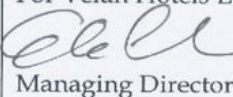





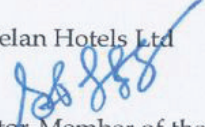


**FORM A**

1	Name of the Company	Velan Hotels Limited									
2	Annual Financial Statements for the year ended	31 <sup>st</sup> March, 2015									
3	Type of Audit observation	<p>Matter of Emphasis :</p> <ol style="list-style-type: none"> <li>The Company is not generally regular in depositing the undisputed statutory dues i.e. Provident Fund, Employees State Insurance, Income tax, Sales tax, Service tax, Cess and other statutory dues with appropriate authorities.</li> <li>The Company has not defaulted in repayment of dues to banks, except the following :</li> </ol> <table border="1"> <thead> <tr> <th>Name of Bank</th> <th>Balance due (Rs in Crores) Principal</th> <th>Balance due (Rs in Crores) Interest</th> </tr> </thead> <tbody> <tr> <td>Allahabad Bank Tirupur Branch</td> <td>42.43</td> <td>8.62</td> </tr> <tr> <td>Andhra Bank Coimbatore Branch</td> <td>39.74</td> <td>7.04</td> </tr> </tbody> </table>	Name of Bank	Balance due (Rs in Crores) Principal	Balance due (Rs in Crores) Interest	Allahabad Bank Tirupur Branch	42.43	8.62	Andhra Bank Coimbatore Branch	39.74	7.04
Name of Bank	Balance due (Rs in Crores) Principal	Balance due (Rs in Crores) Interest									
Allahabad Bank Tirupur Branch	42.43	8.62									
Andhra Bank Coimbatore Branch	39.74	7.04									
4	Frequency of observation	Repetitive									
5	<p>a. Managing Director</p> <p>b. Chief Financial Officer</p> <p>c. Auditor of the Company</p> <p>d. Audit Committee Representative</p>	<p>For Velan Hotels Ltd</p>  <p>Managing Director</p>  <p>For Velan Hotels Ltd</p>  <p>Chief Financial Officer</p>  <p>For P.S. Krishnan &amp; Co.</p> <p>Chartered Accountants</p>  <p>(G KRISHNAMURthy Partner M.No 23896</p>  <p>For Velan Hotels Ltd</p>  <p>Director-Member of the Committee</p>									

## VELAN HOTELS LIMITED

### 25<sup>th</sup> ANNUAL REPORT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2015

#### BOARD OF DIRECTORS

**SRI.E.V.MUTHUKUMARA RAMALINGAM**  
MANAGING DIRECTOR

**SRI.M.R.GAUTHAM**  
EXECUTIVE DIRECTOR

**SRI P.GANESAN**  
DIRECTOR

**SRI.GIRI BALASUBRAMANIAN**  
DIRECTOR

**SRI.B.A.MADHUSUDHAN**  
WHOLE-TIME DIRECTOR

**SMT.M.SASIKALA**  
DIRECTOR

**SRI.K.SUBRAMANIAM**  
DIRECTOR

**SRI.S.P.SIVANANDAM**  
DIRECTOR

**SRI.M.SRINIVASAN**  
COMPANY SECRETARY

**SMT.R.LALITHA**  
CHIEF FINANCIAL OFFICER

**CA.K.MADHAN**  
INTERNAL AUDITOR

#### AUDITORS

**M/S.P.S.KRISHNAN & CO.,**  
Chartered Accountants  
40-Aapachi Nagar Main Road  
Tirupur - 641 607  
Ph : 0421-2227526-27-28-29-30  
E-Mail : psكاتup@gmail.com

#### REGISTRAR & SHARE TRANSFER AGENT (PHYSICAL & DEMAT)

**SKDC CONSULTANTS LTD.**  
"Kanapathy Towers"  
3rd Floor, 1391/A-1 Sathy Road  
Ganapathy Post, Coimbatore 641 006  
Phone : 0422-6549995  
E-mail : info@skdc-consultants.com

#### BANKERS

ALLAHABAD BANK  
ANDHRA BANK  
AXIS BANK LIMITED  
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 RESTAURANTS

##### VELAN UTHARA RESTAURANT

Avanashi Road, Behind Idbi Bank Ltd, Tirupur 641 602

##### THE VELAN FOOD PARK

Rajaji Road, Ram Nagar, Coimbatore 641 009

#### 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

## **NOTICE OF THE 25<sup>th</sup> ANNUAL GENERAL MEETING**

Notice is hereby given that the 25<sup>th</sup> Annual General Meeting of the Members of Velan Hotels Limited will be held at 41, Kangayam Road, Tirupur 641 604 on Tuesday, the 29<sup>th</sup> September, 2015 at 4.45 p.m. to transact the following business:

### **AGENDA**

#### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2015 and Statement of Profit and Loss for the year ended on that date, the Reports of Directors and Auditors and the Cash Flow Statement thereon.
2. To appoint a Director in place of Sri. M.R. Gautham having DIN 00046187, who retires by rotation and being eligible, offers herself for re- appointment.
3. To appoint a Director in place of Sri. B.A. Madhusudhan, having DIN 01027496, who retires by rotation and being eligible, offers himself for re- appointment.
4. **To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution**

**"RESOLVED THAT** pursuant to the provisions of section 139, 142 and Audit and Auditors Rules, 2014, (the rules), of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) M/s.P.S.Krishnan & Co. Chartered Accountants, Tirupur (Registration number FRN 001532S with the Institute of Chartered Accountants of India), who have offered themselves for re-appointment and have confirmed their eligibility to be appointed as Auditors, in terms of provisions of section 141 of the Act, and rule 4 of the rules, be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration to be determined by the Board of Directors in addition to out of pocket expenses as may be incurred by them during the course of the Audit for the financial year ending 31<sup>st</sup> March, 2016."

#### **SPECIAL BUSINESS:**

##### **Item No. 5 Approval of Related Party Transaction**

**To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution**

**"RESOLVED THAT** pursuant to the provisions of Section 188 of the Companies Act, 2013 read with the provisions of Companies (Meetings of the Board and its Powers) Rules, 2014 and read with relevant circulars, notifications issued from time to time, provisions of the Standard Listing Agreement with Stock Exchange and other provisions of law, as applicable for the time being, consent of the Members of the Company be and is hereby accorded to the Company for entering into transactions involving Leasing / sublease / rent for sharing of property(ies) with the person(s) 'who is related party' as per the definition of the term under the Act with effect from the date of contract and every year thereafter, up to the maximum per annum amounts as appended in the explanatory statement"

**"RESOLVED FURTHER THAT** the limits mentioned above in respect of which approval is provided by the Company shall be construed may be over and above the threshold limits prescribed under Section 188 of the Companies Act, 2013 read with the provisions of Companies (Meetings of the Board and its Powers) Rules, 2014 and read with relevant circulars, notifications issued from time to time, provisions of the

Standard Listing Agreement with Stock Exchange and other provisions of law, as applicable for seeking shareholders approval and accordingly the Board of Directors, subject to the recommendations of the Audit Committee of the Board, are empowered to approve transactions with the said related party.

**Item No. 6 Alteration of Articles of Association**

**To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution**

**"RESOLVED THAT** pursuant to the provisions of Section 14 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), a new set of Articles of Association, placed before the Members, be and is hereby approved and adopted and substituted in place of the existing Articles of Association of the Company;

**"RESOLVED FURTHER THAT** the Board of Directors (hereinafter referred to as 'the Board' which term shall be deemed to include any Committee thereof) be and is hereby authorised to do all such acts, deeds, matters and things in this connection as may be deemed necessary, proper, desirable and expedient, including delegating all or any of the powers conferred herein to the Company Secretary/ any other Officer of the Company, seek all approvals as may be required to give effect to this Resolution and to settle any question, difficulty or doubt that may arise in this regard."

For and on behalf of the Board

**E. V. Muthukumara Ramalingam**

Managing Director

Place : TIRUPUR

Date : 28.05.2015

**NOTES FOR MEMBERS ATTENTION :**

1. The Explanatory Statement pursuant to section 102 (1) of the Companies Act, 2013 in respect of the Special Business under item Nos 5 to 6 as stated above in 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 proxy on behalf of Members upto and not exceeding 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 proxy and such person shall not act as 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 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. 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.
4. 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.

5. Details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment. Sri. M. R.Gautham and Sri. B. A. Madhusudhan - 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. M. R. GAUTHAM
	2. Directors Identification Number (DIN)	:	00046187
	3. Age	:	38 Years
	4. Qualification	:	Graduation in Commerce and Finance from the University of Western Australia
	5. Date of Appointment	:	1.12.2001
	6. Experience	:	Day to day affairs of the Company's Operations
	7. Shareholding in Velan Hotels Ltd	:	64,20,750 Shares
	8. List of Directorships held in Other Companies	:	Shree Vallee Enterprises Pvt. Ltd.
	9. Membership in Other Board Committees, if any	:	Refer to Report on Corporate Governance
II.	1. Name	:	Sri. B. A. MADHUSUDHAN
	2. Directors Identification Number (DIN)	:	01027496
	3. Age	:	40 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 Project
	7. Shareholding in Velan Hotels Ltd	:	36,296 Shares
	8. List of Directorships held in Other Companies	:	Climate Bridge Indian Private Limited Chennai Gourment Foods Private Limited
	9. Membership in Other Board Committees, if any	:	Refer to Report on Corporate Governance

7. The Register of Members, the Register of Beneficial Owners and Share Transfer Books of the Company will remain closed from 23.9.2015 to 29.9.2015 ( Both days inclusive )
8. Under Section 205A of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government.
9. The equity shares of the Company are listed on Bombay Stock Exchange Ltd. The Annual Listing fee has been paid upto date to the abovesaid Exchange.
10. 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
11. Electronic copy of the Annual Report containing Notice of the 25<sup>th</sup> Annual General Meeting of the Company, *inter alia*, indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report of the 25<sup>th</sup> Annual General Meeting of the Company *inter alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
12. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Clause 35B of the Listing Agreement, the Company is pleased to offer e-Voting facility as an alternative mode of voting which will enable the Members to cast their votes electronically. Necessary arrangements have been made by the Company with Central Depository Services (India) Limited (CDSL) to facilitate e-voting. E-voting is optional and members shall have the option to vote either through e-voting or in person at the general meeting.

The Board of Directors has appointed Sri, S.R. Baalaji, Company Secretary in Practice as the Scrutinizer, for conducting the ballot and e-voting process in a fair and transparent manner.

Members, who do not have access to e-voting facility, can send their assent or dissent in writing in respect of the resolutions as set out in this Notice for which a ballot form is annexed. A member desiring to exercise vote by ballot shall complete the enclosed Ballot Form with assent (for) or dissent (against) and send it to Mr. S. R. Baalaji, Scrutinizer, C/o. SKDC Consultants Ltd, Kanapathy Towers, 3<sup>rd</sup> Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore 641 006 so as to reach him on or before 28<sup>th</sup> September, 2015 by 5.00 p.m. Any Ballot Form received after the said date shall be treated as if the reply from the members has not been received. Kindly note that members can opt for only one mode of voting i.e. either by ballot or through e-voting. If members are opting for e-voting then do not vote by postal ballot or vice versa.

However, in case of members casting their vote by postal ballot and e-voting, then voting done through e-voting shall prevail and voting done by physical ballot will be treated as invalid.

#### **Instructions for the voting through electronic means**

- i) The voting period begins on 26.9.2015 at 9.00 a.m. and ends on 28.9.2015 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 22.9.2015 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](http://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](http://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:

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>● Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>● In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Bank Details	Enter the Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> <li>● If both the details are not recorded with the depository or company please enter date of birth (DOB), enter the member id / folio number in the Bank details field as mentioned in instruction (v).</li> </ul>

- ix) After entering these details appropriately, click on "SUBMIT" tab.
- 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) Note for Non - Individual Shareholders and Custodians
    - ❖ Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://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](mailto:helpdesk.evoting@cdslindia.com).
    - ❖ After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
    - ❖ The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
    - ❖ A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
  - xx) 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](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
14. The shareholders shall have one vote per equity share held by them as on the cut-off date (record date) of 22.9.2015. The facility of e-voting would be provided once for every folio / client id, irrespective of the number of joint holders.
15. The Scrutinizer will submit his report to the Company after completion of the scrutiny and the results of the postal ballot / e-voting / poll / e-voting at the venue, will be announced by the Company on its website - [www.velanhotels.com](http://www.velanhotels.com) within 48 hours of the conclusion of the AGM.



