.51	1.03	267.54

B. DEFERRED TAX ASSETS

S.No	Particulars	Opening Balance	Reversed during the year	Closing Balance
1.	Unabsorbed Depreciation	130.11	54.43	75.68
	TOTAL (B)	130.11	54.43	75.68
	Net Deferred Tax Liability (A-B)	136.40	55.46	191.86

19. The Company is exclusively engaged in the business of Hoteliering. This, in context of Accounting Standard 17 on segment reporting issued by The Institute of Chartered Accountants of India (ICAI) is considered to constitute one single primary segment and accordingly no segment information as required under Accounting Standard 17 is furnished.

20. Related Party Transactions

The following are the transactions with related parties in terms of Accounting Standard 18 issued by the ICAI.

(Amount in Lakhs)

Sl. No.	Name of the Party	Relation Ship	Nature of Transaction	Amount	Amt. out- Standing as on 31.03.09	Amount W/Off or W/Back during the period
1.	E.V.Muthu Kumara Ramalingam	Key Management Personnel	Remuneration	5.46	Nil	Nil
2.	M.R.Gautham	Key Management Personnel	Remuneration	2.55	Nil	Nil
3.	Shree Vallee Enterprises P. Ltd	Associated Concern	Interest	22.77	5.65	Nil
4.	Shree Vallee Enterprises P. Ltd	Associated Concern	Finance Receipts	Nil	150.00	150.00
5.	E.V.Muthu Kumara Ramalingam	Key Management Personnel	Finance Receipts	Nil	20.38	Nil
			Finance Repayments	49.44		

21. Schedules 1 to 25 from an integral part of annual accounts.

SCHEDULE: 25
SIGNIFICANT ACCOUNTING POLICIES
1. Basis of Presentation

The Financial statements have been prepared under the historical cost convention, on an accrual basis and in accordance with generally accepted accounting Principles generally accepted in Indian (Indian GAAP) and comply with mandatory Accounting Standards notified by the Central Government of India under the Companies (Accounting Standard) Rules 2006 and the relevant provisions of the Companies Act,1956 to the extent applicable except for certain fixed assets which have been revalued. The accounting is on the basis of a going concern concept.

2. Revenue Recognition

Income from guest accommodation is recognized on a day to day basis after the guest checks into the hotel. Sale of food and beverage is recognized at the point of serving those items to the guest. Sales exclude amount recovered towards taxes.

3. Effects on changes in Foreign Exchange Rates

The bills for room accommodation and services rendered are raised in India rupees. The payments received in Foreign Exchange against these bills are credited and accounted for at the rate / rates prevailing on the date of receipt . The gains / losses arising out of fluctuation in the exchange rates are accounted for in the books of account.

4. Fixed Assets

Fixed Assets are stated at historical cost of acquisition, which is inclusive of freight, installation charges and other incidental expenses or at revalued amounts wherever such assets have been revalued.

5. Depreciation

- (a) Depreciation is provided under straight line method on assets on pro-rata basis at the rates specified in Schedule XIV to the Companies Act, 1956.
- (b) Depreciation on assets revalued in the year is calculated on its revalued figure on Straight Line Method at the rates specified in Schedule XIV to the Companies Act, 1956. The additional charge of depreciation on account of revaluation is deducted from revaluation reserve and credited to the Profit and Loss Account.

6. Valuation of Inventory

Food & Beverages and Stores & Spares are valued at cost or net realizable value. Cost Includes all direct costs and applicable overheads to bring the goods to the present location and condition. Wherever the net realizable value is less than such cost, the net realizable value is adopted for valuation.

7. Employee Benefit**1. Defined Contribution Plan**

Contributions to Provident and Other Statutory Funds are recognized in the Profit & loss account.

2. Defined Benefit Plan

Company's liabilities towards gratuity and leave encashment are determined on actuarial valuation basis. Obligation is measured at the year end as present value of future cash flows using a discounted rate.

8. Contingencies and events occurring after the date of Balance Sheet

Events, where material, occurring after the date of the balance sheet are considered up to the date of approval of accounts.

9. Contingent liabilities

Contingent liabilities are not provided for in the books of accounts. However these have been disclosed by way of a note.

10. Net Profit for the period, Prior period items and changes in Accounting policies

Prior period adjustments and extraordinary items having material impact on the financial affairs of the Company are disclosed separately.

