



May 24, 2018

BSE Limited  
Corporate Relationship Dept  
Floor No.25, P.J.Towers  
Dalal Street  
Mumbai 400 001

Dear Sir

## VELAN HOTELS LIMITED

41, Kangayam Road, Tirupur - 641604.

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TIN : 3 3 8 7 2 4 0 1 0 4 2

CST No: 3 1 5 1 4 7 Dt. 18-11-91

CIN : L55101TZ1990PLCOO2653

**Sub : Intimation of Audited financial results of the Company for the quarter and year ended 31<sup>st</sup> March, 2018 & Re-appointment of Managing Director - Reg.**

The Board of Directors of the Company at their meeting held today has, among other things, transacted the following business.

1. Approved the Audited Financial Results of the Company for the financial year 2017-18
2. Re-appointment of Sri.E.V.Muthukumara Ramalingam as Managing Director for a further period of three years.

In accordance with the Regulation 33(3) of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, we furnish herewith the following:

1. Statement of Audited financial results of the Company for the quarter and year ended 31<sup>st</sup> March, 2018
2. Auditors' Report for the quarter and year ended 31<sup>st</sup> March, 2018 issued by M/s.Krishaan & Co., Statutory Auditor of the Company.
3. Declaration on Unmodified opinion by the Auditors of the Company on Audited financials results for the quarter and year ended 31<sup>st</sup> March, 2018.

The meeting of the Board of Directors commenced at 11:00 a.m. and then adjourned and thereafter reconvened at 2:30 p.m. and concluded at 3:00 p.m.

Kindly acknowledge receipt

Thanking you

Yours truly  
For VELAN HOTELS LTD

*M. Srinivasan*

**M.SRINIVASAN**  
**COMPANY SECRETARY**

**Statement of Standalone Audited Financial Results for the quarter and Year ended 31st March 2018**

SL.NO	Particulars	Quarter Ended			Year Ended	
		Unaudited			Audited	
		31.03.2018	31.12.2017	31.03.2017	31.03.2018	31.03.2017
1	Net Sales (net of duties)/Income from operations	198.24	213.75	262.87	857.12	1,173.12
2	Other income	(2.58)	3.07	39.61	13.75	65.30
3	<b>Total income</b>	<b>195.66</b>	<b>216.82</b>	<b>302.48</b>	<b>870.87</b>	<b>1,238.42</b>
4	Expenses					
a)	Cost of materials consumed	37.02	48.91	54.66	175.80	246.38
b)	purchases of Stock-in-trade progress	-	-	-	-	-
c)	Employee benefits expenses	49.93	68.36	85.58	242.16	291.10
d)	Finance costs	5.13	5.48	462.01	24.29	1,850.68
e)	Depreciation and amortisation expenses	44.37	46.81	31.73	184.69	195.81
f)	power & fuel	40.92	41.27	49.21	177.88	219.35
f)	other expenses	50.74	71.88	80.67	238.11	286.16
	<b>Total expenses</b>	<b>228.11</b>	<b>282.71</b>	<b>763.86</b>	<b>1,042.93</b>	<b>3,089.48</b>
5	Profit/(loss) before exceptional and tax	(32.45)	(65.89)	(461.38)	(172.06)	(1,851.06)
6	Exceptional items (net credit/charge)					(41.07)
7	<b>Profit/(loss) before tax</b>	<b>(32.45)</b>	<b>(65.89)</b>	<b>(461.38)</b>	<b>(172.06)</b>	<b>(1,892.13)</b>
8	Tax expenses					
a.	Current Tax	-	-	1.02	-	1.02
b.	Deferred tax credit/(charge)	(12.34)	(20.36)	(47.37)	(75.47)	(68.05)
c.	Income tax for earlier years	-	-	-	-	-
d.	Mat credit Entitlement	-	-	-	-	-
9	<b>Profit/(loss) for the period from continuing operations</b>	<b>(44.79)</b>	<b>(86.25)</b>	<b>(507.73)</b>	<b>(247.53)</b>	<b>(1,959.16)</b>
10	Profit/(loss) from discontinued operations before tax	-	-	-	-	-
11	Tax expenses of discontinued operation	-	-	-	-	-
12	Profit/(loss) from discontinued operations after Tax	-	-	-	-	-
13	<b>Profit/(loss) for the period</b>	<b>(44.79)</b>	<b>(86.25)</b>	<b>(507.73)</b>	<b>(247.53)</b>	<b>(1,959.16)</b>
14	Other comprehensive income for the period (net of tax)	-	-	-	-	-
15	<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>(44.79)</b>	<b>(86.25)</b>	<b>(507.73)</b>	<b>(247.53)</b>	<b>(1,959.16)</b>
16	Paid up equity share capital (face value Rs.10/- per share)	3,196.41	3,196.41	3,196.41	3,196.41	3,196.41
17	Reserves Excluding Revaluation reserves				(1,702.48)	(1,461.74)
18	a) Earnings per share					
	Basic	(0.14)	(0.27)	(1.59)	(0.77)	(6.13)
	Diluted	(0.14)	(0.27)	(1.59)	(0.77)	(6.13)