## **ANNEXURE TO THE NOTICE**

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

#### **ITEM NO. 5 :**

The Companies Act, 2013 aims to ensure transparency in the transactions and dealings between the related parties of the Company. The provisions of Section 188(1) of the Companies Act, 2013 that govern the Related Party Transactions, requires that for entering into any contract or arrangement as mentioned herein below with the related party, the Company must obtain prior approval of the Board of Directors and in case of the Company having a paid up share capital of rupees Ten crore or more, prior approval of the shareholders by way of an Ordinary Resolution must be obtained:

1. Sale, purchase or supply of any goods or materials;
2. Selling or otherwise disposing of, or buying, property of any kind;
3. Leasing of property of any kind;
4. Availing or rendering of any services;
5. Appointment of any agent for purchases or sale of goods, materials, services or property;
6. Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company and
7. Underwriting the subscription of any securities or derivatives thereof, of the Company.

As per the revised Clause 49(VII)(c) of the Listing Agreement, "Material Related Party Transaction" has been defined to include transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeding 10% of the consolidated annual turnover of the Company as per the last audited financial statement of the Company and that such transactions are required to have prior approval of the members of the Company by way of a special resolution. However, Rule 15 of the Companies (Meetings of the Board and its Powers) Rules, 2014 provides for much stricter threshold than the Listing Agreement for seeking shareholders approval by means of special resolution.

However, in accordance with the Notification, with regard to the Companies (Amendment) Act, 2015, issued by Government of India on 26<sup>th</sup> May, 2015, an Ordinary Resolution may be passed for any related party transaction under the Section 188 of the Companies Act, 2013.

In the light of provisions of the Companies Act, 2013, the Board of Directors of your Company has approved the proposed transactions along with annual limit that your Company shall enter into with the related parties (as defined under section 2(76) of the Companies Act, 2013)

The particulars of the proposed transaction pursuant to the provisions of Section 188 and the Companies (Meetings of Board and its Powers) Rules, 2014 are as under:

S. No.	Name of the Related Party	Relationship / Transaction	Nature of Transaction	Value of Transaction
1.	Sri. E.V. Muthukumara Ramalingam	Managing Director & Promoter carries shareholding interest	Leasing / Subleasing / Rent for sharing of related party's properties : 1. Providing Space to the Guest of Company for Car Parking and stock yard. 2. Providing a part portion in the residence of the related party in Tirupur / Coimbatore for MD's office.	Lease amount of Rs. 3,00,000/- per annum  Rs. 3,00,000/- per annum

Sri. E. V. Muthukumara Ramalingam is concerned or interested in this resolution. Sri. M. R. Gautham and Smt. M. Sasikala being related to Sri.E.V.Muthukumara Ramalingam may be deemed to be concerned or interested in the resolution. None of the other Director, Key Managerial Personnel or their respective relatives is concerned or interested, financial or otherwise in the Resolution.

As per the provisions of Section 188(1) of the Act, related parties cannot vote on this resolution.

**ITEM NO.6**

The Articles of Association of the Company currently in force were originally adopted when the Company was incorporated under the Companies Act, 1956. The Articles of Association were amended from time to time in accordance with the provisions of the Companies Act, 1956. As the existing Articles of Association are based on the Companies Act, 1956, several regulations in the existing Articles of Association contain references to specific sections of the Companies Act, 1956. Further, some regulations in the existing Articles of Association are no longer in conformity with the Companies Act, 2013 ("the Act"). With the coming into force of the Act, several regulations of the existing AoA of the Company require alteration by referencing the latest Companies Act 2013. Accordingly, we have streamlined the existing articles and aligned them with the Act including Rules framed thereunder wherever applicable.

A copy of the proposed set of new Articles of Association of the Company would be available for inspection at the Registered Office of the Company during the business hours on any working day, up to the date of the Annual General Meeting and during the Annual General Meeting. In addition, the proposed draft Articles of Association is also available on the Company's website [www.velanhotels.com](http://www.velanhotels.com) for perusal by the shareholders.

None of the Directors or Key Managerial Personnel of the Company and their relatives is, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 6 of the Notice.

The Board commends the Special Resolution set out at Item No. 6 of the Notice for approval by the shareholders.

Place : TIRUPUR  
Date : 28.05.2015

For and on behalf of the Board  
**E. V. Muthukumara Ramalingam**  
Managing Director

**DIRECTORS' REPORT TO THE MEMBERS**

Your Directors have pleasure in presenting their 25<sup>th</sup> Annual Report together with the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2015.

**FINANCIAL HIGHLIGHTS**

(Rs. in lakhs)

PARTICULARS	2014-15	2013-14
Profit before Interest and Depreciation and Tax	238.09	403.72
Less: Interest	1438.70	224.70
Profit/Loss Before Depreciation & Tax	(1200.61)	179.02
Less : Depreciation	220.75	118.47
Add : Exceptional Item	6.74	6.99
<b>Profit/Loss Before Tax [PBT]</b>	<b>(1414.62)</b>	<b>67.55</b>
Less : Tax Expenses		
a. Current Tax	--	12.75
b. Mat Entitlement	--	(12.75)
c. Deferred Tax	23.33	3.69
<b>Profit / Loss After Tax</b>	<b>(1391.30)</b>	<b>63.86</b>
Balance b/f from previous years	374.98	311.12
<b>Balance to be carried over to Balance sheet</b>	<b>(1016.32)</b>	<b>374.98</b>

**OPERATIONAL REVIEW:**

During the year under review, your Company's hotels operations and finances were severely affected. The primary drivers of loss are borrowing cost for various components of the stalled projects and no income generated from them. Gross revenues decreased to Rs.1493.31 Lacs against Rs. 1575.43 Lacs in the previous year. Profit Before Interest, Depreciation and Taxation was Rs. 238.09 lacs against Rs. 403.72 Lacs in the previous year. After providing for Interest, Depreciation and Taxation of Rs.1438.70 Lacs & Rs. 220.75 Lacs respectively, the Net Loss of the Company for the year under review was placed at Rs.1391.30 Lacs as against Net Profit of Rs.63.86 Lacs in the previous year.

According to Accounting Standard 16, a Company should suspend capitalization of borrowing costs during extended periods in which it suspends active development of a qualifying asset i.e. project assets and such costs are costs of holding partially completed assets and do not qualify for capitalization. In view of the above, the entire borrowing cost incurred for all the components of the projects, which are stalled owing to paucity of funds, has been treated as expense and debited in the profit and loss account.

During the year under review, the pending receivables such as lease rentals, electricity charges, air conditioning charges and other operation charges from the tenants of the Shopping Mall have now been written-off.

**STATE OF THE COMPANY'S AFFAIRS**

The members are aware that the Company is implementing diversification cum expansions projects in a phased manner namely Shopping Mall, Multiplex Theater, 2.7 MW Bio-mass based co-gen power generation plant, Biomass Plantation, Convention Center and additions & renovation of existing hotels properties for which the Company was initially sanctioned credit facilities by both Allahabad Bank, Tirupur and Andhra Bank, Coimbatore. The Company subsequently was not extended timely support by the Banks, both in terms of additional debt funding required as well as alteration in the terms of the existing loans.

The original project cost for the entire development was Rs.124.42 crore for the above components. During the course of construction and subsequent discussions with the technical consulting agencies, it was realized that the project required substantial up-gradation thereby increasing the scope of overall project accordingly. This has necessitated significant and substantial addition of buildings and equipments for the project. All these have resulted in a thorough revision of the components of the project (including component of Bio Mass cultivation) resulting in a total project cost of Rs. 204.15 Crore (Rs.162.06 Crore in July 2012) in place of Rs.124.42 Crore as originally envisaged. Hence, the company was in need of further funding in respect of revision in the components of the project and slowed in the construction of the Projects due to change in scope of work primarily for the Renewable Energy Power Plant and the Hyper-mart and Multiplex.

- ❖ The shopping mall was formally launched in December, 2013. The most of occupants at the Mall either downed their shutters temporarily or withdrawn from their agreements entirely due to delays in the completion of the Multiplex and the Food Court. As a result, the occupants of the Mall declined to make payments their rentals, electricity charges and other operational charges.
- ❖ The construction of the Renewable Energy Power Plant has been completed. All the major equipments including the Gasifiers and Gensets have been installed. The balance works include the plant integration and automation. Due to the use of superior technology, this Renewable Energy Power Plant will have an effective output of 4.1 MW in Co-Gen.
- ❖ The Hyper-mart / Multiplex has been partially constructed. There have been significant changes in scope of work for this building. These changes are required to achieve a better construction quality and durability.

Owing to some changes in scope of work for the Renewable Energy Power Plant and the Hyper-mart and Multiplex primarily due to technical up-gradation, the Company approached the existing bankers for an additional financial assistance. Even though, the company was sanctioned the additional loan facility, there has been unexplained delay in the disbursement of loan and hence the cost of project escalated further. Moreover, apart from the delay, the major portion of amount of additional term loan was said to have been adjusted towards the dues of the Company. This has resulted in the deferring of completion and commissioning of these projects further.

The Company has provided a letter to the existing bankers during March, 2014 summarizing the situation and requesting to restructure its accounts as per certain guidelines issued by Reserve Bank of India for formation of Joint Lender Forum (JLF) for considering Corporate Debt Restructuring (CDR). The Company has made representation to the existing bankers on this aspect to invoke the said provision and undertake the restructuring of the debts to enable the interests of the banks and of the company for the project to be safeguarded. Despite, the restructure plan being very reasonable, there was no proper response but, however, there was an attempt to recall the entire loan in lump sum by treating the Company's account as one which became NPA (Non Performing Asset) and to recall the entire account from the existing banks invoking the Securitization Act under Section 13(2).

Your Company had received Notice under Section 13(2) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI ACT") issued jointly by Allahabad Bank and

Andhra Bank calling upon your Company to discharge the alleged outstanding liability together with interest and all other incidental expenses, to the Lender Banks within 60 (Sixty) days from the date of the Notice, failing which the Banks would exercise its rights under Section 13(4) of the SARFAESI Act with respect to the secured assets of the Company. The Guarantors for the above terms loans were also served the same notice. The Company's immovable properties are subject to matter of Notice of Possession issued by Banks then. Your Company has challenged the legality and validity of these notices and filed the stay petition before the Debt Recovery Tribunal ("DRT") at Coimbatore. The Company is in consultation with its legal advisers to take other steps as may be advised by the legal advisors to protect your Company's interests in these proceedings.

**DIVIDEND:**

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

**SHARE CAPITAL:**

The paid up equity capital as on March 31, 2015 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.

**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**

Your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

The Company has not given any loans or guarantees covered under the provisions of Section 186 of the Companies Act, 2013. During the year under review, the Company has not made any investments as well.

**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 is 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. Based on the report of internal audit function, corrective action is taken in their respective areas and thereby strengthen the controls. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee of the Board.

**CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

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

**CONSERVATION OF ENERGY**

- a) The operations of the Company are not energy intensive. However, the Company ensures that all the operations are conducted in the manner whereby optimum utilisation and maximum possible savings of energy is achieved.

- b) No specific investment has been made in reduction in energy consumption.
- c) As the impact of measures taken for conservation and optimum utilisation of energy are not quantitative, its impact on cost cannot be stated accurately.
- d) Since the Company does not fall under the list of industries, which should furnish this information in Form A annexed to the aforesaid Rules, the question of furnishing the same does not arise.

**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 2014-15	Previous Year 2013-14
1. Earnings	373.01	328.53
2. Expenditure in Foreign Currency	Nil	Nil

**INDUSTRIAL RELATIONS**

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

**DIRECTORS AND KEY MANAGERIAL PERSONNEL**

Whole-Time Directors Sri. M. R. Gautham and Sri. B. A. Madhusudhan retire by rotation and, being eligible, offer themselves for re appointment. The Directors recommend Sri. M. R. Gautham and Sri. B. A. Madhusudhan for re-appointment. If they are re-appointed as a director, immediately on retirement by rotation, they shall continue to hold office of Whole-time Directors and such re-appointment as director shall not be deemed to constitute break in their appointment as a Whole-time Director.

During the year under review, Smt. R. Lalitha, AGM – Finance & Accounts was promoted / appointed as Chief Financial Officer of the Company. In addition, Sri. E. V. Muthukumara Ramalingam, Managing Director, Sri. M. R. Gautham, Executive Director, Sri. B. A. Madhusudhan, Whole-time Director and Sri. M. Srinivasan, Company Secretary, are other KMPs as per the provisions of the Act and were already in office before the commencement of the Act. None of the KMPs resigned during the year.

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 clause 49 of the Listing Agreement.