11. Borrowing Cost

Borrowing costs are capitalised as part of qualifying fixed assets when it is possible that they will result in future economic benefits. Other borrowing costs are expensed.

12. Cash Flow Statement

Cash Flow Statement has been prepared in accordance with the indirect method prescribed in Accounting Standards -3 Cash Flow Statement.


CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31.03.2009

	<u>2008-2009</u>		<u>2007-2008</u>	
	Rs.		Rs.	
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net profit for the year		1,55,76,605		1,73,37,164
Add : Extra ordinary items				
Short provision towards expenses	0		0	
Addl. depreciation on revaluation reserve	6,98,864		6,98,864	
Loss on sale of Assets	2,942	7,01,806		6,98,864
		1,62,78,411		1,80,36,028
Less : Extra ordinary items		0		0
Short Provisions towards Expenses & Taxation	56,460		14,54,909	
Profit on sale of Assets	0	56,460	0	14,54,909
Net Profit before tax and extra ordinary items		1,62,21,951		1,65,81,119
<u>Adjustments for:</u>				
Depreciation	61,63,692		58,92,674	
Interest	87,38,634		1,07,62,976	
Misc expenditure		1,49,02,326	0	1,66,55,650
Operating profit before working capital changes		3,11,24,277		3,32,36,769
<u>Adjustments for :</u>				
Trade & other receivables	2,11,901		6,13,882	
Inventories	-1,30,123		-4,921	
Loans and advances	-77,55,007		29,371	
Trade payables	23,35,327	-53,37,902	8,03,710	14,42,042
		2,57,86,375		3,46,78,811
Interest paid		87,38,635		1,07,62,976
Direct Tax paid		18,93,439		18,09,733
Dividend Tax paid		3,95,134		0
Dividend Paid		20,12,579		0
Gratuity & Leave Wages, Bonus Paid		4,59,814		0
Net cash from operating activities		1,22,86,774		2,21,06,102
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed assets	1,74,12,057		55,54,448	
Sale of Fixed assets	5,000		0	
Net cash used in Investing activities		-1,74,07,057		-55,54,448
		-51,20,283		1,65,51,654
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Proceeds from Cash credit	2,43,622		-6,86,277	
Availment of term loan	-1,85,12,309		1,22,75,338	
Availment of other finance	2,49,896		6,85,503	
Availment of unsecured loans	1,47,96,379		28,72,342	
Net cash used in financing activities		32,22,412		-1,51,46,906
Net increase in cash & cash equivalents.(A+B+C)		-18,97,871		14,04,748
Cash & cash equivalents at the beginning of the year		28,96,700		14,91,952
Cash & cash equivalents at the end of the year		9,98,829		28,96,700

"Schedules 1 to 25 form part of Annual Accounts"

"As per our report of even date"

for **P.S. KRISHNAN & Co**

G. Krishnamurthi

Partner

Chartered Accountants

Place : Tirupur

Date : 21.08.2009

For and on behalf of the Board

R.V.E. Venkatachalam

Chairman

E.V. Muthukumara Ramalingam

Managing Director

M.R. Gautham

Executive Director

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I. Registration Details:**

Registration No. 1 8 1 - 2 6 5 3 State Code. 1 8
Balance Sheet Date. 31 03 2009

II. Position Raised During the Year (Amount In Rs. Thousands)

Public Issue	Right Issue
NIL	NIL
Bonus Issue	Private Placement
NIL	NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	Total Assets
257792	257792

Sources of Funds:

Paid-up Capital	Reserves & Surplus
77500	72956
Secured Loans	Unsecured Loans
47992	19105
	DTL
	19186

Application of Funds:

Net Fixed Assets	Investments
230549	NIL
Net Current Assets	Misc. Expenditure
6189	NIL
Accumulated Losses	
Nil	

IV. Performance of the Company (Amount in Rs. Thousands)

Turnover	Total Expenditure
117862	102285
Profit before Tax	Profit after Tax
15577	13677
(Valued in Rupees)	
Earning per Share in	Dividend rate
Rs.1.76	5 %

**V. General Names of Three Principal Product / Services of the Company
(As per monetary terms)**

Item Code No. (ITC Code)	5 9 1 0 0 1 0 0 6	3 9 0 0 0 1 0 0 2
Production Description	HOTEL	RESTAURANT



Velan Hotel Greenfields - Tirupur

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