**Notes:**

- The above Financial results were reviewed by the Audit Committee and approved at the meeting of the Board of Directors of the company held on 24.05.2018.
- Consequent to implementation of Goods and Service Tax(GST) regime effective from 1 July 2017, Revenue is presented exclusive of GST and Revenue for all other period were excluding Duty. In accordance with "Ind AS-18- Revenue", is not included in Gross Sales. In view of the aforesaid change in Indirect Taxes, Sales for the Quarter and Year ended is net of GST.
- The financial results of the Quarter and Year ended 31 March 2017 and as well as the Reconciliation of Profit/(Loss) under Indian Accounting Standards("Ind AS") have been audited/reviewed by the predecessor Auditors.
- In the light of continued discussions with M/s.RARE Asset Reconstruction Private Ltd (ARC), Ahmedabad-380009, and the uncertainty in the principal amount payable, the Interest accrued and due on such borrowings taken over by the ARC from banks have not been considered in the above results.
- Effective 1 April 2017, the Company has adopted Indian Accounting Standards ("IndAS") as prescribed under section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Accounting Standards) Rules, 2015. Accordingly, the above financial results including the comparative periods have been prepared in accordance with the recognition and measurement principles laid down under Ind AS 34, Interim Financial Reporting.



The reconciliation of Net Profit reported in accordance with the previous Indian GAAP to Total Comprehensive Income in accordance with Ind AS for its corresponding quarter of the previous year as required by Securities and Exchange Board of India vide, its Circular No. CIR/CFD/FAC/62/2016 dated July 05,2016(Circular) is given below:

Particulars	Quarter Ended 3/31/2017	Year Ended 3/31/2017
1) Net Profit/(Loss) as per Previous Indian GAAP	(507.73)	(1,959.16)
2) Consequent Changes in Translation to Ind AS	-	-
3) Reclassification of Acturial Gain/(Loss) on Defined Benefit Plans to Other Comprehensive income (net of Tax)	-	-
4) Net Profit/(Loss) after Tax under Ind AS	(507.73)	(1,959.16)
5) Other Comprehensive income (net of Tax)	-	-
6) Total Comprehensive Income as per Ind AS	(507.73)	(1,959.16)

- 6) The Valuation of the assets tied to the borrowings taken over by M/s. RARE Asset Reconstruction Private Ltd (ARC), Ahmedabad-380009, have not been carried out peniding the conclusion of discussion on entering into a definitive agreement. Hence the Impairment of such assets, if any, have been deferred.
- 7) The Income for the year was adversely affected by the decision of the Supreme Court banning Sale of Liquor within 500 meters of National and State Highways w.e.f 01/04/2017. However the Supreme Court later clarrified that Municipal Areas will be exempted by ban of Liquor Sale even if they are within 500 meters of highway. However based on the relaxion given by the Hon'ble Supreme Court, the company has commenced sale of alcoholic beverages w.e.f September 1st, 2017.
- 8) The Company does not have any extraordinary item to report for the above periods.
- 9) Previous period/year figures have been regrouped and/or reclassified,wherever necessary.