**CHANGE IN THE NATURE OF BUSINESS**

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

**BOARD EVALUATION**

Pursuant to the provisions of the Act and Clause 49 of the Listing Agreement, evaluation of every Director's performance was done by Nomination and Remuneration Committee. The performance evaluation of Non-Independent Directors and the Board as a whole, Committees thereof and Managing Director of the Company was carried out by the Independent Directors. Evaluation of Independent Directors was carried out by

the entire Board of Directors excluding the Director being evaluated. A structured questionnaire was prepared after circulating the draft forms, covering various aspects of the evaluation such as adequacy of the size and composition of the Board and Committee thereof with regard to skill, experience, independence, diversity; attendance and adequacy of time given by the Directors to discharge their duties; Corporate Governance practices etc. The Directors expressed their satisfaction with the evaluation process.

The Policy on appointment of Directors and Senior Management, Policy on Remuneration of Directors and Policy on Remuneration of Key Managerial Personnel and Employees is stated in the Corporate Governance Report.

## **MEETINGS**

A calendar of Meetings is prepared and circulated in advance to the Directors.

During the year 6 Board Meetings and 4 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 (3) (c) read with 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 proper system to ensure compliance with the provisions of all applicable laws and that such system is adequate and operating effectively.

## **RELATED PARTY TRANSACTIONS:**

During the year, the Company did not enter into any material transaction with related parties, under Section 188 of the Companies Act, 2013. All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of the business. There are no materially significant related party transactions made by the Company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with interest of the Company at large.

All the related party transactions entered into by the Company in the ordinary course of business and were on an arm's length basis. The requirement of disclosure in the prescribed Form AOC-2 is reported in the Annexure-C1. Further, the Company's policy on Related Party Transactions is attached as part of this report vide Annexure C2, as required under the clause of the listing agreement as revised.

A resolution for a proposal for related party transaction with related party is placed before this Annual General

Meeting for approval of members of the Company. The details of same are reported in the explanatory statement annexed to the notice of AGM.

## **MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN MARCH 31, 2015 AND MAY 28, 2015 (DATE OF THE REPORT)**

There were no significant material changes and commitments affecting the financial position of the Company between the end of financial year and the date of the Report (May 28, 2015)

## **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 all employees in the course of day to day business operations of the Company. The Company believes in "Zero Tolerance" against bribery, corruption and unethical dealings / behaviours of any form and the Board has laid down the directives to counter such acts.

The Code lays down the standard procedure of business conduct which is expected to be followed by all 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. All Management Staff have been given appropriate training in this regard.

## **VIGIL MECHANISM / WHISTLE BLOWER POLICY**

The Company has a vigil mechanism named Fraud and Risk Management Policy to deal with instance of fraud and mismanagement, if any.

The Company has a Fraud Risk and Management Policy to deal with instances of fraud and mismanagement, if any. The FRM Policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination will be meted out to any person for a genuinely raised concern.

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

## **PREVENTION OF INSIDER TRADING:**

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code.

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

## **AUDITOR'S REPORT/ SECRETARIAL AUDIT REPORT**

The observation made in the Auditors' Report read together with relevant notes thereon are self explanatory and hence, do not call for any further comments under Section 134 of the Companies Act, 2013.



As required under section 204 (1) of the Companies Act, 2013 the Company has obtained a Secretarial Audit Report. Certain observation made in the report with regard to non- compliance with the requirement of Minimum Public Shareholding (MPS) under 40A of Listing agreement and SEBI Act, 1992 read with Section 12A of the Securities Contracts (Regulation) Act, 1956. The SEBI had passed an interim order during June 2013 with respect to the listed companies including our company who did not comply with requirement of the MPS. The Company made various correspondence and proper representation with SEBI to seek extension of time to comply with Clause 40A of the listing agreement and MPS norms on grounds that no revenue to be generated from the stalled projects owing to paucity of funds. The Company, in view of the said circumstances, requested SEBI to remove the sanctions imposed vide the said interim order. However, SEBI issued an ORDER dated 27<sup>th</sup> February, 2015 confirming the directions issued vide the Interim Order against the Company, its directors and promoters / promoters group. The Company / Promoters would ensure in future that all the provisions with regard to 40A of the Listing agreement and MPS norms are complied to the fullest extent.

### **AUDITORS**

P. S. Krishnan & Co, Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

### **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. No complaints were received during the year 2014-15.

### **SECRETARIAL AUDIT**

Pursuant to provisions of section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the company has appointed Sri. S. R. Baalaji, Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit report is annexed herewith as "Annexure A"

### **EXTRACT OF ANNUAL RETURN**

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as "Annexure B".

### **BUSINESS RISK MANAGEMENT**

Pursuant to section 134 (3) (n) of the Companies Act, 2013 & Clause 49 of the listing agreement, the company has constituted a business risk management committee. The details of the committee and its terms of reference are set out in the corporate governance report forming part of the Boards report.

At present the company has not identified any element of risk which may threaten the existence of the Company, except high interest cost of borrowing.

**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-D.

As there are no employees drawing remuneration of more than Rs.60 Lacs per annum or drawing remuneration of Rs.5 lacs per month if employed part of the year as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) rules 2014, no such information is reported.

**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 Auditors of the Company regarding compliance with the requirements of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

**ACKNOWLEDGEMENTS**

Your Company and its Directors wish to extend their sincerest thanks to the Members of the Company, Bankers, Professionals, State Government, Local Bodies, Customers, Suppliers, Executives, Staff and workers at all levels for their continuous co-operation and assistance.

For and on behalf of the Board  
**E. V. Muthukumara Ramalingam**  
Managing Director  
&  
**M. R. Gautham**  
Executive Director

Place : TIRUPUR  
Date : 28.05.2015

**Annexure A to Boards Report**

**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

**For the Financial Year Ended on 31<sup>st</sup> March, 2015**

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

To,  
The Members,  
Velan Hotels Limited

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Velan Hotels Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me 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 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 on 31<sup>st</sup> March, 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Velan Hotels Limited for the financial year ended on 31<sup>st</sup> March, 2015 according to the 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 thereunder;
- iii) The Depositories Act, 1996 and the regulations and Bye-laws framed thereunder;
- iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder;
- v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz.:
  - 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, 1992;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (not applicable to the Company during the Audit Period);
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (not applicable to the Company during the Audit Period);

- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (not applicable to the Company during the Audit Period) ;
- 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 client;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009: and (not applicable to the Company during the Audit Period) ;
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. (not applicable to the Company during the Audit Period) ;
- vi) OTHER APPLICABLE ACTS,
  - a) Factories Act, 1948
  - b) Payment Of Wages Act, 1936, and rules made thereunder,
  - c) The Minimum Wages Act, 1948, and rules made thereunder,
  - d) Employees' State Insurance Act, 1948, and rules made thereunder,
  - e) The Employees' Provident Fund and Miscellaneous Provisions Act, 1952, and rules made thereunder,
  - f) The Payment of Bonus Act, 1965, and rules made thereunder,
  - g) Payment of Gratuity Act, 1972, and rules made thereunder,
  - h) The Water (Prevention & Control of Pollution) Act, 1974, Read with Water (Prevention & Control of Pollution) Rules, 1975,
  - i) Food Safety and Standards Act, 2006, and rules made thereunder.

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

- i) Secretarial Standards issued by The Institute of Company Secretaries of India. (not applicable as of today)
- ii) The Listing Agreement entered into by the Company with Bombay Stock Exchange Limited

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 Clause 40A of the listing agreement under SEBI Act, 1992 with Section 12A of the Securities Contracts (Regulation) Act, 1956.

I further report that,

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Note : This report is to be read with our letter of even date which is annexed as 'ANNEXURE 1' and forms an integral part of this report.

**S. R. BAALAJI**  
Company Secretary in Practise  
Mebership No. FCS 5966  
CP No. 3514

### **Annexure 1**

## **SECRETARIAL AUDIT REPORT**

### **For The Financial Year Ended On 31st March, 2015**

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

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 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. Where ever 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 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. R. BAALAJI**  
Company Secretary in Practise  
Mebership No. FCS 5966  
CP No. 3514

**ANNEXURE B TO BOARDS REPORT**

**Form No. MGT-9**

**EXTRACT OF ANNUAL RETURN**

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

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

**I. REGISTRATION AND OTHER DETAILS:**

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

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

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

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

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

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

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

S No	Category of shareholders	No. of shares held at the beginning of the year (As on 31-3-2014)				No. of shares held at the end of the year (As on 31-3-2015)				% of change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A.	Promoters									
	a) Individual/HUF	22791096	Nil	22791096	71.30	222791096	Nil	222791096	71.302	Nil
	b) Central Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	c) State Govt. (s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	d) Bodies Corp.	2826934	Nil	2826934	8.844	2826934	Nil	2826934	8.844	Nil
	e) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	f) Any Other....	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Sub-total (A) (1):-	25618030	Nil	25618030	80.146	25618030	Nil	25618030	80.146	Nil
2)	Foreign									
	a) NRIs - Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	b) Other – Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	c) Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	d) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	e) Any Other....	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Sub-total (A) (2):-	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total shareholding of Promoter (A) = (A)(1)+(A)(2)	25618030	Nil	25618030	80.146	25618030	Nil	25618030	80.146	Nil
B.	Public Shareholding									
	a) Mutual Funds/ Banks/FI	Nil	7000	7000	0.022	Nil	7000	7000	0.022	Nil
	b) Central Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	c) State Govt.(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	d) Venture Capital funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	e) Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	g) FIs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	h) Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	i) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Sub-total (B)(1):-	Nil	7000	7000	0.022	Nil	7000	7000	0.022	Nil
2.	Non-Institutions									
	a) Bodies Corp.									
	i) Indian	260196	79600	339796	1.063	185422	79500	264922	0.829	-0.234
	ii) Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	b) Individuals									
	i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	1135459	887415	2022874	6.328	1155964	864615	2020579	6.320	-0.008
	ii) Individualshareholders holding nominal share capital in excess of Rs 1 lakh	2375907	226800	2602707	8.143	2555985	226800	2782785	8.706	0.563
	c) Others									
	1. Directors & their relative	560000	62550	622550	1.948	560000	62550	622550	1.948	Nil
	2. Non-Resident	4118	15200	19318	0.060	5155	15200	20355	0.064	0.004
	3. Overseas Corporate Bodies	Nil	1000	1000	0.003	0	1000	1000	0.003	Nil
	4. Clearing Members	58155	Nil	58155	0.182	65067	Nil	65067	0.204	0.022
	5. HUF	672689	Nil	672689	2.105	561831	Nil	561831	1.758	-0.347
	Sub-total (B)(2):-	5066524	127265	66339089	19.832	5089424	1249665	6339089	19.832	Nil
	Total Public Shareholding (B)=(B) (1) +B( 2)	5066524	127265	66339089	19.832	5089424	1249665	6339089	19.832	Nil
C.	Shares held by Custodian for SDRs & ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Grand Total (A+B+C)	30684554	1279565	31964119	100	30707454	1256665	31964119	100	Nil

**ii) Shareholding of Promoter**

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

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

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

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

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



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

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

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

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

**V. INDEBTEDNESS**

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

(Rs. In Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	81,24,84,744	5,21,68,664	--	86,46,50,408
ii) Interest due but not paid	7,83,18,615	0	--	7,83,18,615
iii) Interest accrued but not due	3,09,545	23,42,159	--	26,51,704
Total (i+ii+iii)	89,11,12,904	5,45,10,823	--	94,56,23,727
Change in Indebtedness during the financial year				
* Addition - Principal + Interest	14,14,62,180	3,00,000	--	14,17,62,180
* Reduction - Principal + Interest Paid	5,28,02,750	23,59,746	--	5,51,62,496
Net Change Indebtedness	8,86,59,430	5,24,51,077	--	14,11,10,507
At the end of the financial year				
i) Principal Amount	81,13,66,104	5,22,67,656	--	86,36,33,760
ii) Interest due but not paid	16,83,20,795	0	--	16,83,20,795
iii) Interest accrued but not due	85,435	1,83,421	--	2,68,856
Total (i+ii+iii)	97,97,72,334	5,24,51,077	--	103,22,23,411

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

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

(Rs. In Lakhs)

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

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

**B. Remuneration to other directors**

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

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

(Rs. In Lakhs)

S No	Particulars of Remuneration	Key Managerial Personnel		
		CFO DOA 31.3.2015	Company Secretary	Total
1	Gross salary	5.34	2.56	8.09
	a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961	-	-	-
	b) Value of perquisites u/s 17(2) Income-Tax Act, 1961	-	-	-
	c) Profits in lieu of salary under section 17(3) Income-Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	others, specify...	-	-	-
5	Others, please specify	-	-	-
	1. Company's Contribution to P.F.	0.19	-	0.19
	Total ( c )	5.53	2.56	8.28

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

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

**Annexure - C1**

**Form No. AOC-2**

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

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

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

Nil.

