

VELAN HOTELS LIMITED

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

CIN : L55101TZ1990PLC002653

NOTICE OF THE 28th ANNUAL GENERAL MEETING

Notice is hereby given that the 28th Annual General Meeting of the Members of Velan Hotels Limited will be held at the Registered Office of the Company, at 41, Kangayam Road, Tirupur 641 604 on Friday, the 28th day of September, 2018 at 12.05 p.m. to transact the following business :

AGENDA

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at March 31, 2018 and Statement of Profit and Loss for the year ended on that date, the Cash Flow Statement and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr.M.R.Gautham having DIN 00046187 who retires by rotation and being eligible, offers himself for re- appointment.
3. To appoint a Director in place of Mrs. M.Sasikala having DIN 01452586, who retires by rotation and being eligible, offers herself for re- appointment.

SPECIAL BUSINESS:

4. To consider re-appointment of Mr.E.V.Muthukumara Ramalingam (DIN: 00046166) as a Managing Director and in this regard to consider , if thought fit, to pass, the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 196, 197 and other applicable provisions, if any, of the Companies Act, 2013 read with provisions of Schedule V of the Companies Act, 2013, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and such other approvals, permissions and sanctions, as may be required, consent of the Company be and is hereby accorded for the re-appointment of Mr.E.V.Muthukumara Ramalingam (DIN: 00046166) as Managing Director of the Company without any remuneration for a further period of three years with effect from May 24, 2018 to May 23, 2021, and he shall have the right to manage the day-today business affairs of the Company subject to the superintendence, guidance, control and direction of the Board of Directors of the Company".

"RESOLVED FURTHER THAT Mr.E.V.Muthukumara Ramalingam shall have the right to exercise such powers of Management of the Company as may be delegated to him by the Board of Directors, from time to time"

"RESOLVED FURTHER THAT upon the Managing Director becoming eligible to receive the remuneration, the Board of Directors be and are hereby authorized to fix such remuneration to the Managing Director during his tenure, as may be considered appropriate in accordance with the provisions of the Companies Act, 2013, for the time being in force, with such approvals, if any, from concerned authorities.

"RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution without being required to seek any further consent or approval of the members or otherwise to the end and intent that it shall be deemed to have their approval thereto expressly by the authority of this resolution".

5. To consider and determine the fees for delivery of any document through a particular mode of delivery to a member and in this regard, to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to Section 20 and other applicable provisions, if any, of the Companies Act, 2013 and relevant Rules prescribed thereunder, upon receipt of a request from a member for delivery of any document through a particular mode, an amount of ₹ 50/- (Rupees Fifty Only) per each such document, over and above reimbursement of actual expenses incurred by the Company, be levied as and by way of fees for sending the document to him in the desired particular mode".

"RESOLVED FURTHER THAT the estimated fees for delivery of the document shall be paid by the member in advance to the Company, before dispatch of such document".

"FURTHER RESOLVED THAT for the purpose of giving effect to this resolution, the Key Managerial Personnel of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper, desirable or expedient and to settle any question, difficulty, or doubt that may arise in respect of the matter aforesaid, including determination of the estimated fees for delivery of the document to be paid in advance".

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



Managing Director
(DIN : 00046166)

Place : Tirupur
Date : 24.05.2018

NOTES :

1. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the Special Businesses forms a part of this Notice. The relevant details in respect of Item Nos. 4 to 5, pursuant to the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meeting (SS -2) are annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (AGM OR THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL, INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

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

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

3. The requirement to place the matter relating to appointment of Auditors for ratification by members at every Annual General Meeting is done away with vide notification dated May 7, 2018 issued by the Ministry of Corporate Affairs. Accordingly, no resolution is proposed for ratification of appointment of Auditors, who were appointed in the last Annual General Meeting held on 27th September, 2017.

4. Shareholders desiring any information as regards the Accounts are required to write to the Company at least seven days in advance of the meeting so that the information, to the extent practicable, can be made available at the meeting. Members/proxies are requested not bring any guest with them.
5. Members holding shares in physical form are requested to notify change in their address, bank mandate, E-mail address if any, to the Registrar & Share Transfer Agent of the Company and Members holding shares in dematerialised form are requested to notify change in their address / bank mandate / email ID to their respective Depository Participants.
6. Pursuant to Regulations 26(4) and 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("SEBI Listing Regulations") and the Secretarial Standard-2 on "General Meetings" issued by The Institute of Company Secretaries of India, the particulars of appointment/re-appointment at the forthcoming Meeting are annexed to the Notice forms integral part of the Notice. The Directors have furnished the requisite declarations for their re-appointment. Mr.M.R.Gautham and Mrs.M.Sasikala - Directors retire by rotation and, being eligible, offer for re-appointment at the Annual General Meeting. A brief resume of the said Directors is given below:

| | | |
|-----|--|---|
| I. | 1. Name | : Mr. M.R. GAUTHAM |
| | 2. Directors Identification Number (DIN) | : 00046187 |
| | 3. Age | : 42 Years |
| | 4. Qualification | : Graduation in Commerce and Finance from the University of Western Australia |
| | 5. Date of Appointment | : 01.12.2001 |
| | 6. Shareholding in Velan Hotels Ltd | : 64,20,750 Equity Shares |
| | 7. List of Directorships held in Other Companies | : Shree Vallee Enterprises Pvt. Ltd. |
| | 8. Membership in Other Board Committees | : Nil |
| II. | 1. Name | : Mrs.M.Sasikala |
| | 2. Directors Identification Number (DIN) | : 01452586 |
| | 3. Age | : 64 Years |
| | 4. Qualification | : Bachelor of Arts |
| | 5. Date of Appointment | : 28.3.2012 |
| | 6. Shareholding in Velan Hotels Ltd | : 21,30,743 Shares |
| | 7. List of Directorships held in Other Companies | : Shree Vallee Enterprises Pvt Ltd |
| | 8. Membership in Other Board Committees | : Available in Report on Corporate Governance |

7. The equity shares of the Company are listed on BSE Ltd. The Annual Listing fee shall be made in due course. The Annual Custody Fees due to both the Depositories will be paid soon.
8. For the convenience of the Members and proper conduct of the meeting, entry to the meeting venue will be regulated by Attendance Slip is enclosed in the Notice. Members are requested to sign at the place provided on the Attendance Slip and hand it over at the Registration Counter at the venue of the AGM.
9. Pursuant to the prohibition imposed vide Secretarial Standards on General Meetings (SS-2) issued by ICSI and the MCA Circular, no gifts shall be distributed at the meeting.

10. Members are requested to register their email id and the changes therein from time to time with the Company to enable the Company to send notices/documents through email as permitted by law.
11. The Register of Members and the Share Transfer Books of the Company will remain closed from September 22, 2018 (Saturday) to September 28, 2018 (Friday) (both days inclusive).
12. Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Share Transfer Agent / the Company.
13. Members/proxies should bring the Attendance Slip are attached in the Annual Report for attending the meeting.
14. The Notice of the AGM 2017-18 is being sent by electronic mode to those Members whose email addresses are registered with the Company / Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their email addresses, a physical copy is being sent by permitted mode. Soft copy of the Annual Report for f.y.2017-18 will also be sent by electronic mode and physical copy of the same will be sent to the Members by post / courier with in the time stipulated by the Act / Rules.
15. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the Members at the Annual General Meeting.
16. The Company has designated an exclusive e-mail id for investor redressal investorrelations@velanhotels.com and info@skdc-consultants.com belongs to our Registrar and Share Transfer Agent.
17. The route map showing directions to reach the venue of the 28th AGM is given as per requirement of the Secretarial Standard-2 on General Meeting.
18. Transfer of Unclaimed / Unpaid amounts to the Investor Education and Protection Fund (IEPF)
Pursuant to the provisions of Section 124 of the Companies Act, 2013, the amounts of dividend remaining unpaid/unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Accounts of the Company are required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. Further, in terms of Sub-Section (6) of section 124 of the Act, read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, all shares in respect of which dividend has not been encashed by the Members for a continuous period of seven years is also required to be transferred to the IEPF.

| Financial Year ended | Date of declaration of Dividend | Last date for claiming unpaid / unclaimed dividend |
|----------------------|---------------------------------|--|
| 31st March, 2011 | 18th August, 2011 | 22nd September, 2018 |

Members desirous of claiming the dividends that remain unclaimed are requested to correspond with the Registrar and Share Transfer Agents, SKDC CONSULTANTS LTD "Kanapathy Towers" 3rd Floor, 1391/A-1 Sathy Road Ganapathy Post, Coimbatore 641 006 - Phone : 0422 - 4958995 E-mail : info@skdc-consultants.com

During the year under review, an amount of Rs.3,94,185 /- in respect of unpaid / unclaimed dividend pertaining to the financial year 2009-10 was remitted to IEPF of the Central Government.

It may be noted that no claims will lie with the Company nor the IEPF in respect of the said unclaimed amounts transferred to the Fund.

Members whose dividend/shares is transferred to the IEPF Authority can claim the same from IEPF by submitting an online application in the prescribed Form IEPF - 5 available on the refund page of the website www.iepf.gov.in and sending a physical copy of the same duly signed to the Company along with the requisite documents enumerated in the Form IEPF- 5. Members can file only one consolidated claim in a financial year as per the IEPF Rules.

19. Voting through electronics means

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

Instructions for the voting through electronic means

- i) The voting period begins on 25/09/2018 at 9.00 a.m. and ends on 27/09/2018 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 21/09/2018 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- iv) Click on Shareholders.
- v) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- vi) Next enter the Image Verification as displayed and Click on Login.
- vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- viii) If you are a first time user follow the steps given below :

| | For Members holding shares in Demat Form and Physical Form |
|---|--|
| PAN | <p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (applicable for both demat shareholders as well as physical shareholders)</p> <p>Members who have not updated their PAN with the Company /Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</p> <p>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.</p> |
| Dividend Bank Details OR Date of Birth DOB | <p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <p>If both the details are not recorded with the depository or company please enter the member id / folio number in the dividend bank details field as mentioned in instruction (v)</p> |

- 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) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can also download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

- xx) Note for Non - Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts; they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) 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.
- xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

Other Instructions:

19. The voting rights of the Members shall be in proportion to their shares in the paid up equity share capital of the Company as on the cut off date i.e. September 21, 2018. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting or voting at the AGM.
20. Any person, who acquires shares of the Company and becomes a Member of the Company after despatch of the Notice and holding shares as of the cut-off date, may cast their vote by remote e-voting or through Poll at the Meeting. However, if you are already registered with CDSL for remote e-voting then you can use existing user ID and password for casting your vote. If you forget your password you can reset your password by using Forgot Password option available on www.evotingindia.com.
21. Mr. S.R.Baalaji, Practicing Company Secretary (Membership No.FCS 5966) has been appointed as the Scrutinizer by the Board of Directors of the Company to scrutinize the remote e-voting and the voting process at AGM in a fair and transparent manner.
22. The Members who have cast their vote by remote e-voting may also attend the meeting but shall not be entitled to cast their vote again at the Meeting. Members holding shares as on cut off date i.e. September 21, 2018 and attending the Meeting, who have not already cast their vote by remote e-voting shall be able to exercise their right at the Meeting.
23. The Scrutinizer shall immediately after the conclusion of the voting period, first count the votes at the meeting, thereafter unblock the votes through remote e-voting in the presence of at least two (2) witnesses not in the employment of the Company and make not later than 2 days of the conclusion of the Meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, forthwith to the Managing Director or any person authorised by the Managing Director in writing, who shall countersign the same and the results of the e-voting / poll at the venue, will be announced by the Company on its website - www.velanhotels.com within 2 days of the conclusion of the AGM.

ANNEXURE TO THE NOTICE

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

ITEM NO. 4 :

The Board of Directors of the Company in its meeting held on May 24, 2018 extended the term of re-appointment of Mr.E.V.Muthukumara Ramalingam as Managing Director of the Company without remuneration for a period of 3 years from May 24, 2018 to May 23, 2021 after taking into the view and recommendation of the Nomination and Remuneration Committee. In a view of the liquidity crunch in the Company and insufficient funds for repayment of its debts due to banks/FI/ARC, the Company cannot pay any remuneration in accordance with the provisions of Sections 196 & 197 of the Companies Act, 2013 read with Schedule V to the Companies Act, 2013.

Brief particulars of the terms of re-appointment of and remuneration payable to Mr.E.V.Muthukumara Ramalingam are as under:

- a. Remuneration: Nil
- b. The Managing Director shall have the right to manage the day-to-day business and affairs of the Company subject to the superintendence, guidance, control and direction of the Board of Directors of the Company.
- c. The Managing Director shall act in accordance with the Articles of Association, of the Company and shall abide by the provisions contained in Section 166 of the Act with regard to duties of Directors.
- d. The Managing Director shall adhere to the Company's Code of Conduct for Directors and Senior Management Personnel.
- e. The office of the Managing Director may be terminated by the Company or the concerned Director by giving the other 3 (three) months' prior notice in writing.
- f. Mr.E.V.Muthukumara Ramalingam satisfies all the conditions set out in Part-I of Schedule V of the Act and also conditions set out under Section 196 (3) of the Act for being eligible for his reappointment. He is not disqualified from being appointed as Directors in terms of Section 164 of the Act.

A brief resume of Mr. E.V. Muthukumara Ramalingam is given below :

Mr E.V. Muthukumara Ramalingam aged 64 is a Commerce Graduate from Madras University. He is a director ever since the incorporation of the Company. He started his career as a bus fleet operator and diversified into finance business and later into the hospitality business. Under his able leadership, the Company has been growing step by step and expanding its network from where it started in 1990.

He holds Directorship in Shree Vallee Enterprises Pvt Ltd and Sarju International Ltd.