Date: 24.05.2018  
Place: Tirupur

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

**For VELAN HOTELS LIMITED**

M. Srinivasan  
Company Secretary



**Velan Hotels Limited**  
**41 Kangayam Road, Tirupur- 641 604. Ph :++91-421-4311111, 2424444**  
**Fax :++91-421 - 2424434 Email:accounts@velanhotels.com**  
**CIN: L55101TZ1990PLC002653**

**Segment-wise Revenue, Result and capital employed for the Quarter and Year ended 31st March 2018.**

**(Rs. In Lakhs)**

S no	Particulars	Quarter ended			Year Ended	
		Unaudited			Audited	Audited
		31.03.2018	31.12.2017	31.03.2017	31.03.2018	31.03.2017
1	<b>Segment Revenue</b>					
	(Net sales/Income)					
	a) Hotel	198.24	213.75	262.87	857.12	1,173.12
	b) Shopping Arcade	-	-	-	-	-
	<b>Total</b>	<b>198.24</b>	<b>213.75</b>	<b>262.87</b>	<b>857.12</b>	<b>1,173.12</b>
	Less : Intersegment Revenue	-	-	-	-	-
	<b>Netsales/income from operations</b>	<b>198.24</b>	<b>213.75</b>	<b>262.87</b>	<b>857.12</b>	<b>1,173.12</b>
2	<b>Segment results</b>					
	(profit/loss before interest & tax)					
	a) Hotel	2.87	(32.83)	31.41	(30.19)	105.56
	b) Shopping Arcade	(30.19)	(27.58)	(30.78)	(117.58)	(119.42)
	<b>Total</b>	<b>(27.32)</b>	<b>(60.41)</b>	<b>0.63</b>	<b>(147.77)</b>	<b>(13.86)</b>
	Less: i) interest	(5.13)	(5.48)	(462.01)	(24.29)	(1,837.20)
	ii) Other unallocable expenditure net off	-	-	-	-	-
	iii) Un-allocable income	-	-	-	-	(41.07)
	<b>Total profit/(Loss) Before tax</b>	<b>(32.45)</b>	<b>(65.89)</b>	<b>(461.38)</b>	<b>(172.06)</b>	<b>(1,892.13)</b>
3	<b>Capital Employed</b>					
	(segment assets-segment liabilities)					
	a) Hotel	NA	NA	NA	19,265.25	19,399.77
	b) Shopping Arcade	NA	NA	NA	7,537.87	7,640.55
	<b>Total</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>26,803.12</b>	<b>27,040.31</b>

**Notes on Segment reporting:**

- As per Ind AS 108 - Operating Segments, the Company has identified Hotel and Shopping Arcade as reportable segment.
- Figures have been regrouped and reclassified wherever necessary