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

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

**Annexure - C2**

**Policy on Related Party Transactions**

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

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

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

**Annexure - D**
**Disclosures required with respect to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

a. Market Capitalisation :

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

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

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

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

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

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

Please refer point no. (6)

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

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

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

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

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

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

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

### **A. INDUSTRY STRUCTURE AND DEVELOPMENTS:**

In the past years, tourism has experienced continued growth and deepening diversification to become one of the fastest growing economic sectors in the world. Modern tourism is closely linked to development and encompasses a growing number of new destinations. These dynamics have turned tourism into a key driver for socio - economic progress. In recent times, the business volume of tourism equals or even surpasses that of oil exports, food products or automobiles. Tourism has become one of the major players in international commerce and represents at the same time one of the main income sources for many developing countries. Hotels are an important component of the tourism sector. They contribute in the overall tourism experience through the standards of facilities and services offered by them. 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 is a potential game changer. It is a sun rise industry, an employment generator, a significant source of foreign exchange for the country and an economic activity that helps local and host communities.

People around the world have kept travelling more than ever before this year despite wars, terrorist attacks and a growing fear of pandemics as well as diverging economic conditions. The world travel industry achieved robust growth this year despite diverse threats and the uncertain world economy. Outbound travel grew by 4.5% in terms of trips while spending grew by 2% by trip on average and by 6% in terms of total global outbound travel turnover. The travel industry has remained crisis proof even in these recent turbulent times.

Foreign Tourist Arrivals (FTAs) to India increased from 71.25 lakhs in financial year 2013-14 to 77.71 lakhs in financial year 2014-15, thereby resulting in an increase of 9.07% YoY basis. Tourism continues to play an important role as a foreign exchange earner for the country. In 2014-15, Foreign Exchange Earning (FEE) from tourism were Rs.1,20.646 crores as compared to Rs. 1,09,579 crores in 2013-14, registering a growth of 10.10%

### **B. OPPORTUNITIES**

India's size and massive natural, geographic, cultural and artistic diversity offers enormous opportunities for the tourism and hospitality industry. The promotion and aggressive marketing measures undertaken by the government is expected to aid influx of tourists. The industry would also benefit from introduction of new forms of tourism and development of niche segments. Hospitality, a major segment of tourism, has grown by 10-15 per cent on the back of better consumer sentiment with the change of Government. As demand is going up occupancies are improving.

The Indian government has realised the country's potential in the tourism industry and has taken several steps to make India a global tourism hub. Some of the major initiatives taken by the Government of India to give a boost to the tourism and hospitality sector of India such as to set aside Rs 500 crore for the first phase of the National Heritage City Development and Augmentation Yojana (HRIDAY), proposed to establish cross cultural linkages and to revive historic maritime cultural and economic ties with 39 Indian Ocean countries Under 'Project Mausam' and to extend Visa on Arrival Facility (VOA) to 150 countries in stages from the current 43, is a big step to promote tourism.

The renewed sense of optimism follows a volatile economic environment for most part of 2014 and the sector hopes that initiatives announced by the new government, including those related to e-visas and specific funds for developing tourist circuits would bring in good business to hospitality sector as well.

### C. SEGMENTWISE PERFORMANCE:

#### HOTEL DIVISION:

Due to weak conditions prevailing in the Garments industry in Tirupur during the year - the performance of the Hotel entirely depends on the prospectus of exports of garments - the Hotel segment witnessed a setback in performance levels in this year. The Profit before Interest and Tax of the Hotel segment is Rs. 150.01 lakhs as compared to Rs. 365.27 lakhs for the previous year.

#### SHOPPING ARCADE DIVISION:

During the year under review, as no income derived from the Shopping Mall component and entire borrowing cost and other operational expenses charged to this segment, the Loss before Interest and Tax of the Shopping Arcade segment is Rs. 125.95 lakhs as compared to Rs. 73.04 lakhs loss for the previous year.

### D. RISKS AND CONCERNS:

The Indian Hotel industry continues to grapple with profitability pressures. The hotel industry has come a long way since the global financial crisis. However, worries persist about patches of economic, political uncertainty around the world and increased supply in the market.

Terrorist attacks or political unrest in different parts of the country have adversely affected sentiments of foreign tourists. Safety has become a more prominent concern for tourists. Concerns about women's safety remains of paramount importance.

Infrastructure facilities such as air, rail, road connectivity remains a major hurdle for development of tourism and hospitality sector. Aviation infrastructure is also critical since it is a major mode of entry for inbound tourism and infrastructure facilities at airports are cause for concern.

Availability of skilled manpower is a major challenge faced by the tourism and hospitality industry, one of the largest employment generators in the country. Attrition, shortage of tourism training infrastructure, qualified trainers, and lack of proper strategies and policies for human resource development also affect the industry.

Tourism and hospitality in India is a high-taxed industry, which makes India expensive as a tourist destination. This is affecting the growth of the industry in India and India is losing out to other low-cost destinations. Various taxes are levied across the entire industry and these tax rates tend to vary across different states in the country.

Your hotel revenue is inextricably linked to performance of export business of garments at Tirupur which totally depends on the key markets such as USA, Europe, Canada and Japan.

Inflation has been consistently high over the last three to four years because of increase in food, power and fuel prices thus affect the margin of food business of the hotel.

### E. OUTLOOK:

India's tourism and hospitality industry has huge growth potential. The industry is also looking forward to the E-visa scheme which is expected to double the tourist inflow to India. Enforcing the electronic travel authorisation (ETA) which starts in November, will result in a clear jump of at least 15 per cent.

The International Monetary Fund (IMF) and the Moody's Investors Service have forecasted that India will witness a GDP growth rate of 7.5 per cent in 2016, due to improved investor confidence, lower food prices and better policy reforms. As per the latest Global Economic Prospects (GEP) report by World Bank, India is leading The World Bank's growth chart for major economies.



Potential economic growth is expected in coming years, especially in the services industry, India is expected to witness increased tourist activity both in the business and leisure segments. The oil prices have declined to a level not seen since 2009. This will lower transport costs and boost economic growth by lifting purchasing power and private demand in oil importing economies like India. As a result of this, higher disposable income and affordability will increase domestic leisure travel in India. This is a clear indicator that the long-term prospects for the Indian tourism and hospitality industry are bright.

**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, 2015

**i. Revenues:**

The total income stands decreased by 5.21% from Rs.1575.43 lakhs in 2013-14 to Rs.1493.31 lakhs in 2014-15.

**ii. Operating Expenses:**

The total expenditure except Interest and Depreciation stands increased by 7.13% from Rs.1171.71 lakhs in 2013-14 to Rs.1255.22 lakhs in 2014-15. The increase is largely on account of increase in Repairs and Maintenance cost

**iii. Earnings Before Interest, Depreciation and Tax:**

The PBIDT Rs.238.09 lakhs for the financial year 2014-15 is 41.03% lower than Rs.403.72 lakhs in 2013-14.

**iv. Interest Cost:**

During the year under review, the Interest cost stands Rs.1438.70 lakhs as compared to Rs.224.69 lakhs in the previous year. The increase is largely on account of the borrowing cost in respect of all the component of project accounted in the P & L Account.

**v. Profit Before Tax/Loss:**

Loss Before Tax at Rs.1414.63 lakhs was lower as compared to Profit of Rs.67.55 lakhs in 2013-14.

**vi. Profit/Loss After Tax:**

Loss after Tax for 2014-15 stands at Rs.1391.30 lakhs from Profit of Rs.63.86 lakhs in 2013-14.

**H. FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:**

Particulars	31 <sup>st</sup> March, 2015	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2013	31 <sup>st</sup> March, 2012	31 <sup>st</sup> March, 2011
<b>OPERATING RESULTS</b>					
1. Total Income	1493.31	1575.43	1445.95	1481.11	1479.57
2. Profit Before Depre. Int & Tax	238.08	403.72	271.23	330.26	382.83
3. Interest	1438.70	224.70	81.26	90.99	92.07
4. Depreciation	220.75	118.46	91.56	89.86	88.92
5. Tax Liability	(23.33)	3.69	44.28	63.07	70.11
6. Net Profit After Tax	(1391.30)	63.86	61.09	93.83	116.64
7. Dividend %	--	--	--	--	7.5
Dividend Amt	--	--	--	--	58.12
Dividend Tax	--	--	--	--	9.65
<b>PERFORMANCE PARAMETERS</b>					
1. Share capital	3196.41	3196.41	3196.41	3196.41	775.00
2. Reserves & Surplus	2753.42	4154.91	4098.04	4040.93	809.26
3. Secured & Unsecured loans	10638.11	9715.79	8178.53	5695.91	2272.73
4. Fixed Assets (Gross Block)	12818.75	12812.05	7827.02	7737.21	3659.39
5. Accumulated Depreciation	1535.04	1310.84	1199.22	1107.67	1037.14
6. Net Block	11283.71	11501.21	6627.80	6629.54	2622.26

**I. HUMAN RESOURCES**

Your Company, operating in a competitive and dynamic environment, places great importance in the overall training and development of its employees, who make the decisive difference in the hotel industry.

Industrial Relations throughout the year continued to remain cordial.

## REPORT ON CORPORATE GOVERNANCE

### PHILOSOPHY:

The Company's philosophy on Corporate Governance has been developed with a tradition of fair and transparent governance even before they were mandated by the legislation. Transparency, integrity, professionalism and accountability - based values form the basis of the Company's philosophy for Corporate Governance. The Company believes that good Corporate Governance is a continuous process and strives to improve the Corporate Governance practices to meet shareholder's expectations. Your company has fulfilled all the existing guidelines under clause 49 of the listing agreement.

### Present Composition of Board of Directors.

Sl. No.	Name of the Directors	Position	Executive / Non-Executive / Independent
1	Sri. E.V.Muthukumara Ramalingam	Managing Director	Executive / Non-Independent
2	Sri. M.R.Gautham	Executive Director	Executive / Non-Independent
3	Sri. B.A.Madhusudhan	Whole-time Director	Executive / Non-Independent
4	Smt. M.Sasikala	Director	Non-Executive / Non-Independent
5	Sri. K. Subramaniam	Director	Non-Executive / Non-Independent
6	Sri. P.Ganesan	Director	Non-Executive / Independent
7	Dr. Namasivayam Karthikeyan (*)	Director	Non-Executive / Independent
8	Sri. Giri Balasubramanian	Director	Non-Executive / Independent
9	Sri.S.P.Sivanandam (#)	Director	Non-Executive / Independent

(\*) Resigned from Directorship on 29.9.2014

(#) Assumed office as Director on 29.9.2014

#### a. Board Meetings and Attendance

During the year, 6 Board meetings were held and the gap between two meetings did not exceed 120 days. The Board meetings were held on 30.5.2014, 07.8.2014, 29.9.2014, 06.11.2014, 02.2.2015 and 31.3.2015.

#### b. Changes in the composition of Directors

During the year, Dr. Namasivayam Karthikeyan resigned as Director with effect from 29.9.2014 and Sri. S.P. Sivanandam was appointed as an Independent Director with effect from 29.9.2014.

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	Last AGM Attended (Yes/No)	No. of shares held by Non-Executive Directors
Sri. E.V.Muthukumara Ramalingam	6	Yes	N.A.
Sri. M.R.Gautham	6	Yes	N.A.

Directors	Board Meetings	Last AGM Attended (Yes/No)	No. of shares held by Non-Executive Directors
Sri. P.Ganesan	6	Yes	33050
Dr. Namasivayam Karthikeyan	0	No	Nil
Sri. B.A.Madhusudhan	6	Yes	N.A.
Smt. M.Sasikala	6	Yes	2130743
Sri. K.Subramaniam	6	Yes	560000
Sri. Giri Balasubramanian	1	Yes	Nil
Sri. S.P.Sivanandam	4	Yes	100

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

**COMMITTEES OF THE BOARD**

**AUDIT COMMITTEE**

**i) Terms of Reference:**

Apart from all the matters provided in clause 49 of the listing agreement 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 re-views major accounting policies followed by the company.

**ii) Composition:**

The Audit Committee comprises entirely of three Non-Executive Directors and two-third of them is Independent Directors. Sri.P.Ganesan and Sri.S.P.Sivanandam and Sri.K.Subramaniam are the Member of the Committee.

During the year, Dr.Namasivayam Karthikeyan ceased to hold office of Director from the Board, Sri. S. P. Sivanandam has been inducted in replacing his predecessor in the Committee, Dr. Namasivayam Karthikeyan.

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

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

The Committee Meetings were held on 30.5.2014, 07.8.2014, 06.11.2014 and 02.2.2015.