He holds 1,26,78,383 equity shares of the Company by himself, representing 39.66% of total shareholding and 1,29,03,351 equity shares held by his immediate relatives, representing 40.37% of the shareholding of the Company.

In terms of the provisions of the Companies Act, 2013, consent of the shareholders is required for appointment/re-appointment of Mr.E.V.Muthukumara Ramalingam as Managing Director of the Company. The Board recommends the resolution for approval of the members as an Ordinary Resolution. A copy of the

Board Resolution and the appointment letter issued to Mr.E.V.Muthukumara Ramalingam. Managing Director will be available for inspection between 11.00 A.M. to 01.00 P.M. on all working days (Monday to Saturday) at the Registered Office of the Company.

The terms as set out in the resolution and the explanatory statement may be treated as an abstract of the terms and conditions governing the appointment and memorandum of interest pursuant to Section 190 of the Companies Act, 2013.

Sri.E.V.Muthukumara Ramalingam is concerned or interested in this resolution as it relates to his re-appointment. 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.

The Board recommends the Ordinary Resolution set out at Item No. 5 of the Special Business of the Notice for approval by the shareholders.

ITEM NO.5

As per the provisions of Section 20 of the Companies Act, 2013, a Member may request for any document through a particular mode, for which the Member shall pay such fees as may be determined by the Company in its Annual General Meeting. Since the cost of providing documents may vary according to the mode of service, weight and its destination etc., therefore it is proposed that actual expense borne by the Company for such dispatch will be paid in advance by the Member to the Company.

As per the provisions of Section 20 of the Companies Act, 2013 a document may be served on any Member by sending it to him by Post or by Registered post or by Speed post or by Courier or by delivering at his office or address or by such electronic or other modes as may be prescribed. It further provides that a Member can request for delivery of any document to him through a particular mode for which he shall pay such fees as may be determined by the Company in its Annual General Meeting. Therefore, to enable the Members to avail of this facility, it is necessary for the Company to determine the fees to be charged for delivery of a document in a particular mode, as mentioned in the resolution.

None of the Directors and/or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at item No.5 of the accompanying Notice.

Since the Companies Act, 2013 requires the fees to be determined in the Annual General Meeting; the Board recommends the Ordinary Resolution set out at Item No. 5 of the Special Business of the Notice for approval by the shareholders.

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



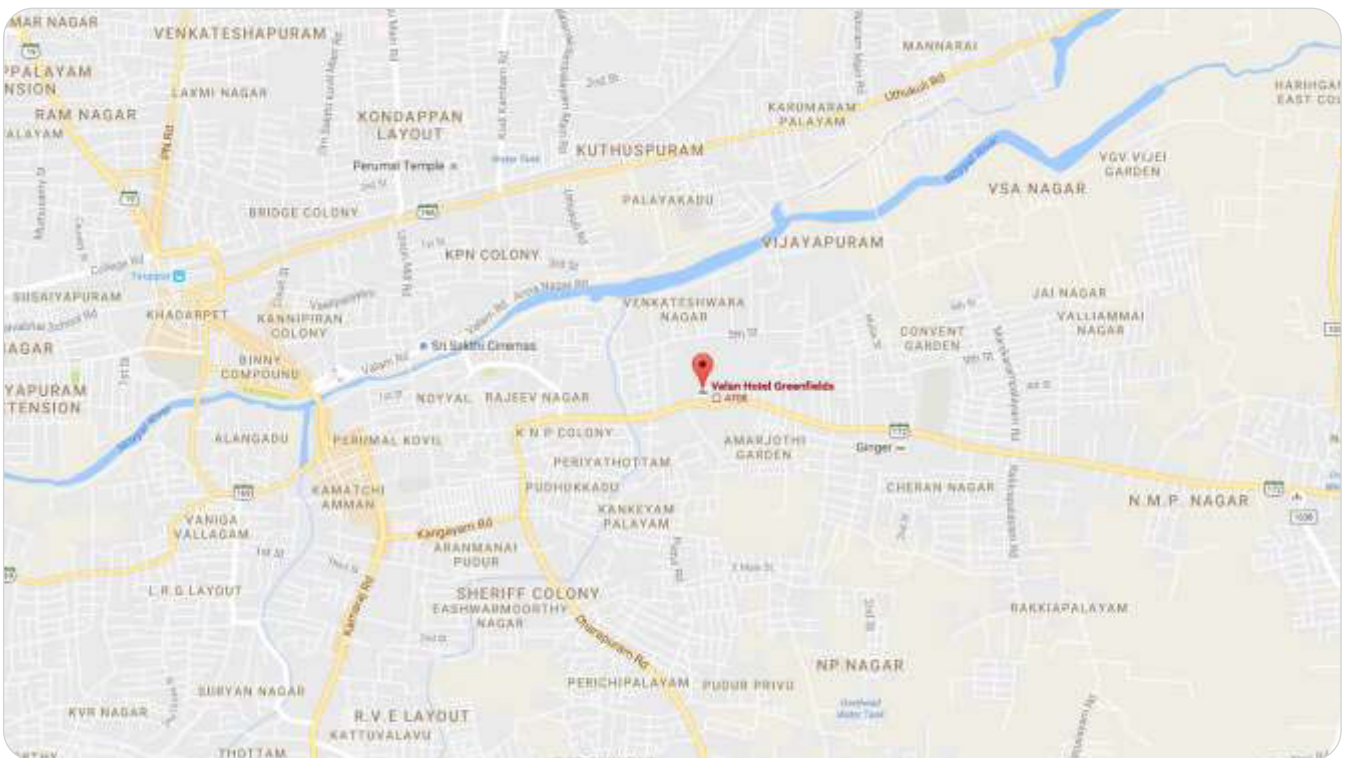
Managing Director
(DIN : 00046166)

Place : Tirupur

Date : 24.05.2018

Velan Hotel Limited

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





VELAN HOTELS LTD

CIN : L55101TZ1990PLC002653

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

ATTENDANCE SLIP

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

Name & Address of the Shareholder

SEQUENCE No:

FOLIO No :

DP.ID :

Client ID :

I hereby record my presence at the 28th ANNUAL GENERAL MEETING at 41, Kangayam Road, Tirupur - 641 604 on Friday, 28th September, 2018 at 12.05 p.m.

Signature of the Member or Proxy

No. of Share held

Form No. MGT-11

PROXY FORM

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

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

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

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

| | | |
|---|-----------|--|
| 1 | Name | |
| | Address | |
| | E-mail ID | |
| | Signature | |

or failing him

| | | |
|---|-----------|--|
| 2 | Name | |
| | Address | |
| | E-mail ID | |
| | Signature | |

or failing him

| | | |
|---|-----------|--|
| 3 | Name | |
| | Address | |
| | E-mail ID | |
| | Signature | |

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 28th Annual General Meeting of the Company to be held on Friday, the 28th September, 2018 at 12.05 p.m. at 41, Kangayam Road, Tirupur - 641 604 and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution No. ()

| | |
|---|--|
| 1 | |
| 2 | |
| 3 | |
| 4 | |
| 5 | |

Signed this day of 2018.

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 LIMITED

(CIN : L55101TZ1990PLC002653)

28th ANNUAL REPORT FOR THE YEAR ENDED 31st MARCH 2018

BOARD OF DIRECTORS

SRI. E.V. MUTHUKUMARA RAMALINGAM
MANAGING DIRECTOR (DIN : 00046166)

SRI. M.R. GAUTHAM
EXECUTIVE DIRECTOR (DIN : 00046187)

SRI P. GANESAN
DIRECTOR (DIN : 00049804)

SRI. GIRI BALASUBRAMANIAN
DIRECTOR (DIN : 00017497)

SRI. B.A. MADHUSUDHAN
DIRECTOR (DIN : 01027496)

SMT. M. SASIKALA
DIRECTOR (DIN : 01452586)

SRI. S.P. SIVANANDAM
DIRECTOR (DIN : 01864334)

SRI. M. SRINIVASAN
COMPANY SECRETARY

SMT. R. LALITHA
CHIEF FINANCIAL OFFICER

M/S.RANGARAJAN & CO
INTERNAL AUDITOR

AUDITORS

M/S. KRISHAAN & CO.,
Chartered Accountants
Flat No.10, C-Wing, 6th Floor
Parsn Manere, 442 (602) Anna Salai
Chennai 600 006
Phone : 044 - 2827 2569
E-mail : ksr@krishaan.in

REGISTRAR & SHARE TRANSFER AGENT (PHYSICAL & DEMAT)

SKDC CONSULTANTS LTD.
"Kanapathy Towers"
3rd Floor, 1391/A-1 Sathy Road
Ganapathy Post, Coimbatore 641 006
Phone : 0422 - 4958995
E-mail : info@skdc-consultants.com

BANKERS

AXIS BANK LIMITED
CANARA BANK
UNION BANK OF INDIA

REGD. & ADMINISTRATIVE OFFICE

41 Kangayam Road, Tirupur - 641 604 Tamil Nadu

LOCATION OF HOTELS

VELAN HOTEL-GREENFIELDS
41 Kangayam Road, Tirupur - 641 604 Tamil Nadu

VELAN HOTEL
Ritz Road, Bedford, Coonoor 643 101 Tamilnadu

LOCATION OF SHOPPING MALL

THE VELAN ESPLANADE
41 Kangayam Road, Tirupur - 641 604 Tamil Nadu

PROJECTS IN PROGRESS

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

DIRECTORS' REPORT TO THE MEMBERS

Your Directors are in presenting their 28th Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2018.

FINANCIAL HIGHLIGHTS

(Rs. in lakhs)

| PARTICULARS | 2017 - 18 | 2016 - 17 |
|--|------------------|------------------|
| Profit Before Interest, Depreciation and Tax | 36.92 | 195.42 |
| Less : Interest | 24.29 | 1850.68 |
| Profit / Loss Before Depreciation & Tax | 12.63 | (1655.26) |
| Add : Depreciation | 184.69 | 195.81 |
| Add : Exceptional Item / Other Adjustments | — | 41.07 |
| Profit / (Loss) Before Tax [PBT] | (172.06) | (1892.14) |
| Less : Tax Expenses | | |
| - Current Tax | — | — |
| - Tax relating to prior years | — | 1.02 |
| - Deferred Tax | (75.47) | (68.05) |
| Profit / (Loss) After Tax | (247.53) | (1959.16) |
| Balance b/f from previous years | (4613.02) | (2653.86) |
| Balance to be carried over to the Balance sheet | (4860.55) | (4613.02) |

FIRST-TIME ADOPTION OF IND AS

The financial statements for the year ended 31st March, 2018 are the first the Company has prepared in accordance with Ind-AS. For periods up to and including the year ended 31st March 2017, the Company prepared its financial statements in accordance with Accounting Standards notified under Section 133 of the Companies Act, 2013, read together with Paragraph 7 of the Companies (Accounts) Rules, 2014 ("Indian GAAP" or "previous GAAP").

Accordingly, the Company has prepared financial statements which comply with Ind-AS applicable for periods ending on 31st March, 2018, together with the comparative period data as at and for the year ended 31st March, 2017.

OPERATIONAL REVIEW:

During the year under consideration, the gross receipts of your company decreased to Rs.870.87 Lacs from Rs.1238.42 Lacs registered in the previous year. Profit before Interest, Depreciation and Taxation was Rs.36.92 lacs against Rs.195.42 Lacs recorded in the previous year. Similarly, the Loss After Tax for the year ended March 31, 2018 stood at Rs.247.53 lacs as against a Loss of Rs. 1959.16 lacs registered in the previous year.

STATE OF THE COMPANY'S AFFAIRS

During the year under consideration, the overall market remained weak due to a moderate growth in Gross Domestic Product witnessed due to demonetisation and the GST rollout. According to Tirupur Exporters Association (TEA), the total all India Readymade Garment exports recorded Rs.1,07,680 Crore in 2017-18 against Rs.1,16,510 Crore achieved in 2016 - 17, with a decline of 7.60% and knitwear exports from Tirupur alone has come down from Rs.26,000 Crore in 2016-17 to Rs.24,000 Crore in 2017-18, a decline of 7.70%. Cut in the duty drawback after the implementation of GST, slow GST refunds and uncertainties on future of export subsidies have hit the business sentiments of Garment exports in Tirupur. Tirupur is a major source of foreign exchange for the country because of its garments exports. As your hotel performance entirely depends on the performance Garments Industry in Tirupur, its growth / decrease in performance will add a fillip /disincentive to your hotel business.

Besides, from April 1, 2017, the Bars serving liquors in all categories of Hotels & Restaurants, which fall within 500 meters of a national highway or state highway, were directed to stop selling /serving liquor on account of ban on the sale of liquor imposed by the Supreme Court of India. In August 2017, with the Apex Court lifting the ban and allowing all liquor stores on highways within municipal limits to sell liquor, hotel players were relieved, as loss of business on account of liquor ban was impacting revenue of major hotel in India. Your hotel was also not escaped from the said ban. Due to this, your company's performance also severally affected about two quarters of the financial year 2017-18 and led to decrease in the gross revenues as well as margins.

Members are aware that pursuant to an Asset Reconstruction Company, viz. M/s. RARE Assets Reconstruction Company Private Limited (previously known as Raytheon ARC) had acquired debts and secured assets of the Company from its various secured creditors (Andhra Bank and Allahabad Bank) by virtue of separate assignment agreements entered into between them under the provisions of SARFAESI Act. The Company is in advanced stage of scouting for funding from various sources for the settlement of the liabilities and negotiating with the said ARC towards the comprehensive settlement proposal. It is expected that an agreement between the Company and the ARC will be entered into during the ongoing financial year 2018-19.

In the light of continuation with M/s.RARE Reconstruction Private Limited, the interest accrued and due on borrowing taken over the said company from the Banks have not been considered in the audited results for the year 2017-18.