Date: 24.05.2018

Place: Tirupur

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

**For VELAN HOTELS LIMITED**

*M. Srinivasan*  
**Company Secretary**

**Statement of Assets and Liabilities as at 31.03.2018**

Particulars	As at 31 March 2018	As at 31 March 2017
<b>A. ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	11,158.39	11,306.67
Capital work-in-progress	6,479.92	6,496.45
<b>NON-CURRENT FINANCIAL ASSETS</b>		
Trade receivables, non current	0.26	0.18
Loans	118.89	127.99
<b>Sub total- Non-current Assets</b>	<b>17,757.47</b>	<b>17,931.29</b>
<b>CURRENT ASSETS</b>		
Inventories	73.88	76.59
<b>Current Financial asset</b>		
Trade receivables, current	11.03	48.00
Cash and Cash equivalents	39.77	40.75
Loans-current	27.59	26.00
<b>Sub Total - Current Assets</b>	<b>152.27</b>	<b>191.34</b>
<b>Total assets</b>	<b>17,909.74</b>	<b>18,122.63</b>
<b>B. EQUITY AND LIABILITIES</b>		
Equity		
Equity Share capital	3,196.41	3,196.41
Other equity - Reserves & Surplus	-1,097.56	-850.03
<b>Total equity</b>	<b>2,098.85</b>	<b>2,346.38</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Deferred Tax liabilities (net)	437.58	362.12
Employee Benefit Obligations	45.12	54.61
Tax Liabilities (Net)	-	-
<b>Non-current Financial liabilities</b>		
Borrowings-non-current	13,580.73	13,588.44
Trade payable-Non current	619.89	576.47
Other non -current financial liabilities	50.87	65.52
Other non-current liabilities	785.92	785.92
<b>Sub Total Non-current Liabilities</b>	<b>15,520.11</b>	<b>15,433.07</b>
<b>Current liabilities</b>		
<b>Current financial liabilities</b>		
Borrowings-current	101.17	131.33
Trade payable-current	73.89	108.72
Other current financial liabilities	115.72	103.13
<b>Sub Total Current Liabilities</b>	<b>290.78</b>	<b>343.18</b>
<b>Total liabilities</b>	<b>15,810.89</b>	<b>15,776.25</b>
<b>Total Equity and Liabilities</b>	<b>17,909.74</b>	<b>18,122.63</b>

For VELAN HOTELS LIMITED

M. Srinivasan

Company Secretary



**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF VELAN HOTELS LIMITED**

**Report on the Financial Statements**

We have audited the accompanying financial statements of M/s. VELAN HOTELS LIMITED ("the company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the 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 Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 the 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, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the 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 financial control relevant to the Company's preparation of the financial



statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, 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.

### **Emphasis of Matter**

Without qualifying our opinion, we draw attention to Note No. 35 of the attached Financial Statements for the year ended 31st March 2018. The Company's borrowings have been taken over by M/s. RARE Asset Reconstruction Company ("ARC") commencing from April 1, 2017 and no definitive agreement has been concluded with the said ARC as on the date of this Report on account of continued negotiation for crystallisation of the principal amount payable which has been taken over from the Banks. As the debt amount is yet to be crystallised, the Interest on the same has not been provided in these financial statements. In addition, due to the above-mentioned negotiation, as the principal amount used for the project payable to the ARC has not been crystallised, the test of impairment, if any, of the assets tied to these borrowings have not been carried out as any reversals in the principal amount payable shall have a bearing on the carrying value of fixed assets. In the view of the management, the Company is taking necessary steps to meet the debt obligations and interest thereon as and when called for. Pending conclusion of the negotiations, these financial statements have been prepared on a going concern basis.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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;

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2018;
- b) in the case of the Statement of Profit and Loss, of the Loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### **Report on other Legal and Regulatory Requirements**

- 1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.





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 purposes of our audit.
- b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) the Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of written representations received from the directors as on 31 March, 2018, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2018, from being appointed as a director in terms of Section 164(2) of the Act.
- f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 36 to the financial statements;
  - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Company.



Place: Tirupur  
Dated: May 24, 2018

**ForKrishaan & Co.,**  
Chartered Accountants  
Firm Reg. No. 001453S

*K Sundarrajan*

**K Sundarrajan**

Partner

Membership No. 208431





*Hotels*

**VELAN HOTELS LIMITED**

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CIN : L55101TZ1990PLCOO2653

May 24, 2018

BSE Limited  
Corporate Relationship Dept  
Floor No.25, P.J.Towers  
Dalal Street  
Mumbai 400 001

**Sub : Declaration of unmodified opinion - Reg**

Dear Sir

Pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the SEBI circular dated 27/05/2016, the Company hereby declares and confirms that the Audit Report in respect of Annual Audited Financial Results for the year ended 31<sup>st</sup> March, 2018 is with unmodified opinion from the Auditors of the Company.

Thanking you

Yours truly  
For VELAN HOTELS LTD

EXECUTIVE DIRECTOR