Name of The Member	Designation	No. of Meetings of Attended
Sri.P.Ganesan	Chairman	4
Dr.Namasivayam Karthikeyan	Member	0
Sri.K.Subramaniam	Member	4
Sri.S.P.Sivanadam	Member	2

**NOMINATION & REMUNERATION COMMITTEE AND POLICY:**
**a. Composition**

The Nomination & Remuneration Committee for appointment & remuneration of executive directors was re-constituted on 29/09/2014 as Dr.Namasivayam Karthikeyan, Member of the Committee, ceased to hold office of Director from the Board, Sri.S.P.Sivanandam has been inducted in replacing his predecessor in the committee. The committee comprises entirely of three Non-Executive Directors and two-third of them is Independent Directors.

<b>Name of The Member</b>	<b>Designation</b>
Sri. P. Ganesan	Chairman
Sri. K. Subramanian	Member
Sri. S.P. Sivanadam	Member

**b. Terms of Reference**

The broad terms of reference of the Committee are to recommend to the Board about the Company's policy on appointment and remuneration package for Directors, Key Managerial Personnel and Senior Management and to advise the Board in framing the remuneration policy of the Company from time to time.

**c. Committee Meetings**

During the year, the committee met on 30.5.2014 and 31.3.2015.

The attendance record of the members at the meeting were as follows :

<b>Name of The Member</b>	<b>Designation</b>	<b>No. of Meetings Attended</b>
Sri. P. Ganesan	Chairman	2
Sri. K. Subramanian	Member	2
Sri. S.P. Sivanadam	Member	1
Dr. Namasivayam Karthikeyan	Member	0

The details of remuneration for the year ended March 31, 2015 to the Managing/Executive Directors are reported elsewhere in the Annual Report

**POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION**

The Nomination and Remuneration Committee has adopted a Charter which, inter alia, deals with the manner of selection of Board of Directors and Managing Director / Whole-Time Director and their remuneration. This Policy is accordingly derived from the said Charter.

**Criteria of selection of Non Executive Directors**

The Non-Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of finance, taxation, law, governance, technical knowledge and general management.

In case of appointment of Independent Directors, the Committee shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.

The Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.

The Committee shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director.

- i. Qualification, expertise and experience of the Directors in their respective fields;
- ii. Personal, Professional or business standing;
- iii. Diversity of the Board.

In case of re-appointment of Non-Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

### **Remuneration**

The Non Executive Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board and other committee meetings.

A Non-Executive Director shall be entitled to receive sitting fees for each meeting of the Board attended by him, of such sum in accordance with Articles of Association the Company or as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

### **Managing Director & Whole-Time Directors - Criteria for selection / appointment**

For the purpose of selection of the Managing Director / Whole-Time Directors, the 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.

### **Remuneration for Managing Director & Whole-Time Directors**

At the time of appointment or re-appointment, the Managing Director & Whole-Time Directors shall be paid such remuneration as may be recommended by the Committee and the Board of Directors within the overall limits prescribed under the Companies Act, 2013.

The remuneration shall be subject to the approval of the Members of the Company in General Meeting.

The remuneration of the Managing Director & Whole-Time Directors comprises only of fixed component. The fixed component comprises salary, allowances, perquisites, amenities and retiral benefits, if any.

### **Remuneration Policy for the Senior Management Employees**

In determining the remuneration of the Senior Management Employees (i.e. KMPs and Executive Committee Members) the Committee shall ensure the relationship of remuneration and performance benchmark is clear.

The Managing Director after consultation with Executive Director will carry out the individual performance review based on the standard appraisal matrix and shall take into account the appraisal score card and other factors mentioned hereinabove, whilst recommending the annual increment and performance incentive to the Committee for its review and approval.

**STAKEHOLDERS RELATIONSHIP COMMITTEE**
**a. Composition**

Stakeholders Relationship Committee which comprises of Sri. E.V. Muthukumara Ramalingam, Sri. P. Ganesan and Sri. K. Subramaniam. Sri. M. Srinivasan, Company Secretary is a Compliance officer of the Company.

**b. Terms of reference**

The terms of reference of the Committee has been expanded in terms of the provisions of the Companies Act, 2013 which includes reviewing and redressing complaints from Shareholders such as non receipt of dividend, annual report, transfer of shares or debentures, 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 13 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 :**

05.4.2014, 26.4.2014, 31.5.2014, 21.6.2014, 05.7.2014, 02.8.2014, 30.9.2014, 29.11.2014, 06.12.2014, 31.12.2014, 01.01.2015, 07.2.2015 and 14.3.2015.

Complaints'status	:	1.4.2014 to 31.3.2015
Number of shareholders'complaints received during the period	:	Nil
Number not solved to the satisfaction of shareholders	:	Nil
Number of pending complaints	:	Nil

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

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

<b>Member</b>	<b>Committee Meeting attended</b>
Sri. E.V. Muthukumara Ramalingam	13
Sri. P. Ganesan	13
Sri. K. Subramaniam	13

**CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:**

As the Company does not falls under the provisions of section 135 of the Companies Act, 2013, the Company has not formed a CSR Committee.

**RISK MANAGEMENT COMMITTEE.**

The company has formed a business risk evaluation/management committee consisting of the following members and met on 31.3.2015.

Name of the Member	Designation	No. of Meetings of Attended
Sri. P. Ganesan - Independent Director	Chairman	1
Sri. K. Subramanian - Non- Independent Director	Member	1
Sri. M.R. Gautham - Executive Director	Member	1
Smt. R. Lalitha - Chief Financial Officer	Member	1
Sri. R. Prabhu - AGM - Operations	Member	1

Business Risk Evaluation and Management is an ongoing process within the Organization. The Company has a robust risk management framework to identify, monitor and minimize risks as also identify business opportunities.

**The objectives and scope of the Risk Management Committee broadly comprise of**

1. Oversight of risk management performed by the executive management;
2. Reviewing the BRM policy and framework in line with local legal requirements and SEBI guidelines;
3. Reviewing risks and evaluate treatment including initiating mitigation actions and ownership as per a pre-defined cycle;
4. Defining framework for identification, assessment, monitoring, and mitigation and reporting of risks.
5. Within its overall scope as aforesaid, the Committee shall review risks trends, exposure, and potential impact analysis and mitigation plan.

**INDEPENDENT DIRECTORS MEETING:**

**During the year under review, the Independent Directors met on March 31, 2015, inter alia, to discuss:**

1. Evaluation of the performance of Non Independent Directors and the Board of Directors as a Whole;
2. Evaluation of the performance of the Managing Director of the Company, taking into account the views of the Executive and Non Executive Directors.
3. Evaluation of the quality, content and timelines of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the independent Directors except Sri.Giri Balasubramaniam were present at the meeting.

**SHAREHOLDERS:**

**1. Means of Communication:**

The Quarterly Un-Audited (Provisional) Results and the Annual Audited Financial results of the company are sent to the stock exchanges immediately after they are approved by the Board and are also published in one vernacular news paper viz. "Makkal Kural" and one English news paper viz. "Trinity Mirror". Also they are



uploaded on the company's website [www.velanhotels.com](http://www.velanhotels.com). The results are published in accordance with the guidelines of the listing agreement with Stock Exchanges.

In line with the existing provisions of the Listing Agreement, the Company has created a separate e-mail address viz. [investorrelations@velanhotels.com](mailto:investorrelations@velanhotels.com) to receive complaints and grievances of the investors.

## 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 transfer, transmission etc. to a committee comprising of two Non Executive Directors and one executive director. A summary of transfer/transmission of shares so approved by the committee is placed before the Board periodically.

## 4. GENERALBODYMEETINGS :

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

Year	Location	Date	Time
2014	Regd. Office at 41, Kangayam Road, Tirupur 641 604	29 <sup>th</sup> September, 2014	12.15 p.m.
2013	Regd. Office at 41, Kangayam Road, Tirupur 641 604	25 <sup>th</sup> September, 2013	04.45 p.m.
2012	Regd. Office at 41, Kangayam Road, Tirupur 641 604	12 <sup>th</sup> September, 2012	04.45 p.m.

### ii. Extra-Ordinary General Meeting :

No Extra - Ordinary General Meeting held during the year 2014-15.

### iii. Special Resolutions:

Three special resolutions were passed at the 24th Annual General Meeting held on 29th September, 2015 viz., Increase in borrowing power of the Company, creation of charges on the assets of the Company and Alteration of Articles of Association of the Company and no special resolutions passed at the Annual General Meeting held on 25th September, 2013 and 12th September, 2012.

### iv. Postal Ballot:

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

## 5. DISCLOSURES

- 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.
- No penalties / strictures were imposed on the Company by Stock Exchange or SEBI or any other statutory authorities on any matter relating to the shareholders' complaints, any other matter on account

of Non-compliance of any requirements, legal and otherwise during the last three years except Notice was issued by SEBI with regard to non compliance of Minimum Public Shareholding. The detail explanation reported in the Report of Board of Directors.

- c. 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, 2015.
- d. 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.
- e. The Company has established a whistle blower mechanism to provide an avenue to raise concerns, in line with the Company's commitment to the highest possible standards of ethical, moral and legal business conduct. The details are available elsewhere in the Annual Report.
- f. Accounting Standards and Treatment: The accounting treatment as prescribed in the Accounting Standards (AS) has been followed in the preparation of financial statements.

**6. GENERAL SHAREHOLDER INFORMATION**

**a. Annual General Meeting**

- i. Date : 29.9.2015
- ii. Time : 4.45 p.m.
- iii. Venue : Registered Office at 41 Kangayam Road, Tirupur - 641 604

**b. Financial Calendar :**

- Financial reporting for the quarter ended September 30,2015 : Before November 15, 2015
- Financial reporting for the quarter ending December 31,2015 : Before February 15, 2016
- Financial reporting for the Annual for March 31, 2016 : Before May 30, 2016
- Financial reporting for the quarter ending June 30, 2016 : Before August 15, 2016

- c. Date of Book Closure : 23.9.2015 to 29.9.2015 (Both days inclusive)
- d. Dividend payment : No dividend is recommended.
- e. Listing on Stock Exchange : Bombay Stock Exchange Ltd.,  
& Stock Code 526755

**f. Stock price data.**

High / Low prices of the share of the Company quoted during the financial year 2014-15 at Bombay Stock Exchange Ltd.

Month & Year		High (Rs.)	Low (Rs.)
April	2014	8.91	7.57
May	2014	10.55	7.12

**f. Stock price data. (Contd....)**

Month & Year		High (Rs.)	Low (Rs.)
June	2014	12.64	9.73
July	2014	10.75	9.36
August	2014	10.09	8.64
September	2014	10.15	8.31
October	2014	10.70	7.79
November	2014	9.00	7.79
December	2014	9.04	7.00
January	2015	9.54	7.13
February	2015	8.20	6.31
March	2015	8.35	6.13

g. To avoid repetition of the report of shareholding pattern, the categories of Shareholders as on 31.03.2015 is reported in the Annexure-B to the Board' report.

**h. Distribution of Shareholdings as on 31.03.2015**

Range (Value)	No. of Shareholders	%held (% No. of persons)	Face value of shares	(Rs.)% held (% Value)
Up to 5000	7379	90.63	9893580	3.10
5001 to 10000	362	4.45	2990660	0.94
10001 to 20000	182	2.24	2815250	0.88
20001 to 30000	65	0.80	1643200	0.51
30001 to 40000	31	0.38	1104120	0.35
40001 to 50000	27	0.33	1277760	0.40
50001 and 100000	33	0.41	2306110	0.72
100001 and above	63	0.77	297610510	93.11
<b>TOTAL</b>	<b>8142</b>	<b>100.00</b>	<b>319641190</b>	<b>100.00</b>

**i. Demat information as on 31.03.2015**

No. of shares dematerialized	: 30707454
% Total Capital	: 96.07
No. of share certificates dematerialised	: 22448
% of Total certificates	: 69.69

**j. Reconciliation of Share Capital Audit**

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

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

During the year under review, no fund has been raised.

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

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

**n. Location of the Hotels** → Velan Hotels-Greenfields, 41 Kankayam Road, Tirupur 641 604  
 → Velan Hotel, Bedford, Ritz Road, Coonoor - 643 101

**o. Location of the Restaurants** → Velan Uthra Restaurant, Avanashi Road, Behind IDBI Bank Ltd, Tirupur 641 602  
 → The Velan Food Park, Ram Nagar, Coimbatore 641 009

**p. Location of Shopping Mall** → The Velan Esplanade, 41 Kankayam Road, Tirupur 641 604

**q. Address for correspondence** → Velan Hotels-Greenfields  
 41 Kankayam 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

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

For and on behalf of the Board  
**E. V. Muthukumara Ramalingam**  
 Managing Director  
 &  
**M. R. Gautham**  
 Executive Director

Place : TIRUPUR  
 Date : 28.05.2015



## DECLARATION REGARDING AFFIRMATION OF CODE OF CONDUCT

In terms of the requirements of Clause 49 of the Listing Agreement, this is to confirm that all the members of the Board and the Senior Management personnel have affirmed Compliance with the Code of Conduct for the year ended March 31, 2015.