DIVIDEND:

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

SHARE CAPITAL:

The Authorised Share Capital of the Company is Rs.5000 lakhs and the paid up equity capital as on March 31, 2018 was Rs. 3196.41 Lakhs.

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

The Company has not made any purchase or provision of its own shares by employees or by trustees for the benefit of employees during the financial year 2017 - 18.

TRANSFER OF AMOUNT TO RESERVE

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

FIXED DEPOSITS

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

Hence, the details of loans and advances which are required to be disclosed in the Annual Report pursuant to Regulation 34(3) read with Schedule V of the SEBI Listing Regulations are not furnished.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit function are defined in the Internal Audit Manual. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board & to the Managing Director.

The Internal Auditor monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. During the year under review, the Statutory Auditor and Secretarial Auditor have not reported any instances of frauds committed in the Company by its Officers or Employees to the Audit Committee under Section 143(12) of the Act.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

DIVIDEND DISTRIBUTION POLICY

Pursuant to regulation 43A of the SEBI (Listing Obligations and Disclosures) Regulations 2015, only top 500 listed companies (based on market capitalization of every financial year) shall formulate a Dividend Distribution Policy, which shall be disclosed in their annual reports and on their website as well.

Since your company does not fall under the above policy, no such report is provided in the Annual Report.

BUSINESS RESPONSIBILITY REPORT

Regulation 34(2) of SEBI Listing Regulations, *inter alia*, provides that the Annual Report of the top 500 listed entities based on market capitalization (calculated as on March 31 of every financial year), shall include a Business Responsibility Report ("BRR").

Your Company, not being one of such top 500 listed entities, has not included BRR, as part of the Annual Report.

CONSERVATION OF ENERGY

1. The operation of your company is not power intensive. However, adequate operational measures have been initiated to reduce energy consumption.
 - a) Energy efficient lighting and high efficient HVAC System used/retrofitted extensively in the hotel has reduced electrical consumption.

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

TECHNOLOGY ABSORPTION

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

FOREIGN EXCHANGE EARNINGS AND OUT-GO

(Rs. in lakhs)

| Foreign Exchange Earnings And Outgo | Current Year 2017 - 18 | Previous Year 2016 - 17 |
|-------------------------------------|---------------------------|----------------------------|
| 1. Earnings | 172.94 | 302.64 |
| 2. Expenditure in Foreign Currency | Nil | Nil |

INDUSTRIAL RELATIONS

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr.E.V.Muthukumara Ramalingam has been re-appointed as Managing Director of the Company without any remuneration by the Board of Directors of the Company at their meeting held on 24th May 2018. The details of his appointment and resume are reported in the Notice of the AGM dated 24.5.2018.

In accordance with the provisions of the Companies Act, 2013 and in terms of the Memorandum & Articles of Association of the Company, both Directors namely Mr.M.R.Gautham and Mrs.Sasikala retire by rotation and, being eligible, offer themselves for re appointment. If Mr.M.R.Gautham is re-appointed as a Director, immediately on retirement, he shall continue to hold the office of Executive Director and such re-appointment as Director shall not be deemed to constitute a break in his appointment as an Executive Director. The Directors recommend Mr.M.R.Gautham and Mrs.M.Sasikala for their re-appointment.

During the year under review, Sri.E.V.Muthukumara Ramalingam, Managing Director, Sri.M.R.Gautham, Executive Director, Smt.R.Lalitha, Chief Financial Officer and Sri.M.Srinivasan, Company Secretary are other KMPs as per the provisions of the Act and were already in the office. None of the KMPs resigned during the year.

None of the Independent Directors is liable for re-appointment for the second term by way of special resolution during the year.

DECLARATION BY AN INDEPENDENT DIRECTOR(S)

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

COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD MEETINGS AND GENERAL MEETINGS

The Company has complied with Secretarial Standard issued by the Institute of Company Secretaries of India on Board Meetings and General Meetings.

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

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

The Independent Directors are familiar with the nature of the Industry, and business model of the Company, considering their expertise, no separate familiarization program was organised during the year.

CHANGE IN THE NATURE OF BUSINESS

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

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant and material orders passed by the Regulators / Courts / Tribunal which would impact the going concern status of the Company except pending Appeal / Petitions / Application filed by the Company with DRT, Coimbatore and DRAT, Chennai.

BOARD EVALUATION

The Board of Directors of the Company has in place an evaluation criteria for assessment of its own performance, that of the committees of the Board and the individual directors. The Board in its meeting held on 24th May, 2018 has discussed its overall performance on the parameters as laid down in the Nomination and Remuneration Policy and SEBI's Guidance Note on Board Evaluation, and concluded that the Board and its Committees have been performing efficiently. Further, based on the aforesaid policy and the feedback received from fellow directors, the Board also evaluated the performance of the individual directors and found it satisfactory.

- a. The performance evaluation of Non-Independent Directors and the Board as a whole, the Committees thereof and Managing Director of the Company was carried out by the Independent Directors.
- b. Evaluation of Independent Directors was carried out by the entire Board of Directors, excluding the Director being evaluated.

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

MEETINGS

During the year five Board Meetings and four Audit Committee Meetings were convened and held. The details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

DIRECTOR'S RESPONSIBILITY STATEMENT:

In terms of Section 134 (5) of the Companies Act, 2013, the Directors would like to state that :

- i) In the preparation of the annual accounts, all the applicable Accounting Standards have been followed.
- ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the year under review.
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The Directors have prepared the annual accounts on a going concern basis.
- v) The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- vi) The Directors had devised a proper system to ensure compliance with the provisions of all applicable laws and that such system was adequate and operating effectively.

RELATED PARTY TRANSACTIONS:

In line with the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company has formulated a Policy on Related Party Transactions which is also available on Company's website at www.velanhotels.com. The Policy intends to ensure that proper reporting; approval and disclosure processes are in place for all transactions, if any between the Company and Related Parties.

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of the business. Your Company had not entered into any transactions with related parties which could be considered material in terms of Section 188 of the Companies Act, 2013 that would have required Shareholder approval under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Accordingly, the disclosure of related party transactions as required under Section 134(3) (h) of the Companies Act, 2013 in Form AOC 2 is not applicable. 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 the interest of the Company at large.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN MARCH 31, 2018 AND MAY 24, 2018 (DATE OF THE REPORT)

There were no material changes and commitments affecting the financial position of the Company between the end of financial year (March 31, 2018) and the date of the Report (May 24, 2018), except as disclosed in the financial statements.

SUBSIDIARY COMPANIES

The Company does not have any subsidiary.

CODE OF CONDUCT

The Board of Directors has approved a Code of Conduct which is applicable to the Members of the Board and senior management in terms of Regulation 17 and Schedule V of Regulation 34(3) of the Listing Regulations. The full text of the Code is displayed at Company's website www.velanhotels.com.

The Code lays down the standard procedure of business conduct which is expected to be followed by the Directors and the designated employees in their business dealings and in particular on matters relating to integrity in the work place, in business practices and in dealing with stakeholders.

All the Board Members and the Senior Management personnel have confirmed compliance with the Code. In compliance with Schedule V of Regulation 34(3) of the Listing Regulations a declaration signed by the Managing Director is attached and forms part of the Annual Report of the Company.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has a Fraud Risk and Management Policy (Whistle Blower 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 met 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 regulating 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.

EXPLANATION OR COMMENTS ON QUALIFICATION, RESERVATIONS OR ADVERSE REMARKS OR DISCLOSURES MADE BY THE AUDITOR AND COMPANY SECRETARY IN PRACTICE :

1. a. The Auditors' Report is unqualified. The notes to the Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further clarifications under Section 134 of the Companies Act, 2013.

- b. The Auditors' in their report to the members, have stated "Emphasis of matter" and the response of your Directors on them are as follows:-

Response to comments on Auditor's Report :

The company is in advanced stage of scouting for funding from various sources for the settlement of liabilities and negotiating with the said ARC towards the comprehensive settlement proposal. In the light of continuation with M/s. RARE Reconstruction Private Limited, the interest accrued and due on borrowings taken over by the said company from the Banks have not been considered and also no impairment is considered on Fixed Assets of the Company. It is expected that an agreement between the Company and the ARC will be entered into during the ongoing financial year 2018-19.

2. Response to comments on Secretarial Audit Report :

The Company and the promoters are in the process to take action to comply with the regulations of Securities and Exchange Board of India relating to Minimum public Shareholding (MPS) to increase the public shareholding to 25% in terms of Regulation 38 of SEBI (LODR) Regulations, 2015.

AUDITORS

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

As requirement of ratification of appointment of Auditors is done away with vide notification issued by the MCA, no resolution proposed for ratification of appointment of M/s.Krishaan & Co, as Statutory Auditors of the Company at this Annual General Meeting.

AUDIT COMMITTEE

Audit Committee consists of the Directors namely Sri.P.Ganesan, Mrs.M.Sasikala and Sri.S.P.Sivanandam. Sri.P.Ganesan is the Chairman of the Committee. The Company Secretary acts as the Secretary to the Committee.

There is no such incidence where Board has not accepted the recommendation of the Audit Committee during the year under review.

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 2017-18.

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 Mr.S.R.Baalaji, Company Secretary 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

Your Board reviews and observes risk management and minimization procedures followed by the Company which is adequate and operating effectively. Although risk management policy and risk management committee is not applicable to your Company under the purview of the law, the system established in the Company to identify, assess, manage, monitor and mitigate risk and control is considered sufficient and adequate. Risk Management is an integral part of the Company's business process. In your Company, risks are carefully mapped and a risk management framework is involved.

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

The information required pursuant to Section 197 (12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is provided in Annexure - C.

During the year under review, there are no employees drawing remuneration of more than Rs.102 lacs per annum or drawing remuneration of Rs.8.50 lacs per month if employed part of the year. Hence, the report required under Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) rules 2014 is not applicable.

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 under various regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.


CAUTIONARY STATEMENT

Risks, uncertainties or future actions could differ materially from those expressed in the Directors' Report and the Management Discussion and Analysis Report. These statements are relevant on the date of this Report. We have no obligation to update or revise any statements, whether as a result of new information, future developments or otherwise. Therefore, undue reliance should not be placed on these statements.

ACKNOWLEDGMENTS

Your Company and its Directors wish to extend their sincere thanks to the Members of the Company, Bankers, M/s.RARE Asset Reconstruction Pvt Ltd, Central /State Governments, Local Bodies, Customers, Suppliers, Executives, Staff and Workers at all levels of their continuous co-operation and assistance.

For and on behalf of the Board


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


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

Place : TIRUPUR

Date : 24.05.2018

Annexure A to Board's Report

S.R. BAALAJI, B.Com., FCS.
Practising Company Secretary

No.81-82, Raju Naidu Road
III Floor, Indian Bank Upstairs
Sivanandha Colony, Coimbatore 641012
Phone: 0422 - 4519343 Cell: 98422-06891
E-mail : akshayasri23@gmail.com

Form No. MR-3

SECRETARIAL AUDIT REPORT

For the Financial Year Ended on 31st March, 2018

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

To,
The Members,
Velan Hotels Limited, Tirupur
(CIN : L55101TZ1990PLC002653)

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s Velan Hotels Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me with a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has during the audit period covering the financial year ended 31st March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliances-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter :

The members are requested to read this report along with my letter of even date annexed to this report.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. Velan Hotels Limited (the Company) for the financial year ended 31st March, 2018 according to the applicable provisions of :

- i) The Companies Act, 2013 (the Act) and the rules made thereunder ;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under ;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under ;
- iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings ;
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not applicable as the Company has not issued any further share capital during the period under review).
 - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 ;
 - f) The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with the client ; (Not applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review).
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 ;
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 ; (Not applicable as the Company has not bought back any of its securities during the financial year under review).
- vi) The management has identified and confirmed the following laws as specifically applicable to the company :
1. Food Safety and Standards Act, 2006, and rules made thereunder
 2. Food Safety and Standards Act, 2011, and rules made thereunder
 3. Tamil Nadu Liquor (Licence and Permit) Rules, 1981 issued under the Tamil Nadu Prohibition Act, 1937
 4. Tamil Nadu Public Health Act, 1939
 5. Petroleum Rules, 2002 issued under the Petroleum Act, 1934
 6. Indian Boilers Act, 1923 and Boiler Rules, 1950
 7. Guidelines for Classification of Hotels by Ministry of Tourism, Government of India, 2010

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

- i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii) The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc mentioned above except to the extent as mentioned below :

1. Non-compliance with the requirement of Minimum Public Shareholding (MPS) under Regulation 38 of SEBI (LODR) Regulations, 2015 and Section 12A of the Securities Contracts (Regulation) Act, 1956 read with Rule 19(2) and 19A of the Securities Contracts (Regulation) Rules, 1957.

I further report that :

The Board of Directors of the Company is duly constituted with the proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The Board also has a Woman Director.

Adequate notice is given to all Directors to schedule the Board Meetings, Agenda and Detailed Notes on Agenda were sent generally seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the Agenda items before the meeting and for meaningful participation at the meeting.

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

I further report that based on review of compliance mechanism established by the Company and on the basis of the compliance certificate(s) issued by the Company Secretary of the Company and taken on record by the Board of Directors at their meeting(s), I am of the opinion that there are adequate systems and processes in place in the Company which is commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines;



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

Date : 24.05.2018

ANNEXURE - 1

To,

The Members,
Velan Hotels Limited
41 Kangeyam Road, Tirupur 641 604

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the Management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on a test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. My examination was limited to the verification of procedures on the test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.