Place : TIRUPUR  
Date : 28.05.2015

For and on behalf of the Board  
**E. V. Muthukumara Ramalingam**  
Managing Director

## CERTIFICATE OF MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER ON CORPORATE GOVERNANCE

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

We have reviewed the financial statements and the cash flow statement of Velan Hotels Limited for the financial year 2014-15 and certify that:

- a) These statements to the best of our knowledge and belief:
  - i. Do not contain any materially untrue statements or omit any material facts or contain statements that might be misleading:
  - ii. Present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) To the best of our knowledge and belief, there are no transactions entered into by the Directors and Senior Management Personnel during the 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 have evaluated the effectiveness of the internal control systems of the Company for such reporting. We have disclosed to the Auditors and the Audit Committee, deficiencies, if any, in the design or operation of such internal controls, of which we are aware of and the steps taken and/or proposed to be taken to rectify these deficiencies.
- d) We have also indicated to the Auditors and the Audit Committee.
  - i. Significant changes in Internal Controls with respect to financial reporting during the year.
  - ii. Significant changes in accounting policies during the Year and these have been disclosed in the notes to the financial statements.
- e) To the best of our knowledge and belief, there are no instances of significant fraud involving either the management or employees having a significant role in the Company's internal control systems with respect to financial reporting.

Place : TIRUPUR  
Date : 28.05.2015

**E. V. Muthukumara Ramalingam**  
Managing Director

**R. Lalitha**  
Chief Financial Officer

**P.S. Krishnan & Co.**  
Chartered Accountants

40-A, Appachi Nagar Main Road  
Tirupur - 641 607  
Phone : 2227526 to 2227530  
E-mail ID : psكاتup@gmail.com

## AUDITORS' COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members  
Velan Hotels Limited

We have examined the compliance of conditions of Corporate Governance by Velan Hotels Limited for the year ended March 31, 2015 stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of condition of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company to ensure Compliance with the condition of Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has fully complied with all the mandatory conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement.

Place : TIRUPUR  
Date : 28.05.2015

**P.S.KRISHNAN & CO**  
Chartered Accountants  
FRN 001532S

**(CA. G.Krishnamurthi)**  
Partner  
(Membership No. 23896)



**P.S. Krishnan & Co.**  
Chartered Accountants

40-A, Appachi Nagar Main Road  
Tirupur - 641 607  
Phone : 2227526 to 2227530  
E-mail ID : psكاتup@gmail.com

**AUDITOR'S REPORT**  
**REPORT TO THE SHAREHOLDERS OF VELAN HOTELS LIMITED.**

**Report on the Financial Statements**

We have audited the accompanying financial statements of M/s. Velan Hotels Limited which comprise the Balance Sheet as at 31st March 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the company in accordance with the Accounting Principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014. This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 internal financial control that were operating effectively for ensuring the accuracy and completeness of accounting records relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on whether the company has in place adequate internal control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the 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:-

- i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2015;
- ii) in the case of Profit and Loss Account , of the loss for the year ended on that date; and
- iii) in the case of Cash Flow Statement, of the Cash Flow for the year ended on that date

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2015, 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.
2. 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 purpose of our audit;
  - b. in our opinion proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the Balance Sheet ,Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d. in our opinion, the financial statements comply with the Accounting Standards specified under section 133 of the Companies Act,2013, read with rule 7 of the Companies (Accounts) Rules, 2014.
  - e. on the basis of written representations received from the directors as on 31st March, 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015, from being appointed as a director in terms of sub-section(2) of Section 164 of the Companies Act, 2013.

**P.S.KRISHNAN & CO**  
Chartered Accountants  
FRN 001532S

**(G.Krishnamurthi)**  
Partner  
(Membership No. 23896)

Place : TIRUPUR  
Date : 28.05.2015



## ANNEXURE

- 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.
- ii) a) In respect of Inventories :
  - a) Stock of stores, provisions, crockeries, beverage, etc., have been physically verified by the management at reasonable intervals during the year.
  - b) In our opinion, 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.
- iii) The Company has not granted any loans, secured or unsecured to Companies/ firms or other parties covered in the registered maintained under section 189 of the Companies Act 2013.
- 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) In respect of statutory dues:
  - a) The company is not generally regular in depositing the undisputed statutory dues, i.e. Provident Fund, Employees State Insurance, Income tax, Sales Tax, , Wealth Tax ,Service Tax, Duties of Customs, Duty of Excise, Value Added Tax, Cess and any other statutory dues with appropriate authorities.
  - 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, Duties of Customs, Duty of Excise, Value Added Tax, Cess as at the year end.
  - c) In our opinion and according to the information and explanation given to us , the company is not required to transfer amounts to Investor Education and Protection Fund.
- vi) The accumulated losses at year end are however less than fifty percent of its networth. However during the year the company has incurred cash losses. The company has not incurred cash losses during the immediately preceding previous year.

vii) The Company has defaulted in repayment of dues to Banks, which has been classified as NPA Since 01.04.2014:

<b>Name of Bank</b>	<b>Balance due (Rs. in Crore) Principal</b>	<b>Balance due (Rs. in Crore) Interest</b>
Allahabad Bank - Tirupur Branch	42.43	8.62
Andhra Bank - Coimbatore Branch	39.74	7.04

viii) According to the information and explanations given to us, no fraud on or by the company has been reported during the year.

ix) According to information and explanation furnished to us , clauses (v) (vi) (x) and (xi) of the Order 2015 are not applicable to the entity.

**P.S.KRISHNAN & CO**  
Chartered Accountants  
FRN 001532S

**(G.Krishnamurthi)**  
Partner  
(Membership No. 23896)

Place : TIRUPUR  
Date : 28.05.2015

**BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2015**

Particulars	Note No.	As at 31.3.2015 Rs.	As at 31.3.2014 Rs.
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	1	31,96,41,190	31,96,41,190
(b) Reserves and Surplus	2	27,53,41,970	41,54,91,018
<b>(2) Non Current liabilities</b>			
(a) Deferred tax liabilities (Net)	3	2,75,53,469	2,98,86,257
(b) Long Term Borrowings	4	87,37,25,736	79,97,67,683
(c) Other Long term provisions	5	53,04,576	38,27,792
(d) Others	6	5,80,00,000	0
<b>(3) Current Liabilities</b>			
(a) Short Term Borrowings	7	19,00,85,545	17,18,12,452
(b) Trade Payables	8	1,85,24,177	1,94,73,648
(c) Other Current Liabilities	9	6,89,36,059	7,69,95,305
(d) Short -term provisions	10	27,56,752	31,26,015
<b>Total</b>		<b>1,83,98,69,474</b>	<b>1,84,00,21,360</b>
<b>II. ASSETS</b>			
<b>(1) Non Current assets</b>			
(a) Fixed assets			
(i) Tangible assets	11	1,12,83,71,412	1,15,01,21,445
(ii) Capital work-in-progress		66,98,12,580	65,06,06,220
(b) Long-term loans and advances	12	1,13,74,581	1,12,94,754
<b>(2) Current Assets</b>			
(a) Inventories	13	87,74,526	80,64,423
(b) Trade receivables	14	1,26,12,280	1,10,31,673
(c) Cash and cash equivalents	15	44,47,248	42,30,138
(d) Short-term loans and advances	16	44,76,847	46,72,707
<b>Total</b>		<b>1,83,98,69,474</b>	<b>1,84,00,21,360</b>
<b>Notes on Accounts</b>	26		
<b>Significant Accounting Policies</b>	27		

Notes 1 to 27 form part of Annual Accounts

"As Per our report of even date"

For **P.S.KRISHNAN & CO**

Chartered Accountants(FRN 001532S)

**(CA.G.Krishnamurthi)**

Partner

(Membership No: 23896)

Place : Tirupur

Date : 28.05.2015

**E.V. Muthukumara Ramalingam**

Managing Director

**M. R. Gautham**

Executive Director

**M. Srinivasan**

Company Secretary

**R. Lalitha**

Chief Financial Officer

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH 2015

Particulars	Note No.	Year ended on 31.3.2015 Rs.	Year ended on 31.3.2014 Rs.
<b>I. Revenue from operations (Gross)</b>	17	<b>14,24,53,415</b>	15,25,43,989
Less : Excise duty		0	0
Revenue from operations (Net)		<b>14,24,53,415</b>	15,25,43,989
<b>II. Other Income</b>	18	<b>68,77,711</b>	49,99,484
<b>III. Total (I + II )</b>		<b>14,93,31,125</b>	15,75,43,473
<b>IV. Expenses</b>			
Cost of Supplies consumed	19	<b>3,09,37,007</b>	2,89,50,459
House keeping & Laundry expenses	20	<b>18,77,980</b>	21,29,833
Power & Fuel	21	<b>2,80,43,195</b>	2,97,52,242
Employee benefits expenses	22	<b>3,43,16,620</b>	3,15,79,071
Repairs and General maintenance	23	<b>1,12,90,915</b>	61,27,454
Finance Cost	24	<b>14,38,70,297</b>	2,24,69,579
Other Expenses	25	<b>1,90,56,815</b>	1,86,32,249
Depreciation	11	<b>2,20,75,466</b>	1,18,46,687
<b>Total Expenses</b>		<b>29,14,68,296</b>	15,14,87,573
<b>V. Profit / Loss before Exceptional item and tax(III-IV)</b>		<b>-14,21,37,171</b>	60,55,900
<b>VI. Exceptional items</b>		<b>6,74,560</b>	6,98,864
<b>VII. Profit / Loss before tax (V+VI)</b>		<b>-14,14,62,611</b>	67,54,764
<b>VIII. Exordinary items</b>		<b>0</b>	0
<b>IX. Less: Tax expenses</b>			
1) Current Tax		<b>0</b>	12,75,000
2) Tax relating to prior years		<b>0</b>	0
3) MAT Entitlement		<b>0</b>	-12,75,000
4) Deferred tax		<b>23,32,788</b>	-3,69,013
<b>X. Profit / Loss for the year</b>		<b>-13,91,29,823</b>	63,85,751
<b>XI. Earning per share (of Rs.10/- each)</b>			
(a) Basic / Weighted Average		<b>-4.35</b>	0.20
(b) Diluted		<b>0.00</b>	0.00
<b>Notes on Accounts</b>	26		
<b>Significant Accounting Policies</b>	27		

Notes 1 to 27 form part of Annual Accounts

"As Per our report of even date"

For **P.S.KRISHNAN & CO**

Chartered Accountants(FRN 001532S)

**(CA.G.Krishnamurthi)**

Partner

(Membership No: 23896)

Place : Tirupur

Date : 28.05.2015

**E.V. Muthukumara Ramalingam**

Managing Director

**M. R. Gautham**

Executive Director

**M. Srinivasan**

Company Secretary

**R. Lalitha**

Chief Financial Officer

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR 2014 - 2015**

Particulars	As at 31.3.2015 Rs.	As at 31.3.2014 Rs.
<b>NOTE 1 : SHARE CAPITAL</b>		
AUTHORISED		
5,00,00,000 Equity Shares of Rs.10/- each	<b>50,00,00,000</b>	50,00,00,000
	<b>50,00,00,000</b>	50,00,00,000
ISSUED SUBSCRIBED AND FULLY PAID-UP		
3,19,64,119 Equity Shares of Rs.10/- each	<b>31,96,41,190</b>	31,96,41,190
Total	<b>31,96,41,190</b>	31,96,41,190
a) <b>Reconciliation of Number of Shares</b>		
- Shares outstanding as at 01.04.2014/01.04.2013	<b>3,19,64,119</b>	3,19,64,119
- Issue during the year	<b>0</b>	0
- Shares outstanding as at 31.03.2015/31.03.2014	<b>3,19,64,119</b>	3,19,64,119
b) <b>List of shareholders holding more than 5% of the total number of shares issued by the company:</b>		
<b>Name of the Share holder</b>		
1. Sri.E.V.Muthukumararamalingam	<b>1,26,78,383</b>	1,26,78,383
2. Sri.M.R.Gautham	<b>64,20,750</b>	64,20,750
3. Shree Vallee Enterprises private limited	<b>28,26,934</b>	28,26,934
4. Smt.M.Sasikala	<b>21,30,743</b>	21,30,743
c) The Company has only one class of shares i.e. equity shares with equal voting rights.		
<b>NOTE 2 : RESERVES AND SURPLUS</b>		
a) <b>Capital Reserve</b>		
Revaluation Reserve	<b>7,16,83,901</b>	71,68,3901
(Reserves created out of revaluation of Land & Building Situated at Tirupur)		
Less: Depreciation on revalued assets	<b>91,49,004</b>	84,74,444
	<b>6,25,34,897</b>	63209457
b) <b>Surplus in Statement of Profit and Loss</b>		
Opening balance	<b>3,74,98,014</b>	3,11,12,263
Add: Profit for the year	<b>-13,91,29,823</b>	63,85,751
	<b>-10,16,31,809</b>	3,74,98,014
Less: Adjustments	<b>-3,44,665</b>	0
Closing balance	<b>-10,19,76,474</b>	3,74,98,014
c) <b>Other Reserve</b>		
Security premium Account	<b>31,47,83,547</b>	31,47,83,547
	<b>31,47,83,547</b>	31,47,83,547
Total	<b>27,53,41,970</b>	41,54,91,018