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

Date : 24.05.2018

ANNEXURE B TO BOARD'S REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2018

[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 - 4958995, 2539835-836
E-mail : info@skdc-consultants.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

| SI No | Name and Description of main products | NIC Code of the Product / service | % to total turnover |
|-------|---------------------------------------|-----------------------------------|---------------------|
| 1 | Lodging | 55101 | 53.66 % |
| 2 | Restaurants & Bars | 56301 | 46.34 % |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

| S No | Category of shareholders | No. of shares held at the beginning of the year (As on 31-3-2017) | | | | No. of shares held at the end of the year (As on 31-3-2018) | | | | % of change during the year |
|--|---|---|----------------|-----------------|-------------------|---|---------------|-----------------|-------------------|-----------------------------|
| | | Demat | Physical | Total | % of total shares | Demat | Physical | Total | % of total shares | |
| (A) | Promoters | | | | | | | | | |
| | (1) Indian | | | | | | | | | |
| | a) Individuals/ Hindu Undivided Family | 22791096 | Nil | 22791096 | 71.302 | 22791096 | Nil | 22791096 | 71.302 | 0.000 |
| | b) Central Government/ State Government(s) | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | 0.000 |
| | c) Bodies Corporate | 2826934 | 0 | 2826934 | 8.844 | 2826934 | 0 | 2826934 | 8.844 | 0.000 |
| | d) Financial Institutions/ Banks | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | 0.000 |
| | e) Any Others(Specify) | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | 0.000 |
| | TRUSTS | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | 0.000 |
| Sub Total(A)(1) | 25618030 | Nil | 25618030 | 80.146 | 25618030 | 0 | 25618030 | 80.146 | 0.000 | |
| (2) | Foreign | | | | | | | | | |
| | a) Individuals (Non-Residents Individuals/Foreign Individuals) | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | 0.000 |
| | b) Bodies Corporate | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | 0.000 |
| | c) Institutions | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | 0.000 |
| | d) Qualified Foreign Investor | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | 0.000 |
| | e) Any Others(Specify) | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | 0.000 |
| | Sub Total(A)(2) | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | 0.000 |
| Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2) | 25618030 | Nil | 25618030 | 80.146 | 25618030 | Nil | 25618030 | 80.146 | 0.000 | |
| (B) | Public shareholding | | | | | | | | | |
| | (1) Institutions | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| | a) Mutual Funds/ UTI | Nil | 7000 | 7000 | 0.022 | Nil | Nil | Nil | 0.000 | -0.022 |
| | b) Financial Institutions / Banks | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | 0.000 |
| | c) Central Government/ State Government(s) | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | 0.000 |
| | d) Venture Capital Funds | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | 0.000 |
| | e) Insurance Companies | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | 0.000 |
| | f) Foreign Institutional Investors | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | 0.000 |
| | g) Foreign Venture Capital Investors | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | 0.000 |
| | h) Qualified Foreign Investor | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | 0.000 |
| | i) Any Other (specify) | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | 0.000 |
| | FOREIGN PORTFOLIO INV (CORP.CAT) | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | 0.000 |
| | Sub-Total (B)(1) | Nil | 7000 | 7000 | 0.022 | Nil | Nil | Nil | Nil | -0.022 |
| | (2) Non-institutions | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | 0.000 |
| | a) Bodies Corporate | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | 0.000 |
| | i) Indian | 56867 | 79500 | 136367 | 0.427 | 116313 | 75400 | 191713 | 0.600 | 0.173 |
| | ii) Overseas | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | 0.000 |
| | b) Individuals | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | 0.000 |
| | i) Individual shareholders holding nominal share capital up to Rs 1 lakh | 1268532 | 841815 | 2110347 | 6.601 | 1214743 | 531190 | 1745933 | 5.462 | -1.139 |
| | ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh | 3109783 | 235300 | 3345083 | 10.465 | 3128271 | 235300 | 3363571 | 10.523 | 0.058 |
| | c) Others (specify) | | | | | | | | | |
| | DIRECTORS & THEIR RELATIVES | Nil | 62650 | 62650 | 0.196 | Nil | 62650 | 62650 | 0.196 | 0.000 |
| | NON RESIDENT INDIANS | 20740 | 15200 | 35940 | 0.113 | 8359 | Nil | 8359 | 0.026 | -0.087 |
| | OVERSEAS CORPORATE BODIES | 0 | 1000 | 1000 | 0.003 | Nil | 1000 | 1000 | 0.003 | 0.000 |
| | CLEARING MEMBERS | 69548 | Nil | 69548 | 0.218 | 73445 | Nil | 73445 | 0.230 | 0.012 |
| | HINDU UNDIVIDED FAMILIES | 578154 | Nil | 578154 | 1.809 | 578395 | Nil | 578395 | 1.810 | 0.001 |
| | Inv.Education and Protection Fund Auth. | Nil | Nil | Nil | 0.000 | 321023 | Nil | 321023 | 1.004 | 1.004 |
| Sub-Total (B)(2) | 5103624 | 1235465 | 6339089 | 19.832 | 5440549 | 905540 | 6346089 | 19.854 | 0.022 | |
| Total Public Shareholding (B)= (B)(1)+(B)(2) | 5103624 | 1242465 | 6346089 | 19.854 | 5440549 | 905540 | 6346089 | 19.854 | 0.000 | |
| Shares held by Custodian for GDRs & ADRs | | | | | | | | | | |
| C. | GRAND TOTAL (A)+(B)+(C) | 30721654 | 1242465 | 31964119 | 100.000 | 31058579 | 905540 | 31964119 | 100.000 | 0.000 |

ii) Shareholding of Promoter

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

There is no change in the total shareholding of Promoters between 01.04.2017 and 31.03.2018.

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

| 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 | Kaliappagounder Subramaniam | 560000 | 1.752 | 560000 | 1.752 |
| 2 | Prithviraj | 505000 | 1.580 | 505000 | 1.580 |
| 3 | Mahender Agarwal HUF | 500000 | 1.564 | 500000 | 1.564 |
| 4 | Kanku | 250000 | 0.782 | 250000 | 0.782 |
| 5 | Mahaveer Chand | 215000 | 0.673 | 215000 | 0.673 |
| 6 | Kishore Kumar Salecha | 212442 | 0.665 | 212442 | 0.665 |
| 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 | Amit Jain | 151521 | 0.474 | 151522 | 0.474 |
| 9 | Vibha Prashant Bamb | 143961 | 0.450 | 143961 | 0.450 |
| 10 | Bamb Prashant Ishwardas | 113276 | 0.354 | 113276 | 0.354 |
| 11 | Investor Education and Protection Fund | -- | -- | 321023 | 1.004 |

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. B. A. Madhusudhan | 36296 | 0.114 | - | - | 36296 | 0.114 |
| 5. | Sri. P. Ganesan | 33050 | 0.103 | - | - | 33050 | 0.103 |
| 6. | Sri. S. P. Sivanandam | 100 | 0.000 | - | - | 100 | 0.000 |
| 7. | Sri. Giri Balasubramanian | - | - | - | - | - | - |
| 8. | Mrs. R.Lalitha - CFO | - | - | - | - | - | - |
| 9. | 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 | 81,03,36,359 | 5,56,42,574 | — | 86,59,78,933 |
| ii) Interest due but not paid | 50,57,64,605 | — | — | 50,57,64,605 |
| iii) Interest accrued but not due | — | 2,33,579 | — | 2,33,579 |
| Total (i+ii+iii) | 131,61,00,964 | 5,58,76,153 | — | 137,19,77,117 |
| Change in Indebtedness during the financial year | | | | |
| Addition - Principal + Interest | — | 45,26,716 | — | 45,26,716 |
| Reduction - Principal + Interest | — | 83,14,071 | — | 83,14,071 |
| Net Change - Indebtedness | — | 37,87,355 | — | 37,87,355 |
| Indebtedness at the end of the financial year | | | | |
| i. Principal Amount | 81,03,39,359 | 5,19,70,781 | — | 86,23,07,140 |
| ii. Interest due but not paid | 50,57,64,605 | — | — | 50,57,64,605 |
| iii. Interest accrued but not due | — | 1,18,016 | — | 1,18,016 |
| Total (i+ii+iii) | 131,61,00,964 | 5,20,88,797 | — | 136,81,89,761 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

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

B. Remuneration to other directors

During the year under review, no remuneration was 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

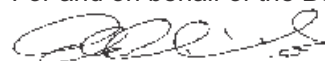
(Rs. In Lakhs)

| S No | Particulars of Remuneration | Key Managerial Personnel | | |
|------|--|--------------------------|-------------------|--------------|
| | | CFO | Company Secretary | Total Amount |
| 1. | Gross salary | | | |
| | a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961 | 7.39 | 2.88 | 10.09 |
| | 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. | 0.22 | — | 0.22 |
| | Total (c) | 7.61 | 2.88 | 10.49 |

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 31st March 2018.

For and on behalf of the Board


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


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

Place : TIRUPUR
 Date : 24.05.2018

Annexure - C TO BOARD'S REPORT

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

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

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

- a. Since no remuneration was paid to Managing Director / Executive Director during the period under review, not applicable.
- b. Even though Independent Directors and Non-Executive Directors are eligible to receive sitting fees for attending the Board / Committee meeting, no payment was made during the year. Travelling and lodging expenses are reimbursed for outstation directors.

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

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

During the year, no increase in remuneration paid to CFO and Company Secretary.

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

The percentage of increase in the median remuneration of the employees in the financial year was around 16.57%. The calculation of percentage of increase in the Median Remuneration is done based on comparable employees. For this, we have excluded employees who were not eligible for any increment.

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

The number of on-roll employees was 61 as on March 31, 2018.

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 an appraisal of every employee.

Due to loss incurred by the Company, no increment has been provided to the employees during the financial year.

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

No remuneration was paid to MD / WTD. There was no change in the total remuneration of other Key Managerial Personnel during the year (Rs.10.49 lakhs in 2016-17 and 2017-18) whereas the Loss before Tax stood at Rs.172.06 lakh.

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 31.03.2018 | As at 31.03.2017 | Increase / Decrease(%) |
|---------------------------------|------------------|------------------|------------------------|
| Closing Price at BSE -in Rs. | 5.97 | 7.00 | -14.71 |
| Market Capitalization - in lakh | 1908.26 | 2237.49 | -14.71 |

- b. The price earnings ratio is not applicable in view of the losses reported during the current and previous financial years.
- c. The Company's stock price as at March 31, 2018 has decreased by 74.04% to Rs.5.97/- over the last public offering, i.e. Rights Issue in November 2011 at the issue price of Rs.23/- per share.

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

The average percentage of increase made in the salaries of total employees other than the Key Managerial Personnel during the FY2017-18 is less than 1.00%, while the average increase / decrease in the remuneration of the Key Managerial Personnel was nil.

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:**

During the year under review, no remuneration was paid to Directors including Managing Director / WTD.

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 the Managing Director and Executive Director have not received any remuneration for the year under review, CFO received the highest salary.

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

A. INDUSTRY STRUCTURE AND DEVELOPMENTS:

Having outperformed the global economy for the sixth consecutive year, Hospitality and Tourism industry has proven to be resilient to both geopolitical uncertainty and economic volatility. The aviation, travel, tourism and hotel industry accounts for 10% of global GDP and 10% of jobs on the planet. Hospitality and Tourism is one of the dynamic and growing industries in the world. The role of Tourism and Hospitality is vital for the economic growth of any nation. Tourism and hospitality industry may help underdeveloped/developing countries more in resolving their various problems as this industry today has emerged as one of the fastest growing industries in terms of capital invested, foreign exchange earnings and providing jobs. In India, it is considered as highly labor intensive service industry, where the employment-investment ratio is higher than any other industry.

The definition of tourism industry can't be considered complete without describing the presence of a hotel. Hotel Industry is one of the important components of tourism industry. Both are complementary to each other. Hotel is a commercial establishment and intends to provide visitors with lodging, food and related services with a view to please them so as to build goodwill and to let them carry happy memories. Hotel industry is attaining a vital role in earning millions of dollars from foreigners and thus contributing towards revenue generation and increasing employment opportunities to the host community. Emerging economies like India will be at the center of development for Hospitality Industry in the upcoming years.

The hospitality industry highly depends on repeat customers for existence. Building long-term relationship with customers can help the organizations for reaping stable revenues regardless of the instability of seasons. As hospitality is closely related to tourism industry, it is not surprising that people involved in this sector are experiencing diversity. Tourism & hospitality sector tends to encourage the growth of multiple-use infrastructure that benefits the host community, including various means of transports, health care facilities, and sports centers, in addition to the hotels and high-end restaurants that satisfy the needs of foreign visitors.

B. OPPORTUNITIES

The Indian travel and hospitality sector continued its steady growth with 15.6 per cent year-on-year (y-o-y) rise in Foreign Tourist Arrivals (FTAs) and 20.8 per cent y-o-y growth in Foreign Exchange Earnings (FEEs) during 2017. More than 10 million foreign tourists arrived in India in calendar year 2017 and the country is estimated to have earned \$27 billion from them. Nearly 95 per cent of the direct travel and tourism spending in India comes from leisure travel. Growing disposable incomes and the rise of millennials as the 'chief wage earners', who account for 47 per cent of the working age population, were the key drivers for this rapid growth. In addition, the proliferation of smart-phones, Internet and technology-driven tools and platforms is acting as a catalyst for speedy digitisation of the travel and hospitality sector.

The Indian travel and hospitality sector is witnessing several changes, as innovative tools and technologies continue to surface quite rapidly, in addition to the shift in consumer behavior led by millennials. According to the Global Business Travel Association (GBTA), India is the tenth largest business travel market globally, and is one of the fastest-growing markets; it is expected to be the sixth-largest business travel market in the world by the end of 2019.

India has tremendously improved its travel and tourism competitiveness, rising from 65th position in 2013 to 40th position in The Travel & Tourism Competitiveness Report 2017. With 29 states, 4,000 cities, a rich history and incredible diversity of culture, India's tourism and hospitality industry has tremendous potential to serve as an engine for economic growth, job creation and development.

C. SEGMENTWISE PERFORMANCE :

HOTEL DIVISION :

Due to weak conditions prevailing in the Garments industry in Tirupur during the year, the Hotel segment witnessed a setback in performance levels in this year also. During the year under review, the Loss before Interest and Tax of the Hotel segment is Rs.30.19 lakh against PBIT Rs.105.56 lakh recorded in 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.117.58 lakhs as compared to Rs.119.42 lakhs loss recorded in the previous year.

D. THREATS, RISKS AND CONCERNS :

The key challenges faced by the hospitality industry are lack of proper infrastructure, taxation issues, lack of trained manpower in sufficient number, issues regarding security and harassment and licensing issues. Being a state subject, hotels have to apply for multiple licenses and approvals through multiple government agencies with high implementation cost. In many states, rules are fluid and regulations/statutes are open to loose interpretation.

Hotel business in general is sensitive to fluctuations in the economy. Since demand for hotels is affected by world economic growth, a global recession could lead to a downturn in the hotel industry.

Talent management is a major challenge for the hospitality sector. Inadequate supply of quality talent and increased competition for talent within the sector and from competing service sectors has made attrition a significant issue for the industry.

The industry in general has a high operating leverage, which has further increased with on-going renovations, increased staff costs and cost of light, power and fuel. High GST structure is not conducive for the hotels industry.

A significant portion of your Company's revenues is realized from its Tirupur operations, making it susceptible to domestic socio-political and economic conditions. Many tiny and small players in the garment industry have shut the operation of the business after implementation of GST. High dependence on the performance of the Tirupur Hotel entirely depends on the prospectus of exports of garments in Tirupur. Any adverse movement in the Garment Industry could lead to a downturn in the hotel business.

E. OUTLOOK:

While strong post-recession gains appear to be cooling off, the hotel sector is projected to sustain strong 5–6 percent growth throughout 2018-19, setting up the industry to hit a record-breaking \$170 billion in gross bookings.

Banking on growing domestic tourism, foreign tourist arrivals, and airline passenger numbers as well as muted supply growth, hotel chains and sector experts predict 2018-19 to result in better room revenues and profit margins than in the year that just ended. Industry pundits predict that the industry growth to pick up significantly starting financial year 2019. By then, domestic demand would have fully recovered from the temporary blips witnessed due to demonetisation and the GST rollout.

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

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, 2018

i. Revenues:

The total income stands decreased by 29.68% from Rs.1238.42 in 2016-17 to Rs.870.87 lakhs in 2017-18.

ii. Operating Expenses:

The total expenditure except Interest and Depreciation stands decreased by 20.04% from Rs. 1043.00 lakhs in 2016-17 to Rs.833.95 lakhs in 2017-18.

iii. Earnings Before Interest, Depreciation and Tax:

During the year under review, the PBIDT is Rs.36.92 lakhs whereas in 2016-17 the PBIDT was Rs. 195.42 lakhs.

iv. Interest Cost:

During the year under review, the Interest cost stands 24.29 lakhs as compared to Rs.1850.67 lakhs in the previous year.

v. Profit / Loss Before Tax :

Loss Before Tax at Rs.172.06 lakhs against loss of Rs. 1892.14 lakhs registered in 2016-17.

vi. Profit/Loss After Tax:

During the under review, the Loss after Tax for 2017-18 stood at 247.53 lakhs from loss of Rs. 1959.16 lakhs reported in 2016-17.

H. FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

(Rs. in lakhs)

| Particulars | 31 st March, 2018 | 31 st March, 2017 | 31 st March, 2016 | 31 st March, 2015 | 31 st March, 2014 |
|-----------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| OPERATING RESULTS | | | | | |
| 1. Total Income | 870.87 | 1238.42 | 1369.57 | 1493.31 | 1575.43 |
| 2. Profit Before Depre. Int & Tax | 36.92 | 195.42 | 199.52 | 238.08 | 403.72 |
| 3. Interest | 24.29 | 1850.67 | 1589.87 | 1438.70 | 224.70 |
| 4. Depreciation | 164.89 | 195.81 | 207.52 | 220.75 | 118.46 |
| 5. Tax Liability | 75.47 | 67.02 | 35.44 | (23.33) | 3.69 |
| 6. Net Profit /(Loss) After Tax | (247.53) | (1959.16) | (1637.54) | (1391.30) | 63.86 |
| PERFORMANCE PARAMETERS | | | | | |
| 1. Share capital | 3196.41 | 3196.41 | 3196.41 | 3196.41 | 3196.41 |
| 2. Reserves & Surplus | (1097.56) | (850.03) | 1109.13 | 2753.42 | 4154.91 |
| 3. Secured & Unsecured loans | 13681.90 | 13719.77 | 12088.56 | 10638.11 | 9715.79 |
| 4. Fixed Assets (Gross Block) | 13132.57 | 13096.16 | 13264.58 | 12818.75 | 12812.05 |
| 5. Accumulated Depreciation | 1974.18 | 1789.49 | 1741.84 | 1535.04 | 1310.84 |
| 6. Net Block | 11158.39 | 11306.66 | 11522.74 | 11283.71 | 11501.21 |

I. HUMAN RESOURCES

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

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

REPORT ON CORPORATE GOVERNANCE

(In accordance with SEBI (Listing Obligations and Disclosure Requirement) Regulations 2015 and some of the best practices of Corporate Governance, the report containing the details of governance systems and processes at Velan Hotels Limited is as under).

PHILOSOPHY :

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

The Company has complied with the requirements of Corporate Governance as stipulated under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the details of which are as under:

BOARD OF DIRECTORS

As on 31st March 2018, the total Board strength comprises of seven (7) Directors. The Company is in compliance with the provisions of the Companies Act, 2013 and Regulation 17 of the Listing Regulations pertaining to the composition of the Board as on 31st March, 2018.

None of the Directors is a member of more than 10 committees or acts as chairman of more than 5 committees as specified in Regulation 26 of the Listing Regulations, across all companies in which they are Directors. "Committees" for this purpose include the Audit Committee, Nomination and Remuneration Committee and the Stakeholder's Relationship Committee and the details of the same forms part of this report.

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 | Director | Non-Executive / Non-Independent |
| 4 | Smt. M. Sasikala | Director | Non-Executive / Non-Independent |
| 5 | Sri. P. Ganesan | Director | Non-Executive / Independent |
| 6 | Sri. Giri Balasubramanian | Director | Non-Executive / Independent |
| 7 | Sri.S.P.Sivanandam | Director | Non-Executive / Independent |

a. Board Meetings and Attendance

The Board normally meets four times in a year and as and when required. The time gap between two Board Meetings has not exceeded the limit of one hundred and twenty days as specified under the Companies Act, 2013 and Regulations 17 of the Listing Regulations. During the financial year 2017-18, 5 Board meetings were held. There were held on 30/05/2017, 11/08/2017, 27/09/2017, 13/12/2017 and 13/02/2018.

| Directors | Board Meetings | Last AGM Attended (Yes/No) | No. of shares held by Non-Executive Directors |
|---------------------------------|----------------|----------------------------|---|
| Sri. E.V.Muthukumara Ramalingam | 5 | Yes | N.A. |
| Sri. M.R.Gautham | 5 | Yes | N.A. |
| Sri. P.Ganesan | 4 | Yes | 33050 |
| Sri. B.A.Madhusudhan | 5 | Yes | 36296 |
| Smt. M.Sasikala | 5 | Yes | 2130743 |
| Sri. Giri Balasubramanian | 1 | No | Nil |
| Sri. S.P.Sivanandam | 5 | 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.

b. Changes in the composition of Directors

During the year, there was no change in Board of Directors.

COMMITTEES OF THE BOARD

AUDIT COMMITTEE

i) Terms of Reference:

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

ii) Composition:

The Company has complied with the requirements of Clause 18 of SEBI (LODR) Regulations 2015 as regards composition of Audit Committee.

The Audit Committee comprises entirely of three Non-Executive Directors and two-thirds of them is Independent Directors. Sri.P.Ganesan and Sri.S.P.Sivanandam and Smt.M.Sasikala are the Member of the Committee.

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

Statutory Auditors, Internal Auditors, CFO and Executive Director attended the meetings of the Committee on the invitation of the Chairman of the Committee. The Company Secretary acted as the Secretary to the Committee. All the members are financially literate and possess necessary expertise in finance or accounting or any other comparable experience or background.

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

During the year under review, there were 4 committee meetings held. There were held on 30/05/2017, 11/08/2017, 13/12/2017 and 13/02/2018

| Name of The Member | Designation | No. of Meetings of Attended |
|--------------------|-------------|-----------------------------|
| Sri.P.Ganesan | Chairman | 3 |
| Smt.M.Sasikala | Member | 4 |
| Sri.S.P.Sivanadam | Member | 4 |

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

NOMINATION & REMUNERATION COMMITTEE AND POLICY:

a. Composition

The Nomination & Remuneration Committee for Appointment & Remuneration of the Directors and Key Managerial Personnel which comprises entirely of three Non-Executive / Independent Directors.

| Name of The Member | Designation |
|---------------------------|-------------|
| Sri. P. Ganesan | Chairman |
| Sri. Giri Balasubramanian | Member |
| Sri. S.P. Sivanadam | Member |

b. Terms of Reference

The constitution and terms of reference of the Nomination and Remuneration Committee of the Company are in compliance with provisions of the Section 178 of the Companies Act, 2013 as well as the requirement of Regulation 19 of the Listing Regulations. The Nomination and Remuneration Committee of the Company was constituted to formulate the criteria for determining qualifications, positive attributes and Independence of a Director and recommend to the Board policies relating to, the remuneration of the Directors, Key Managerial Personnel and other employees and diversity of Board of Directors, and evaluation of the performance of Independent Directors and the Board of Directors, identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal.

c. Committee Meetings

During the year under review, no meeting was held. However, the Members of the Committee gathered in a meeting held on 24th May, 2018 in which they evaluated the performance of the Independent Directors, Non-Independent Directors and the Board as per the prescribed criteria. Besides, a proposal for re-appointment of Managing Director was also taken place at the meeting.

REMUNERATION TO MANAGING DIRECTOR / EXECUTIVE DIRECTOR

During the year under review, no remuneration was paid to Managing Director / Executive Director in view of the loss incurred by the Company

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 for 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 the 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. The diversity of the Board.

In the 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 Director, 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 fulfils 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 Director

At the time of appointment or re-appointment, the Managing Director & Whole-Time Director 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 retirement 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

The Company's Stakeholders Relationship Committee functions under the Chairmanship of Sri.P.Ganesan, Independent Director of the Board. Mr. S.P.Sivanandam, Non-Executive Director and Mr. E.V.Muthukumara Ramalingam, Managing Director of the Company are the other members of the Committee.

Sri. M. Srinivasan, Company Secretary, is the Compliance Officer of the Company.

b. Terms of reference

The terms of reference of the Committee has been expanded in accordance with Regulation 20 and part D of Schedule II to the Listing Regulations and Section 178 of the Companies Act, 2013 which includes reviewing and redressing complaints from Shareholders such as non receipt of dividend, annual report, transfer of shares 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 7 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 :

27-05-2017, 30-06-2017, 22-07-2017, 09-09-2017, 30-12-2017, 03-02-2018 and 10-02-2018

| | |
|---|----------------------------|
| Complaints' status | : 01-04-2017 to 31-03-2018 |
| Number of shareholders' complaints received during the period | : Nil |
| Number not solved to the satisfaction of shareholders | : NA |
| 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.

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

| Member | Committee Meeting attended |
|----------------------------------|----------------------------|
| Sri. E.V. Muthukumara Ramalingam | 6 |
| Sri. P. Ganesan | 5 |
| Sri. S.P. Sivanandam | 7 |

CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE :

As the Company does not fall under the criteria stated in section 135 of the Companies Act, 2013, the Company has not formed a CSR Committee.

INDEPENDENT DIRECTORS MEETING :

The Company's Independent Directors meet at least once every year without the presence of Executive Directors or management personnel. Such meetings are conducted informally to enable the Independent Directors to discuss matters pertaining to the Company's affairs and put forth their views.

Further, the Independent Directors also reviews the performance of the Non-Independent Directors, Managing Director (after taking into account the views of Executive and Non-Executive Directors) and the Board as a whole, assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties. During the year under review, one Meeting of Independent Directors was held on 13/02/2018.

All the independent Directors were present at the meeting.

SHAREHOLDERS:

1. Means of Communication:

The reports, statements, documents, filing and any other pieces of information are filed with the electronic platform of the BSE Ltd immediately after they are approved by the Board. These are also published in the Business Standard, an English daily newspaper having all India circulation and in Makkal Kural, a regional daily newspaper published in the language of the region where the Registered Office of the Company is situated.

The Company maintains a functional website containing all prescribed information as mentioned in the Regulation 46 of the Listing Regulations. Further, all periodical compliance filings like Shareholding Patterns, Corporate Governance Report, corporate announcements etc. are filed electronically on BSE Listing Centre, a web based application designed by BSE for corporates.

No presentations have been made to Institutional Investors or to analysts.

The Management Discussion and Analysis in respect of the financial year form part of the Directors' Report.

Ministry of Corporate Affairs (MCA)

The Company has periodically filed all the necessary documents with the MCA & the Company has also filed its Annual Financial Statements on MCA through XBRL.

SEBI Complaints Redress System (SCORES)

A centralized web based complaints redressal system which serves as a centralized database of all complaints received, enables uploading of Action Taken Reports (ARTs) by the concerned companies and the investors can view the of actions taken on the complaint and its current status.