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR 2014 - 2015**

Particulars	As at 31.3.2015 Rs.	As at 31.3.2014 Rs.
<b>NOTE 3 : DEFERRED TAX LIABILITIES</b>		
Opening Balance	2,98,86,257	2,95,17,244
Provision / (Reversal)	-23,32,788	3,69,013
Closing Balance	2,75,53,469	2,98,86,257
<b>NOTE 4 : LONG-TERM LIABILITIES</b>		
a) Term Loans - From Banks	80,26,83,696	73,22,24,281
b) Loans and Advances from Related parties	3,94,47,711	3,93,48,719
c) Security Deposit from Tenants	3,15,94,329	2,81,94,683
	87,37,25,736	79,97,67,683
<b>NOTE 5 : OTHER LONG TERM PROVISIONS</b>		
a) Provision for employee benefits	53,04,576	38,27,792
	53,04,576	38,27,792
<b>NOTE 6 : OTHERS</b>		
a) Others	5,80,00,000	0
	5,80,00,000	0
<b>NOTE 7 : SHORT TERM BORROWINGS</b>		
a) Current maturities of long-term debt	8,98,71,714	8,99,80,830
b) Interest accrued and due on borrowing	8,71,35,463	6,86,59,662
c) Overdrawn Account	1,30,78,368	1,31,71,960
	19,00,85,545	17,18,12,452
<b>NOTE 8 : TRADE PAYABLES</b>		
Trade Payable	1,85,24,177	1,94,73,648
	1,85,24,177	1,94,73,648
<b>NOTE 9 : OTHER CURRENT LIABILITIES</b>		
a) Unpaid dividend	13,10,575	13,11,100
b) Statutory liabilities	93,74,349	47,45,222
c) Other Payables	29,27,498	1,42,23,748
d) Capital Goods Liability	5,51,24,059	5,57,21,360
f) Advance / Progress Payments from Customers	1,99,578	9,93,876
	6,89,36,059	7,69,95,305
<b>NOTE 10 : SHORT -TERM PROVISIONS</b>		
a) Provision for taxation - income tax	27,56,752	31,26,015
	27,56,752	31,26,015

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR 2014-2015**
**NOTE 11 : FIXED ASSETS**

Description of Assets	Gross Block			Depreciation				Net Block		
	As at 1.4.2014	Additions	Deletions	As at 31.3.2015	Up to 31.3.2014	For the year	With drawn	Up to 31.3.2015	As at 31.3.2015	As at 31.3.2014
Land	45,01,50,385	0		45,01,50,385	0	0	0	0	45,01,50,385	45,01,50,385
Building	63,99,75,804	0		63,99,75,804	5,03,13,352	1,07,76,253		6,10,89,605	57,88,86,199	58,96,62,452
Plant & Machinery	14,52,68,632	6,29,897	0	14,58,98,529	5,64,46,256	66,18,584	0	6,30,64,840	8,28,33,689	8,88,22,376
Furniture & Fittings	3,51,83,869	6,500		3,51,90,369	2,17,68,963	37,73,670		2,55,42,633	96,47,736	1,34,14,906
Vehicles	1,06,26,588	33,700		1,06,60,288	25,55,262	12,51,624		38,06,886	68,53,402	80,71,326
	<b>128,12,05,279</b>	<b>6,70,097</b>	<b>0</b>	<b>128,18,75,376</b>	<b>13,10,83,833</b>	<b>2,24,20,131</b>	<b>0</b>	<b>15,35,03,964</b>	<b>112,83,71,412</b>	<b>115,01,21,445</b>

Particulars	As at 31.3.2015 Rs.	As at 31.3.2014 Rs.
<b>NOTE 12 : LONG-TERM LOANS AND ADVANCES</b> (Unsecured, considered good)		
(a) Capital Advances	<b>40,000</b>	0
(b) Deposit with others	<b>26,44,740</b>	26,35,038
(c) Other non current assets	<b>12,25,121</b>	12,25,121
(d) MAT Entitlement	<b>67,13,540</b>	67,13,540
(e) Other bank balance - Deposits	<b>7,51,180</b>	7,21,055
	<b>1,13,74,581</b>	1,12,94,754
<b>NOTE 13 : INVENTORIES</b> (a) Stores and Provisions (Valued at Lower of cost or market price and as certified by the management)	<b>87,74,526</b>	80,64,423
	<b>87,74,526</b>	80,64,423
<b>NOTE 14 : TRADE RECEIVABLES</b> <b>UNSECURED, CONSIDERED GOOD</b> (*Includes an amount of Rs.52024 (P.Y..140041) outstanding for a period exceeding six months from the date they are become due)	<b>1,26,12,280</b>	1,10,31,673
	<b>1,26,12,280</b>	1,10,31,673
<b>NOTE 15 : CASH AND CASH EQUIVALENTS</b> <b>Cash on hand</b>	<b>23,36,665</b>	9,71,087
Balance with bank - Current accounts	<b>7,99,307</b>	19,47,416
- unpaid dividend accounts	<b>13,11,276</b>	13,11,636
	<b>44,47,248</b>	42,30,138
<b>NOTE 16 : SHORT-TERM LOANS AND ADVANCES</b> <b>UNSECURED, CONSIDERED GOOD</b> (Advances recoverable in cash or kind or for value to be received)		
(a) Advances (others)	<b>9,09,696</b>	11,05,556
(b) Balance with revenue authorities	<b>35,67,151</b>	35,67,151
	<b>44,76,847</b>	46,72,707

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR 2014 - 2015

Particulars	As at 31.3.2015 Rs.	As at 31.3.2014 Rs.
<b>NOTE 17 : SALE OF SERVICES</b>		
a) Guest Accomodation	6,81,45,630	6,85,12,156
b) Others	1,88,250	1,74,000
c) Rental Income - Arcade	0	44,94,134
<b>Sale of Products</b>		
a) Food & Beverage	5,67,84,804	6,01,27,998
b) Liquor	1,07,82,397	1,08,84,691
<b>Other Operative Services</b>		
a) Taxi hire	72,145	34,680
b) Swimming Pool Income	27,00,470	29,57,377
c) Service charges	12,26,062	13,02,329
d) Laundry receipts	6,01,592	6,51,587
e) Telephone charges receipts	19,52,065	34,05,038
	<b>14,24,53,415</b>	<b>15,25,43,989</b>
<b>NOTE 18 : OTHER INCOME</b>		
a) Interest receipts	1,37,429	1,69,526
b) Misc.Income	65,00,030	46,97,307
c) Sundry Balance w/back	1,50,019	125
d) Other income	77,667	1,20,551
e) Rounded off	2,018	2,120
f) Commission	10,547	9,855
	<b>68,77,711</b>	<b>49,99,484</b>
<b>NOTE 19 : COST OF SUPPLIES CONSUMED</b>		
Opening Stock	80,64,423	60,76,793
Purchases	3,16,47,110	3,09,38,089
	<b>3,97,11,533</b>	<b>3,70,14,882</b>
Less : Closing Stock	87,74,526	80,64,423
	<b>3,09,37,007</b>	<b>2,89,50,459</b>
<b>NOTE 20 : HOUSEKEEPING AND LAUNDRY EXPENSES</b>		
Housekeeping expenses	15,89,518	16,96,603
Laundry expenses	2,88,462	4,33,230
	<b>18,77,980</b>	<b>21,29,833</b>
<b>NOTE 21 : POWER &amp; FUEL</b>		
Electricity charges	1,04,08,063	88,20,578
Diesel & Lubricants	54,58,297	78,26,152
Firewood	65,51,015	65,51,675
Gas	36,21,600	43,51,642
Charcoal	5,72,550	5,17,769
Water	14,31,670	16,84,426
	<b>2,80,43,195</b>	<b>2,97,52,242</b>



**Hotels NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR 2014 - 2015**

Particulars	As at 31.3.2015 Rs.	As at 31.3.2014 Rs.
<b>NOTE 22 : EMPLOYEE BENEFITS EXPENSES</b>		
Salary & Wages	2,99,54,460	2,86,54,322
Bonus & Exgratia	7,95,354	6,07,368
Gratuity & Leave salary	16,95,294	3,29,758
Staff welfare expenses	9,31,778	10,49,609
contribution to statutory funds	9,39,734	9,38,014
	<b>3,43,16,620</b>	<b>3,15,79,071</b>
<b>NOTE 23 : REPAIRS AND GENERAL MAINTENANCE</b>		
Building	30,30,145	11,21,567
Machinery	78,68,027	44,75,825
Others	3,92,744	5,30,062
	<b>1,12,90,915</b>	<b>61,27,454</b>
<b>NOTE 24 : FINANCE COST</b>		
Term loan interest	14,10,56,433	2,01,44,714
working capital loan interest	20,54,763	20,26,917
Financial Charges	3,40,824	2,97,948
Bank charges	4,18,278	0
	<b>14,38,70,297</b>	<b>2,24,69,579</b>
<b>NOTE 25 : OTHER EXPENSES</b>		
<b>a) Selling expenses</b>		
Advertisement	2,02,208	3,38,322
Credit card service charges	79,345	2,169
Business promotion expenses	15,89,331	17,28,290
Discount	3,05,022	2,14,712
<b>b) Administrative expenses</b>		
Bank Charges	13,95,183	17,31,287
Filing Fee	43,468	11,100
Telephone charges	9,48,890	11,70,856
Printing & Stationery	7,26,498	9,73,801
Misc.Expenses	4,73,697	9,76,182
Postage & telegram	2,07,843	1,83,232
Periodicals & New papers	1,47,377	98,569
Carriage inward	2,50,984	1,62,171
Donation	0	1,500
Professional Fees	12,63,505	2,38,921
Lease Rent	19,64,430	19,57,800
Legal Fees	33800	0
Rates & Taxes	32,18,315	30,37,510
Travelling & Conveyence	17,28,121	10,88,755
Insurance	7,94,201	2,66,665
Pooja Expenses	85,883	1,26,496

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR 2014 - 2015

Particulars	As at 31.3.2015 Rs.	As at 31.3.2014 Rs.
<b>NOTE 25 : b) Administrative expenses (Contd.)</b>		
Sitting Fees	10,000	0
Subscription	37,505	30,478
Remuneration to Auditors		
Statutory Audit	75,000	60,000
Tax Audit	25,000	25,000
Taxation Matters	75,000	40,000
Certification work	1,34,095	64,500
Others & Service Tax	21,630	15,450
Internal audit fee	3,16,800	2,84,000
Loss on sale of assets	0	58,871
Share Transfer Expenses	87,638	1,31,164
Vehicle running expenses	16,28,251	18,64,892
Security service charges	5,16,908	17,49,556
Service Tax Reversal	6,70,887	0
	<b>1,90,56,815</b>	<b>1,86,32,249</b>
<b>NOTE 11 : DEPRECIATION</b>		
Building	1,07,76,253	51,29,135
Plant & Machinery	64,31,480	33,05,320
Furniture & Fittings	36,16,739	23,52,984
Vehicles	12,50,994	10,59,248
	<b>2,20,75,466</b>	<b>1,18,46,687</b>

**NOTE 26 : 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 books of accounts Rs.Nil. (Previous year Rs. Nil)
- d. Expenditure on employees who are in receipt of remuneration of not less than Rs. 60,00,000/- per annum (previous year Rs. 60,00,000/- per annum) when employed through out the year or Rs. 5,00,000/- per month (previous year Rs. 5,00,000/- 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 been 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 realized in the ordinary course of its business.