In line with the existing provisions of the Listing Regulation, the Company has created a separate e-mail address viz. investorrelations@velanhotels.com to receive complaints and grievances of the investors.

2. Share Transfers Agents:

Both physical and Demat segments are handled by the Company's Registrar & Share Transfer Agent Namely SKDC Consultants Ltd., Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road, Ganapathy Post, Coimbatore - 641 006.

3. Share Transfer System:

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

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

| Year | Location | Date | Time |
|------|--|----------------------|------------|
| 2017 | Regd. Office at 41, Kangayam Road, Tirupur 641 604 | 27th September, 2017 | 11.45 a.m. |
| 2016 | Regd. Office at 41, Kangayam Road, Tirupur 641 604 | 30th September, 2016 | 12.15 p.m. |
| 2015 | Regd. Office at 41, Kangayam Road, Tirupur 641 604 | 29th September, 2015 | 04.45 p.m. |

ii. Extra-Ordinary General Meeting :

No Extra -Ordinary General Meeting was held during the year 2017 - 18.

iii. Special Resolutions:

- a. No special resolution(s) passed at 26th as well as 27th Annual General Meeting of the Company.
- b. One special resolution was passed at the 25th Annual General Meeting for alteration of Articles of Association of the Company.

iv. Postal Ballot:

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

5. DISCLOSURES

- a. There were no material individual transactions with related parties that were not in the ordinary course of business and at arm's length during the financial year ended 31st March, 2018.
- b. There were no materially significant transactions during the financial year with related parties such as the Promoters, Directors, Key Managerial Personnel, Relatives that could have potential conflict of interest with the Company;
- c. The Board of Directors receives, from time to time, disclosures relating to financial and commercial transactions, if any, from key managerial personnel of the Company, where they and/ or their relatives have a personal interest.
- d. The Company has not adopted a treatment different from that prescribed in Accounting Standards. While preparing the financial statements of the Company for the year ended 31st March, 2018, the management has ensured that all Accounting Standards have been properly followed and there has been no deviation from this practice.
- e. The Company has in place a mechanism to inform the Board members of the risk assessment and mitigation plans and periodical review to ensure that the critical risks were controlled by the executive management through means of a properly defined framework.
- f. The Company has not come out with any public issue or right issue etc. during the financial year under review.
- g. The Company has complied with all the applicable requirements of the Listing Regulations. The Company has adopted a suitable reporting system on compliances of all major laws applicable to the Company, which was placed before the Board of Directors of the Company at its periodic meeting.
- h. The Company has not adopted the non-mandatory requirements of the Listing Regulations.

- i. The Company has a Code of Conduct for prevention of insider trading in the shares of the Company for Directors and other identified persons in accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- j. The Company has a Whistleblower Policy in place which can be accessed on the Company's website. It is affirmed that no personnel has been denied access to the Chairman of the Audit Committee in terms of the policy. During the year, the Company did not receive any complaints;
- k. 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 a Show Cause Notice was issued by SEBI with regard to non compliance of Minimum Public Shareholding. A detailed explanation was reported in the Report of Board of Directors.
- l. Accounting Standards and Treatment: The accounting treatment as prescribed in the Accounting Standards (AS) has been followed in the preparation of financial statements.
- m. The Managing Director and CFO of the Company have issued necessary Certificate to the Board at its meeting held on 24th May, 2018 in respect of the financial year ended 31st March, 2018 pursuant to the Schedule II of Regulation 17(8) of the Listing Regulations and the same is attached and forms part of the Annual Report. The Managing Director and Chief Financial Officer also give quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33 of SEBI (Listing Obligations and disclosure requirements), Regulations, 2015.

6. GENERAL SHAREHOLDER INFORMATION

a. Annual General Meeting

- i. Date : 28.9.2018
- ii. Time : 12.05 p.m.
- iii. Venue : 41 Kangayam Road, Tirupur - 641 604

b. Financial Calendar :

| | | |
|---|---|--------------------------|
| Financial reporting for the quarter ended September 30,2018 | : | Before November 14, 2018 |
| Financial reporting for the quarter ending December 31,2018 | : | Before February 14, 2019 |
| Financial reporting for the Annual for March 31, 2019 | : | Before May 30, 2019 |
| Financial reporting for the quarter ending June 30, 2019 | : | Before August 14, 2019 |

- c. Date of Book Closure : 22.09.2018 to 28.9.2018 (Both days inclusive)
- d. Dividend payment : No dividend is recommended.
- e. Listing on Stock Exchange & Stock Code : BSE Ltd.,
526755

f. Stock price data.

High / Low prices of the share of the Company quoted during the financial year 2017-18 at BSE Ltd.

| Month & Year | | High (Rs.) | Low (Rs.) |
|--------------|------|------------|-----------|
| April | 2017 | 8.84 | 5.65 |
| May | 2017 | 9.39 | 5.74 |
| June | 2017 | 7.42 | 5.20 |
| July | 2017 | 6.60 | 5.40 |
| August | 2017 | 7.00 | 5.61 |
| September | 2017 | 6.49 | 5.36 |
| October | 2017 | 6.83 | 5.63 |
| November | 2017 | 6.69 | 5.61 |
| December | 2017 | 8.64 | 5.95 |
| January | 2018 | 9.03 | 6.26 |
| February | 2018 | 8.30 | 5.56 |
| March | 2018 | 7.00 | 5.55 |

- g.** To avoid repetition of the report of shareholding pattern, the categories of Shareholders as on 31.03.2018 is reported in the Annexure-B to the Board' report.

h. Distribution of Shareholdings as on 31.03.2018

| Range (in Nos.) | No. of Shareholders | %held (% No. of persons) | Face value of shares | (Rs.)% held (% Value) |
|-----------------|---------------------|--------------------------|----------------------|-----------------------|
| Up to 500 | 5264 | 87.72 | 710876 | 2.23 |
| 501 to 1000 | 336 | 5.60 | 276883 | 0.87 |
| 1001 to 2000 | 175 | 2.91 | 266119 | 0.83 |
| 2001 to 3000 | 59 | 0.98 | 151051 | 0.47 |
| 3001 to 4000 | 30 | 0.50 | 106568 | 0.33 |
| 4001 to 5000 | 34 | 0.57 | 159259 | 0.50 |
| 5001 and 10000 | 37 | 0.62 | 259155 | 0.81 |
| 10001 and above | 66 | 1.10 | 30034208 | 93.96 |
| TOTAL | 6001 | 100.00 | 31964119 | 100.00 |

i. Demat information as on 31.03.2018

| | | |
|--|---|----------|
| No. of shares dematerialized | : | 31058576 |
| % Total Capital | : | 97.17 |
| No. of share certificates dematerialised | : | 25947 |
| % of Total certificates | : | 80.74 |

j. Reconciliation of Share Capital Audit

In keeping with the requirements of the SEBI and the Stock Exchanges, a Reconciliation of Share Capital Audit by a Practicing Company Secretary is carried out at the end of every quarter to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The said audit confirms that the total issued / paid - up capital tallies with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

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

During the said periods, no fund has been raised.

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

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

m. Compliance Certificate of the auditors

The Company has obtained a certificate from the Statutory Auditors regarding compliance of conditions of Corporate Governance as stipulated in Regulation 34(3) and Schedule V (E) of the Listing Regulations. The certificate is annexed.

n. Location of the Hotels

→ Velan Hotels-Greenfields, 41 Kangayam Road, Tirupur 641 604

→ Velan Hotel, Bedford, Ritz Road, Coonoor - 643 101

o. Location of Shopping Mall

→ The Velan Esplanade, 41 Kangayam Road, Tirupur 641 604

p. Address for correspondence

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

q. Compliance Officer

: Sri. M. Srinivasan - Company Secretary

DECLARATION BY THE MANAGING DIRECTOR UNDER PARA D OF SCHEDULE V OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 REGARDING ADHERENCE TO THE CODE OF CONDUCT

In accordance with para D of Schedule V of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, I hereby confirm that, all the Directors and the Senior Management personnel of the Company have affirmed compliance with their respective Codes of Conduct, as applicable to them, for the financial year ended March 31, 2018.

For and on behalf of the Board



E. V. Muthukumara Ramalingam

Managing Director

(DIN : 00046166)

Place : TIRUPUR

Date : 24.05.2018

CERTIFICATE OF MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER OF FINANCIAL STATEMENT

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

Sub : Compliance Certificate furnished by Managing Director and CFO of the Company as for the quarter ended (Q4) and financial year ended 31st March, 2018 as per Part-B of Schedule II of Regulation 17(8) and 33 of SEBI(Listing Obligations and Disclosures Requirements) Regulations, 2015.

We, the undersigned, in our capacities as the Managing Director & CFO of Velan Hotels Limited (the Company) to the best of our knowledge and belief certify that:

We have reviewed the financial statements and the cash flow statement of the Company for the financial year 2017-18:

- 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.



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



R. Lalitha
Chief Financial Officer

Place : TIRUPUR
Date : 24.05.2018



KRISHAAN & CO

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Chennai 600 006
Phone : 044-2827 2569
Email : ksr@krishaan.in

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 on March 31, 2018 as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15 (2) of the Listing Regulations for the period April 1, 2017 to March 31, 2018.

The compliance of conditions 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 conditions of the Corporate Governance. It is neither an audit nor an expression of 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 complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations, as applicable except non-compliance with the requirement of Minimum Public Shareholding (MPS) under Regulation 38 of SEBI (LODR) Regulations, 2015 and Section 12A of the Securities Contracts (Regulation) Act, 1956 read with Rule 19(2) and 19A of the Securities Contracts (Regulation) Rules, 1957.

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

Place : TIRUPUR
Date : 24.05.2018

KRISHAAN & CO
Chartered Accountants
FRN : 001453S

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

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 uncertainty, 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

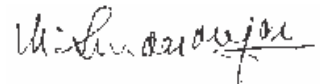
- 1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Sub-Section (11) of Section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the Paragraph 3 and 4 of the Order.
- 2) As required by Section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

KRISHAAN & CO

Chartered Accountants

FRN : 001453S



(K. SUNDARRAJAN)

Partner

(Membership No. : 208431)

Place : TIRUPUR

Date : 24.05.2018

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2018, we report that:

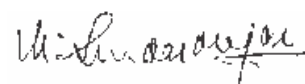
On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

- i)
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
 - (c) According to the information and explanations given to us and on the basis of our examination of the registered title deeds of all the immovable properties are held in the name of the Company as at the balance sheet date; The title deeds of the said immovable properties have been pledged as security for the credit facilities availed by the company. The retention of title deeds have been confirmed by the bankers/ institution vide the Memorandum of Deposit of Title deeds executed by the Company.
- ii)
 - (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
 - (b) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material, which have been properly dealt with in the books of account.
- iii) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms, LLPs or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013. Consequently, the provisions of clauses iii (a), iii (b) and iii (c) of the Order are not applicable to the Company.
- iv) The Company has not granted any loans, made investments, issued guarantees or provided any security to any Director or any other person as specified in the Act and hence this clause is not applicable to the Company for this year.
- v) The Company has not accepted any deposits from the public covered under section 73 to 76 of the Companies Act, 2013.
- vi) As per information and explanation given by the management, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act.
- vii)
 - a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, valued added taxes/GST, sales tax, wealth tax, excise duty, service tax, duty of customs, value added tax, cess and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, wealth tax, excise duty, duty of customs, value added tax/GST, cess and other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable, except service tax dues, amounting to Rs. 50.51 lakhs upto June 30, 2017 which have not been deposited till date.

- b) According to the information and explanations given to us and also based on the Management representation, there are no disputed statutory dues that have not been deposited as at the year end.
- viii) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders during the year as the principal amount outstanding with the Asset Reconstruction Company has not yet been crystallised.
- ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and no term loans have been raised during the year.
- x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not paid/provided any managerial remuneration in accordance with the provisions of Section 197 read with Schedule V to the Act.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

KRISHAAN & CO
Chartered Accountants
FRN : 001453S



(K. SUNDARRAJAN)

Partner

(Membership No. : 208431)

Place : TIRUPUR
Date : 24.05.2018

ANNEXURE - B TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of VELAN HOTELS LIMITED ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of

the Company are being made only in accordance with authorisations of Management and Directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

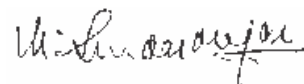
Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place : TIRUPUR
Date : 24.05.2018

KRISHAAN & CO
Chartered Accountants
FRN : 001453S



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

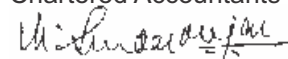
BALANCE SHEET AS AT 31ST MARCH 2018, 2017 and 1st April 2016

| Particulars | Note No. | As at 31.3.2018 Rs. | As at 31.3.2017 Rs. | As at 1.4.2016 Rs. |
|--|----------|-----------------------|-----------------------|-----------------------|
| A. ASSETS | | | | |
| NON-CURRENT ASSETS | | | | |
| Property, plant and equipment | 5 | 1,11,58,39,166 | 1,13,06,66,752 | 1,15,22,73,631 |
| Capital work-in-progress | | 64,79,91,836 | 64,96,44,935 | 64,41,20,220 |
| NON-CURRENT FINANCIAL ASSETS | | | | |
| Trade receivables, non current | 6 | 26,331 | 17,707 | 10,185 |
| Loans | 7 | 1,18,89,227 | 1,27,98,902 | 1,25,78,557 |
| Sub total- Non-current Assets | | 1,77,57,46,560 | 1,79,31,28,296 | 1,80,89,82,593 |
| CURRENT ASSETS | | | | |
| Inventories | 8 | 73,88,200 | 76,59,043 | 76,04,578 |
| Current Financial asset | | — | — | — |
| Trade receivables, current | 9 | 11,02,991 | 48,00,383 | 25,64,068 |
| Cash and Cash equivalents | 10 | 39,76,741 | 40,75,300 | 56,42,654 |
| Loans-current | 11 | 27,59,365 | 26,00,056 | 10,18,044 |
| Sub Total - Current Assets | | 1,52,27,297 | 1,91,34,782 | 1,68,29,344 |
| Total assets | | 1,79,09,73,857 | 1,81,22,63,078 | 1,82,58,11,937 |
| B. EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| Equity Share capital | 12 | 31,96,41,190 | 31,96,41,190 | 31,96,41,190 |
| Other equity - Reserves & Surplus | 13 | -10,97,55,935 | -8,50,03,138 | 11,09,13,136 |
| Total equity | | 20,98,85,255 | 23,46,38,052 | 43,05,54,326 |
| LIABILITIES | | | | |
| Non-current liabilities | | | | |
| Deferred Tax liabilities (net) | 14 | 4,37,58,307 | 3,62,11,739 | 2,94,07,010 |
| Employee Benefit Obligations | 15 | 45,12,156 | 54,60,848 | 37,43,132 |
| Tax Liabilities (Net) | 16 | — | — | 25,60,436 |
| Non-current Financial liabilities | | | | |
| Borrowings-non-current | 17 | 1,35,80,72,676 | 1,35,88,43,676 | 99,88,15,359 |
| Trade payable-Non current | 18 | 6,19,88,847 | 5,76,46,988 | 6,15,85,812 |
| Other non -current financial liabilities | 19 | 50,86,744 | 65,51,926 | 51,25,309 |
| Other non-current liabilities | 20 | 7,85,92,039 | 7,85,92,039 | 7,85,92,039 |
| Sub Total Non-current Liabilities | | 1,55,20,10,769 | 1,54,33,07,216 | 1,17,98,29,097 |
| Current liabilities | | | | |
| Current financial liabilities | | | | |
| Borrowings-current | 21 | 1,01,17,085 | 1,31,33,441 | 1,30,65,121 |
| Trade payable-current | 22 | 73,89,183 | 1,08,71,601 | 72,99,219 |
| Other current financial liabilities | 23 | 1,15,71,565 | 1,03,12,768 | 19,50,64,174 |
| Sub Total Current Liabilities | | 2,90,77,833 | 3,43,17,810 | 21,54,28,514 |
| Total liabilities | | 1,58,10,88,602 | 1,57,76,25,026 | 1,39,52,57,611 |
| Total Equity and Liabilities | | 1,79,09,73,857 | 1,81,22,63,078 | 1,82,58,11,937 |

Significant accounting policies & Notes forming part of Annual Accounts


"As per our Report of even date"

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


(K SUNDARRAJAN)

Partner
(Membership No. : 208431)

Place : Tirupur
Date : 24.05.2018


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


M. Srinivasan
Company Secretary


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


R. Lalitha
Chief Financial Officer



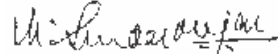
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31st MARCH 2018

| Particulars | Note No. | Year ended 31.3.2018 Rs. | Year ended 31.3.2017 Rs. |
|---|----------|--------------------------------|--------------------------------|
| I. Revenue | | | |
| Revenue from Operations (Net of duties) | 24 | 8,57,12,097 | 11,73,12,353 |
| II. Other Income | 25 | 13,74,823 | 65,30,009 |
| III. Total Revenue | | 8,70,86,920 | 12,38,42,362 |
| IV. Expenses | | | |
| Cost of Supplies Consumed | 26 | 1,75,79,548 | 2,46,38,063 |
| House Keeping Expenses | 27 | 18,31,686 | 18,17,943 |
| Power and Fuel | 28 | 1,77,87,866 | 2,19,35,463 |
| Employee benefit expenses | 29 | 2,42,16,246 | 2,91,10,297 |
| Other Expenses | 30 | 2,19,79,569 | 2,67,98,532 |
| Total Expenses | | 8,33,94,914 | 10,43,00,298 |
| EBITDA | | 36,92,006 | 1,95,42,064 |
| Depreciation and Amortization Expenses | 5 | 1,84,68,972 | 1,95,80,835 |
| Finance cost | 31 | 24,29,262 | 18,50,67,804 |
| Profit/(Loss) before Exceptional Items and Tax | | (1,72,06,229) | (18,51,06,575) |
| Exceptional Items(Net) | | — | (41,07,058) |
| Profit/(Loss) before Tax | | (1,72,06,229) | (18,92,13,633) |
| Tax Expenses | | | |
| (a) Current tax expense - MAT | | — | — |
| (b) Tax relating to prior years | | — | (1,02,088) |
| (c) Deferred tax | 14 | 75,46,568 | 68,04,729 |
| Total Tax Expenses | | 75,46,568 | 67,02,641 |
| Profit/(Loss) for the year | | (2,47,52,797) | (19,59,16,274) |
| "Earnings Per Equity Share (Refer Note 32) [nominal value of share Rs. 10 (31st March 2017:Rs. 10)]" | | | |
| (1) Basic | | -0.77 | -6.13 |
| (2) Diluted | | -0.77 | -6.13 |

Significant accounting policies & Notes forming part of Annual Accounts


"As per our Report of even date"

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


(K SUNDARRAJAN)

Partner
(Membership No. : 208431)

Place : Tirupur
Date : 24.05.2018


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


M. Srinivasan
Company Secretary


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


R. Lalitha
Chief Financial Officer

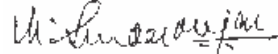
NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR 2017 - 2018

| DESCRIPTION | BALANCE AS AT 01 APRIL 2017 | CHANGES DURING THE YEAR | BALANCE AS AT 31 MARCH 2018 |
|-------------------------|--------------------------------|-------------------------------|--------------------------------|
| A) EQUITY SHARE CAPITAL | 3,19,64,119 | — | 3,19,64,119 |

| DESCRIPTION | BALANCE AS AT 01 APRIL 2016 | CHANGES DURING THE YEAR | BALANCE AS AT 31 MARCH 2017 |
|-------------------------|--------------------------------|-------------------------------|--------------------------------|
| A) EQUITY SHARE CAPITAL | 3,19,64,119 | — | 3,19,64,119 |

Significant accounting policies & Notes forming part of Annual Accounts
"As per our Report of even date"

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

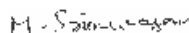

(K SUNDARRAJAN)

Partner
(Membership No. : 208431)

Place : Tirupur
Date : 24.05.2018



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



M. Srinivasan
Company Secretary



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



R. Lalitha
Chief Financial Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

| Particulars | Year ended on 31.3.2018 Rs. | | Year ended on 31.3.2017 Rs. | |
|---|-----------------------------------|------------------|-----------------------------------|-----------------------|
| A. Cash flow from operating activities | | | | |
| Net Profit / (Loss) before extraordinary items and tax | | (1,72,06,229) | | (18,92,13,633) |
| Adjustments for: | | | | |
| Depreciation and amortisation | 1,84,68,972 | | 1,95,80,835 | |
| Finance costs | 24,29,262 | | 18,37,20,241 | |
| Interest income | (1,77,699) | | (1,45,639) | |
| Extraordinary Items | — | | 41,07,058 | |
| Net (gain)/loss on sale of Fixed Assets | — | | 14,32,787 | |
| Liabilities / provisions no longer required written back | (8,31,142) | 1,98,89,394 | (11,16,688) | 20,75,78,594 |
| Operating profit / (loss) before working capital changes | | 26,83,165 | | 1,83,64,961 |
| Changes in working capital: | | | | |
| Adjustments for (increase) / decrease in operating assets: | | | | |
| Inventories | 2,70,843 | | (54,465) | |
| Trade receivables | 36,88,768 | | (11,27,149) | |
| Short-term loans and advances | (35,211) | | (15,82,013) | |
| Long-term loans and advances | 9,09,675 | | (2,20,345) | |
| Adjustments for increase / (decrease) in operating liabilities: | | | | |
| Trade payables | 8,59,442 | | 69,328 | |
| Other Financial liabilities | 1,99,119 | | (18,60,38,235) | |
| Other long-term liabilities | — | | — | |
| Employees Benefit Obligation | (1,17,550) | | 17,17,716 | |
| | | 57,75,086 | | (18,72,35,163) |
| Cash flow from extraordinary items | | | | |
| Cash generated from operations | | 84,58,251 | | (16,88,70,202) |
| Net income tax (paid) / refunds | | (1,24,098) | | 1,02,088 |
| Net cash flow from / (used in) operating activities (A) | | 83,34,153 | | (16,87,68,114) |
| B. Cash flow from investing activities | | | | |
| Capital expenditure on fixed assets, including capital advances | (19,88,287) | | (1,18,63,516) | |
| Proceeds from Sale of Fixed Assets | — | | 28,25,000 | |
| Net cash flow from / (used in) investing activities (B) | | (19,88,287) | | (90,38,516) |

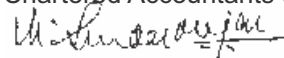
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.,)

| Particulars | Year ended on 31.3.2018 Rs. | Year ended on 31.3.2017 Rs. |
|--|-----------------------------------|-----------------------------------|
| C. Cash flow from financing activities | | |
| Proceed from long-term borrowings | — | 36,00,28,317 |
| Proceeds/(Repayment) from Short-Term borrowings | (30,16,356) | 68,320 |
| Repayment of Long Term Borrowings | (7,71,000) | |
| Investment in Shares | | |
| Interest received | 1,77,699 | 1,45,639 |
| Dividend Paid | (4,05,505) | (2,82,759) |
| Finance cost | (24,29,262) | (18,37,20,240) |
| Net cash flow from / (used in) financing activities (C) | (64,44,425) | 17,62,39,277 |
| Net increase/(decrease) in Cash and cash equivalents (A+B+C) | (98,559) | (15,67,353) |
| Cash and cash equivalents at the beginning of the year | 40,75,300 | 56,42,653 |
| Cash and cash equivalents at the end of the year | 39,76,741 | 40,75,300 |
| Reconciliation of Cash and cash equivalents with the Balance Sheet: | | |
| Cash and cash equivalents as per Balance Sheet (Refer Note 17) | 39,76,741 | 40,75,300 |
| Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements (give details) | | |
| Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 17 | 39,76,741 | 40,75,300 |
| Cash and cash equivalents at the end of the year * | | |
| * Comprises: | | |
| Balances with Banks | | |
| Balances with Banks in Indian Rupees | | |
| - In Current accounts | 10,01,312 | 7,21,584 |
| - in a Fixed Deposit | 9,56,199 | 8,74,870 |
| - In Margin Money Accounts | 3,75,566 | 7,81,071 |
| | 23,33,077 | 23,77,525 |
| Cash on Hand | 16,43,665 | 16,97,775 |
| | 39,76,741 | 40,75,300 |

Significant accounting policies & Notes forming part of Annual Accounts

"As per our Report of even date"


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


(K SUNDARRAJAN)

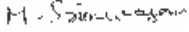
Partner
(Membership No. : 208431)

Place : Tirupur
Date : 24.05.2018

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


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


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


M. Srinivasan
Company Secretary


R. Lalitha
Chief Financial Officer

Note No.1

The Company overview

Velan Hotels Limited is a Public Limited Company incorporated and domiciled in India. The Company is in the business of providing Hospitality Services including running of restaurants with a bar. The Registered and Corporate Office of the Company is located at 41, Kangeyam Road, Tiruppur-641 604. The equity shares of the Company is Listed in Bombay Stock Exchange (BSE Ltd.).

Note No.2

Basis of preparation of financial statements

A) Statement of compliance and basis of preparation

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS), under the provisions of the Companies Act, 2013 ("the Companies Act"), as applicable and guidelines issued by the Securities and Exchange Board of India ("SEBI"). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Up to the year ended March 31, 2017, the Company prepared its financial statements in accordance with the requirements of the Indian GAAP ("Previous GAAP"), which included Standards notified under the Companies (Accounting Standards) Rules, 2006. The date of transition to Ind AS is April 1, 2017. Accounting policies have been applied consistently to all periods presented in these financial statements.

The financial statements correspond to the classification provisions contained in Ind AS 1, "Presentation of Financial Statements". For clarity, various items are aggregated in the statements of Profit and Loss and Balance Sheet. These items are disaggregated separately in the Notes to the financial statements, where applicable.

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

B) Basis of measurement

These financial statements have been prepared on a historical cost convention and on an accrual basis except for the following material items which have been measured at fair value as required by relevant Ind AS:-

- a) Derivative financial instruments;
- b) Financial instruments classified as fair value through other comprehensive income or fair value through profit or loss; and
- c) The defined benefit asset/(liability) is recognised as the present value of defined benefit obligation less fair value of plan assets.

C) Use of estimates and judgment

The preparation of the financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

- a) **Impairment testing:** Investments in subsidiaries, goodwill and intangible assets are tested for impairment at least annually and when events occur or changes in circumstances indicate that the recoverable amount of the asset or cash generating units to which these pertain is less than its carrying value. The recoverable amount of cash generating units is higher of value-in-use and fair value less cost to dispose. The calculation of value in use of a cash generating unit involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.
- b) **Deferred taxes:** Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry forwards become deductible. The Company considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced.
- c) **Defined benefit plans and compensated absences:** The cost of the defined benefit plans, compensated absences and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Note No.3

Significant accounting policies

- (i) Functional and presentation currency

These financial statements are presented in Indian rupees, the national currency of India, which is the functional currency of the Company.

- (ii) Foreign currency transactions and translation transactions in foreign currency are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation at the exchange rates prevailing at the reporting date of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit and loss and reported within foreign exchange gains/(losses), net within results of operating activities. Gains/(losses) relating to translation or settlement of borrowings denominated in foreign currency are reported within finance expense. Nonmonetary assets and liabilities denominated in foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction. Translation differences on nonmonetary financial assets measured at fair value at the reporting date.