**i. Income of the Company includes the following :**

Particulars	31.3.2015 Rs.	31.3.2014 Rs.
Guest Accommodation	6,81,45,630	6,85,12,156
Foods & Beverage Sales	5,67,84,804	6,01,27,998
Wine & Liquor	1,07,82,397	1,08,84,691
Telephone Receipts	19,52,065	34,05,038
Others	1,16,66,229	1,46,13,590
	<b>14,93,31,125</b>	15,75,43,473
<b>i) Opening Stock</b>		
Provisions, & Supplies	77,22,389	58,50,729
Wine & Liquor	3,42,034	2,26,064
	<b>80,64,423</b>	60,76,793
<b>ii) Closing Stock</b>		
Provisions & Supplies	83,72,670	77,22,389
Wine & Liquor	4,01,856	3,42,034
	<b>87,74,526</b>	80,64,423
<b>iii) Consumption</b>		
Provisions & Supplies	2,76,41,882	2,64,27,815
Wine & Liquor	32,95,125	31,22,644
	<b>3,09,37,007</b>	2,89,50,459

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

	2014- 2015		2013- 2014	
	Value Rs.	Percentage %	Value Rs.	Percentage %
<b>PROVISIONS &amp; SUPPLIES</b>				
Imported	Nil	Nil	Nil	Nil
Indigenous	3,09,37,007	100%	2,89,50,459	100%

j. **TERM LOANS :**

1. Allahabad Bank , Andhra Bank & Canara Bank.

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 Managing Director & Executive Director of the Company.

2. Axis Bank Limited

Secured by way of hypothecation of the Vehicle of the Company.

k. **EARNING IN FOREIGN EXCHANGE**

(As reported by the management to the Department of Tourism but not verified by the Auditors)	2014 - 2015	2013 - 2014
		Rs. 373.01 Lakhs

l. **CIF VALUE OF IMPORTS**

Capital Goods	2014 - 2015	2013 - 2014
		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. 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 :-

Particulars	31.3.2015 Rs.	31.3.2014 Rs.
Profit / Loss before Tax for the year	-14,14,62,171	67,54,764
Net Profit / Loss for the year attributable to equity share holders (A)	-13,91,29,823	63,85,751
No. of equity shares (In Numbers) (B)	3,19,64,119	3,19,64,119
Earnings per share/ Weighted Average	-4.35	0.20
Nominal value per share	10/-	10/-

- o. Net Deferred Tax in respect of the year ending 31<sup>st</sup> March 2015 debited to Profit and Loss Account and Net Deferred Tax Liability as on 31<sup>st</sup> March, 2015 are computed as below :

**DEFERRED TAX LIABILITY**

Rs. in Lakhs

S. No.	Particulars	Opening Balance	Reversal during the year	Closing Balance
1.	Depreciation on account of difference in Depreciation under income tax Act and books of accounts	298.86	23.33	275.53
	Total (A)	298.86	23.33	275.53

**p. Related Party Transactions.**

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

Key Managerial Personnel	Interested Concerns
Sri.E.V.Muthukumararamalingam - Managing Director Sri.M.R.Gautham - Executive Director Sri.B.A.Madhusudan - Whole-Time Director	M/s. Shree Vallee Enterprises Private Limited

Nature of Transaction	Key Managerial Personnel
Unsecured Loans	Rs. 3,94,47,711
Managerial Remuneration	Rs. 31,00,000

**q. Notes 1 to 27 form an integral part of annual accounts.**

**NOTE 27 : SIGNIFICANT ACCOUNTING POLICES****a) 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 to the extent applicable except for certain fixed assets which have been revalued. The Accounting is on the basis of a going concern concept.

**b) 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.

**c) Foreign Currency Transactions :**

Foreign Currency Transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate prevailing at the time of transaction. Closing balances of current assets and current liabilities are converted at the rates of exchange prevailing at the end of the year. Any increase/decrease arising out of the above is adjusted to the Profit and Loss Account.

**d) 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.

Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date are disclosed as "Capital Advances" under Long Term Loans and Advances and cost of fixed assets not ready to use before such date is disclosed under "Capital-Work-in-Progress"

**e) Depreciation**

- a. Depreciation is provided under Straight Line Method on assets on pro-rata basis at the rates specified in Schedule II to the Companies Act, 2013.
- b. Depreciation on assets revalued in the year is calculated on its revalued figure on Straight Line Method at the rates specified in Schedule II to the Companies Act, 2013. The additional charge of depreciation on account of revaluation is deducted from revaluation reserve and credited to the Profit and Loss Account.

**f) Valuation of Inventory :**

Provisions and Supplies 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.

**g) Employee Benefits**

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.

3. Short Term Benefits

Short term employee benefits are recognized as expenses as per the Company's scheme based on expected obligation on undiscounted basis.

**h) Contingencies and events occurring after the date of Balance sheet**

Events, where material, occurring after the date of the balance sheet are considered upto the date of approval of accounts

**i) Contingent Liabilities**

Contingent liabilities are not recognized, but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

**j) 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.

**k) Borrowing Cost**

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

**l) Taxation**

Current tax is determined as the amount of tax payable in respect of taxable income for the year based on applicable tax rates and laws. Deferred Tax is recognized subject to consideration of prudence in respect of deferred tax assets, on timing difference, being the difference between taxable income and accounting income that originates in one period and are capable of reversal in one or more subsequent periods. At the year end, deferred tax assets and deferred tax liabilities are netted of in the balance sheet.

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2015**

Particulars	Year ended on 31.3.2015 Rs.		Year ended on 31.3.2014 Rs.	
	<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net Profit / Loss Before Tax	-141462611		6754764	
Add: Extra Ordinary Items	344665		0	
Loss on sale of assets	0	344665	58871	58871
Less: Extra Ordinary Items	-141117946		6813635	
Short provision towards taxation	0		0	
Profit on sale of assets	0	0	0	0
		-141117946		6813635
Adjustment for:				
Depreciation		21400906		11147823
Interest Receipts	137429		169526	
Finance cost	143870297	165408635	22469579	33786928
Operating Profit before working Capital changes		24290687		40600563
(Increase) / Decrease in Trade Receivables	-1580608		-8456978	
(Increase) / Decrease in Inventories	-710103		-1987630	
(Increase) / Decrease in Short term loans & Advance	195860		-825791	
(Increase) / Decrease in Long term loans & Advance	-79827		2794695	
Increase / (Decrease) in Trade Payables	-1399471		6997352	
Increase / (Decrease) in Other Payables	-6363953	-9938102	17655935	16177583
Cash generated from operations		14352584		56778146
Taxes paid	0		0	
Gratuity and Leave salary and Bonus paid	468510	468510	443646	443646
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		13884074		56334500
Capital Expenditure	19876457		186447226	
proceeds from sale of fixed assets (Advance)	58000000	-38123544	735000	185712226
Net cash used in investing activities		52007618		-129377726
<b>C. CASH FROM FINANCING ACTIVITIES</b>				
Finance Cost	143870297		22469579	
Interest receipts	137429		169526	
Dividend Paid	525		0	
Dividend tax paid	0		0	
Proceeds from Long term borrowings	-73958053		-12849870	
Proceeds from short term borrowings	-18273093		-140877063	
Proceeds from Rights issue/ Application money	0		0	
Proceeds from Short term loan others	13402		162712	
		51790508	0	-130925116
Net increase / Decrease in cash / cash equivalents		217110		1547390
Cash and cash equivalents opening as on 01.04.2014 / 01.04.2013		4230138		2682748
Cash and cash equivalents closing as on 31.03.2015/31.03.2014		4447248		4230138

Notes 1 to 27 form part of Annual Accounts

"As Per our report of even date"

For **P.S.KRISHNAN & CO**

Chartered Accountants(FRN 001532S)

**(CA.G.Krishnamurthi)**

Partner

(Membership No: 23896)

Place : Tirupur

Date : 28.05.2015

**E.V. Muthukumara Ramalingam**

Managing Director

**M. R. Gautham**

Executive Director

**M. Srinivasan**

Company Secretary

**R. Lalitha**

Chief Financial Officer





Notes

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# 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 ANNUAL GENERAL MEETING at 41, Kangayam Road, Tirupur - 641 604 on Tuesday, 29th September, 2015 at 4.30 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 25<sup>th</sup> Annual General Meeting of the Company to be held on Tuesday, the 29<sup>th</sup> September, 2015 at 4.30 p.m. at 41, Kangayam Road, Tirupur - 641 604 and at any adjournment thereof in respect of such resolutions as are indicated below :

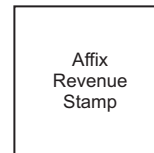
Resolution No. ( )

1	
2	
3	
4	
5	
6	

Signed this ..... day of ..... 2015.

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.



## VELAN HOTELS LTD

CIN : L55101TZ1990PLC002653

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

Phone : 0421 4311111 Fax : 0421 2424434

E-mail : investorrelations@velanhotels.com Website : www.velanhotels.com

### BALLOT FORM (in lieu of E-voting at the AGM)

1	Name of Sole / First Member	
2	Name(s) of Joint Member(s), if any	
3	Registered Folio No./DP ID No./Client ID No.	
4	Number of shares held	

I/We hereby exercise my/our vote in respect of the Resolution(s) to be passed through e-voting / Ballot for the business stated in the AGM Notice dated 28<sup>th</sup> May, 2015 of the Company by conveying my / our assent or dissent to the said Resolution(s) by placing the tick (✓) mark at the appropriate box below :

Item No.	Description	No. of shares held by me	I assent to the resolution	I dissent from the resolution
1	Adoption of Annual Financial Statements as on 31 <sup>st</sup> March, 2015 (Ordinary Resolution)			
2	Reappointment of Sri. M.R. Gautham retire by rotation and seeking re-election (Ordinary Resolution)			
3	Reappointment of Sri. B.A. Madhusudhan retire by rotation and seeking re-election (Ordinary Resolution)			
4	Re-appointment of Statutory Auditors and fixing their remuneration (Ordinary Resolution)			
5	Approval of Related Party Transactions (Ordinary Resolution)			
6	Amendment to the Articles of Association of the Company to be in line with the Companies Act, 2013 (Special Resolution)			

Place :

Date :

Signature of Member



**NOTE:** Kindly read the instructions printed overleaf before filling the form. Last date for receipt of postal ballot forms by Scrutinizer is 04.08.2014

## VELAN HOTELS LTD

### INSTRUCTIONS :

1. In terms of Clause-35B of the Listing Agreement, those members, who do not have access to e-voting facility provided by the Company for the Annual General Meeting may send their assent or dissent in writing on the Ballot Form. Accordingly, this Ballot Form is being provided as per Clause 35B of the Listing Agreement.
2. A member desiring to exercise his/her vote by Postal Ballot Form should complete this Ballot Form, sign and send it to Mr. S.R. Baalaji, Scrutinizer, C/o. SKDC Consultants Ltd, Kanapathy Towers, 3<sup>rd</sup> Floor, Sathy Road, Ganapathy, Coimbatore 641 006 so as to reach him on or before 28<sup>th</sup> September, 2015 by 5.00 p.m. Any ballot form received after this time and date will be treated as if the reply from the members has not been received.
3. The ballot form should be completed and signed by the members. In the case of joint shareholding, this form should be completed and signed by the first named member and in his absence, by the next named member(s). Unsigned postal ballot form will be rejected. The signature on the ballot form must tally with the specimen signature registered with the Company.
4. Where the ballot form has been signed by an Authorised Representative of a body corporate, a certified copy of the relevant authorizations to vote on the postal ballot should accompany the ballot form. A member may sign the form through an Attorney appointed specifically for this purpose, in which case an attested true copy of the Power of Attorney should be attached to the ballot form.
5. A member may request for a duplicate ballot form, if so required. However, the duly filled in duplicate ballot form should reach the Scrutinizer not later than the time and date specified at Item No. 2 above.
6. Voting rights will be reckoned on the paid up value of shares registered in the name of the member on 22<sup>nd</sup> September, 2015 which is the cut off date fixed for this purpose.
7. Members are requested not to send any other paper along with the Ballot Form and any extra paper found in such envelope would be destroyed by the Scrutinizer.
8. There will be only one ballot form for every folio irrespective of the number of joint member(s).
9. A member need not use all the votes nor does he need to cast all the votes in the same way.
10. The Scrutinizer's decision on the validity of a ballot will be final and binding.
11. Incomplete, unsigned or incorrect ballot forms will be rejected.
12. The date of Annual General Meeting will be the deemed date of passing resolution(s) through e-voting / ballot. It may also be noted that, in terms of Section 114 of the Act, the Resolutions contained in the Annual General Meeting Notice will be deemed to have been passed through the e-voting and ballot form. Accordingly, the results shall be declared in terms of Rules 20 or 21 of the Companies (Management and Administration) Rules 2014.
13. The right of vote under e-voting and ballot shall not be exercised by a proxy.