(iii) Equity

a) Share Capital and Share Premium

The Authorized Share Capital of the Company as of March 31, 2018, March 31, 2017 and April 1, 2016 is 50,00,00,000 divided into 5,00,00,000 equity shares of ₹ 10 each. Par value of the equity shares is recorded as share capital and the amount received in excess of par value is classified as share premium.

Every holder of the equity shares, as reflected in the records of the Company as of the date of the shareholder meeting shall have one vote in respect of each share held for all matters submitted to vote in the shareholder meeting.

b) Revaluation Reserve

Revaluation reserve amounting to Rs. 6,04,92,200 (March 31, 2017 Rs. 6,11,71,055 and April 1, 2016 Rs.6,18,60,337 respectively) is not freely available for distribution.

d) Retained earnings

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

e) Other comprehensive income

Changes in the fair value of financial instruments measured at fair value through other comprehensive income and actuarial gains and losses on defined benefit plans are recognized in other comprehensive income (net of taxes), and presented within equity as other comprehensive income.

(iv) Property, plant and equipment

a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures directly attributable to the acquisition of the asset. General and specific borrowing costs directly attributable to the construction of a qualifying asset are capitalized as part of the cost.

b) Depreciation

The Company depreciates property, plant and equipment over the estimated useful life on a straight-line basis from the date the assets are available for use. Assets acquired under finance lease and leasehold improvements are amortized over the shorter of estimated useful life of the asset or the related lease term. Term licenses are amortized over their respective contract term. Freehold land is not depreciated. The estimated useful life of assets are reviewed and where appropriate are adjusted, annually.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Subsequent expenditure relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably.

The cost of property, plant and equipment not available for use as at each reporting date is disclosed under capital work-in-progress.

(v) Intangible assets

Intangible assets acquired separately are measured at cost of acquisition. Intangible assets acquired in a business combination are measured at fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and impairment losses, if any.

The amortization of an intangible asset with a finite useful life reflects the manner in which the economic benefit is expected to be generated. The estimated useful life of amortizable intangibles are reviewed and where appropriate are adjusted, annually.

(vi) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is, or contains a lease if, fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

a) Arrangements where the Company is the lessee

Leases of property, plant and equipment, where the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at lower of the fair value of the leased property and the present value of the minimum lease payments. Lease payments are apportioned between the finance charge and the outstanding liability. The finance charge is allocated to periods during the lease term at a constant periodic rate of interest on the remaining balance of the liability.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are recognized in the statement of profit and loss on a straight-line basis over the lease term.

b) Arrangements where the Company is the lessor

In certain arrangements, the Company recognizes revenue from the sale of products given under finance leases. The Company records gross finance receivables, unearned income and the estimated residual value of the leased equipment on consummation of such leases. Unearned income represents the excess of the gross finance lease receivable plus the estimated residual value over the sales price of the equipment. The Company recognizes unearned income as finance income over the lease term using the effective interest method.

(vii) Inventories

Inventories are valued at lower of cost and net realizable value, including necessary provision for obsolescence. Cost includes all direct costs and applicable overheads to bring the goods to present location and condition.

(viii) Impairment

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(ix) Employee benefits

a) Post-employment and pension plans

The Company participates in various employee benefit plans. These employment benefits are classified as either defined contribution plans or defined benefit plans.

Under a defined contribution plan, the Company's only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks fall on the employee.

The expenditure for defined contribution plans is recognized as an expense during the period when the employee provides service.

Under a defined benefit plan, it is the Company's obligation to provide agreed benefits to the employees. The related actuarial and investment risks fall on the Company. The present value of the defined benefit obligations is calculated by an independent actuary using the projected unit credit method. All actuarial gains or losses are immediately recognized in other comprehensive income, net of taxes and permanently excluded from profit or loss. Further, the profit or loss will no longer include an expected return on plan assets. Instead net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of remeasurement of net defined liability or asset through other comprehensive income, net of taxes.

The Company has the following employee benefit plans:

a. Provident fund

Employees receive benefits from a provident fund, which is a defined benefit plan. The employer and employees each make periodic contributions to the plan. The contributions to the provident fund are charged to the statement of profit and loss for the year when the contributions are due.

b. Gratuity

In accordance with the Payment of Gratuity Act, 1972, applicable for Indian companies, the Company provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Company. The Company's obligation in respect of the gratuity plan, which is a defined benefit plan, is provided for based on actuarial valuation using the projected unit credit method. The Company recognizes actuarial gains and losses in other comprehensive income, net of taxes.

b) Termination benefits

Termination benefits are expensed when the Company can no longer withdraw the offer of those benefits.

c) Short-term benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

d) Compensated absences

The employees of the Company are entitled to the compensated absences. The employees can carry forward a portion of the unutilized accumulating compensated absences and utilize it in future periods or receive cash at retirement or termination of employment. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Company recognizes accumulated compensated absences based on actuarial valuation using the projected unit credit method.

Non-accumulating compensated absences are recognized in the period in which the absences occur.

(x) Provisions

Provisions for legal claims, service warranties, volume discounts and returns are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

(xi) Revenue

Income from Guest Accommodation is recognised on a day to day basis after the Guest Checks into the hotel. Sale of Food and beverage is recognised at the point of serving those items to the guest.

Revenues are shown net of sales tax, value added tax, service tax and Good and Service Tax.

(xii) Borrowing cost

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

(xiii) Other income

Other income comprises interest income on deposits and dividend income.

- a) Interest income is recognized using the effective interest method.
- b) Dividend income is recognized when the right to receive payment is established.

(xiv) Income tax

Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to a business combination, or items directly recognized in equity or in other comprehensive income.

a) Current income tax

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted as at the reporting date and applicable for the period. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and liability simultaneously.

b) Deferred income tax

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of good will or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax assets are recognized to the extent it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized. Deferred income tax liabilities are recognized for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries, associates and foreign branches where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at their reporting date.

The Company offsets deferred income tax assets and liabilities, where it has a legally enforceable right to offset current tax assets against current tax liabilities, and they relate to taxes levied by the same taxation authority on either the same taxable entity, or on different taxable entities where there is an intention to settle the current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

(xviii) Earnings per share

Basic earnings per share is computed using the weighted average number of equity shares outstanding during the period adjusted for treasury shares held. Diluted earnings per share is computed using the weighted-average number of equity and dilutive equivalent shares outstanding during the period, using the treasury stock method for options and warrants, except where the results would be anti-dilutive.

Note No.4

Notes on Transition to Ind AS

These financial statements are prepared in accordance with Ind AS. For years up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with Indian GAAP (i.e. Previous GAAP).

Exemptions from retrospective application:

In preparation of the Ind AS financial statements, the Company has:

1. Elected to adopt the Previous GAAP carrying value of Property, Plant and Equipment as deemed cost on date of transition.

Accordingly, the Company has prepared financial statements which comply with Ind AS for periods ending on March 31, 2018, together with the comparative period data as at and for the year ended March 31, 2017. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2016, the Company's date of transition to Ind AS.

Reconciliations between Previous GAAP and Ind AS

i. Effect of Ind AS adoption on equity as at March 31, 2017 and April 1, 2016:

| Particulars | As at March 31, 2017 | As at April 1, 2016 |
|---|-------------------------|------------------------|
| Equity as reported under Previous GAAP | 234,638,052 | 430,554,326 |
| Effect of transition to Ind AS | | |
| 1. Dividend and tax on dividend | NIL | NIL |
| 2. Amortization of intangible assets | NIL | NIL |
| 3. Incremental deferred tax recognized, net | NIL | NIL |
| Equity under Ind AS | 234,638,052 | 430,554,326 |

Note: Equity includes share capital of Rs. 319,641,190 and Rs. 319,641,190 as at March 31, 2017 and April 1, 2016, respectively.

ii. Effect of Ind AS adoption on total comprehensive income for the year ended March 31, 2017

| Particulars | Year Ended March 31, 2017 |
|--|---------------------------|
| 1) Net Profit/(Loss) as per Previous Indian GAAP | (195,916,274) |
| 2) Consequent Changes in Translation to Ind AS | NIL |
| 3) Reclassification of Actuarial Gain/(Loss) on Defined Benefit Plans to Other Comprehensive income (net of Tax) | NIL |
| 4) Net Profit/(Loss) after Tax under Ind AS | (195,916,274) |
| 5) Other Comprehensive income (net of Tax) | NIL |
| 6) Total Comprehensive Income as per Ind AS | (195,916,274) |

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR 2017 - 2018

| Particulars | Land | Building | Plant and Machinery | Furniture and Fittings | Vehicles | Total |
|---|---------------------|---------------------|---------------------|------------------------|--------------------|-----------------------|
| Note 5 - Property, Plant and Equipment | | | | | | |
| Gross Carrying Value | | | | | | |
| As at April 1, 2016 | 45,01,50,385 | 68,40,96,492 | 14,63,96,686 | 3,52,19,784 | 1,05,94,569 | 1,32,64,57,916 |
| Additions during the year | — | 24,75,285 | 3,87,358 | — | 34,76,158 | 63,38,801 |
| Deletions during the year | — | 5,07,214 | 1,55,66,550 | 71,07,150 | — | 2,31,80,914 |
| As at Mar 31, 2017 | 45,01,50,385 | 68,60,64,563 | 13,12,17,494 | 2,81,12,634 | 1,40,70,727 | 1,30,96,15,803 |
| As at April 1, 2017 | 45,01,50,385 | 68,60,64,563 | 13,12,17,494 | 2,81,12,634 | 1,40,70,727 | 1,30,96,15,803 |
| Additions during the year | — | 6,80,849 | 24,91,537 | — | 4,69,000 | 36,41,386 |
| Deletions during the year | — | — | — | — | — | — |
| As at March 31, 2018 | 45,01,50,385 | 68,67,45,412 | 13,37,09,031 | 2,81,12,634 | 1,45,39,727 | 1,31,32,57,189 |
| "Accumulated depreciation/impairment:" | | | | | | |
| As at April 1, 2016 | — | 7,09,55,588 | 6,93,83,647 | 2,88,69,119 | 49,75,931 | 17,41,84,285 |
| Depreciation | — | 1,10,32,619 | 69,53,750 | 9,64,654 | 6,29,812 | 1,95,80,835 |
| Disposal / adjustments | — | — | 2,19,805 | 1,17,46,901 | 28,49,363 | 1,48,16,069 |
| As at Mar 31, 2017 | — | 8,19,88,207 | 7,61,17,592 | 1,80,86,872 | 27,56,380 | 17,89,49,051 |
| As at April 1, 2017 | — | 8,19,88,207 | 7,61,17,592 | 1,80,86,872 | 27,56,380 | 17,89,49,051 |
| Depreciation | — | 1,08,62,210 | 65,96,309 | 4,57,766 | 5,52,688 | 1,84,68,972 |
| Disposal / adjustments | — | — | — | — | — | — |
| As at March 31, 2018 | — | 9,28,50,417 | 8,27,13,901 | 1,85,44,638 | 33,09,068 | 19,74,18,023 |
| Net Carrying Value | | | | | | |
| As at April 1, 2017 | 45,01,50,385 | 61,31,40,904 | 7,70,13,039 | 63,50,665 | 56,18,638 | 1,15,22,73,631 |
| As at March 31, 2017 | 45,01,50,385 | 60,40,76,356 | 5,50,99,902 | 1,00,25,762 | 1,13,14,347 | 1,13,06,66,752 |
| As at March 31, 2018 | 45,01,50,385 | 59,38,94,995 | 5,09,95,131 | 95,67,996 | 1,12,30,659 | 1,11,58,39,166 |
| Capital work-in-progress | | | | | | |
| As at April 1, 2017 | — | — | — | — | — | 64,41,20,220 |
| As at March 31, 2017 | — | — | — | — | — | 64,96,44,935 |
| As at March 31, 2018 | — | — | — | — | — | 64,79,91,836 |

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR 2017 - 2018

| Particulars | As at 31.3.2018 Rs. | As at 31.3.2017 Rs. | As at 1.4.2017 Rs. |
|---|------------------------|------------------------|-----------------------|
| Note 6 | | | |
| TRADE RECEIVABLE- NON CURRENT | | | |
| (Unsecured, considered good) | | | |
| For Sales and Services | 26,331 | 17,707 | 10,185 |
| | 26,331 | 17,707 | 10,185 |
| Note 7 | | | |
| LOANS - NON CURRENT | | | |
| Unsecured, considered good | | | |
| Security Deposits | 29,92,536 | 30,71,671 | 28,51,326 |
| Other Loans and Advances | | | |
| Advances | 66,000 | 8,96,540 | 8,96,540 |
| MAT credit entitlement | 52,63,540 | 52,63,540 | 52,63,540 |
| Balance with Government Authorities | 35,67,151 | 35,67,151 | 35,67,151 |
| Total | 1,18,89,227 | 1,27,98,902 | 1,25,78,557 |
| Note 8 | | | |
| INVENTORIES | | | |
| Inventories | | | |
| Stores and Provisions | 73,88,200 | 76,59,043 | 76,04,578 |
| (Valued at cost or market price which ever is lower on FIFO basis) | | | |
| Total | 73,88,200 | 76,59,043 | 76,04,57 |
| Note 9 | | | |
| TRADE RECEIVABLES | | | |
| (Unsecured, considered good) | | | |
| Trade Receivables outstanding for a period not exceeding 6 months | 11,02,991 | 47,67,255 | 24,70,270 |
| Trade Receivables outstanding for a period More than 6 months | - | 33,128 | 93,798 |
| Total | 11,02,991 | 48,00,383 | 25,64,068 |
| (b) Other notes | | | |
| (b) (i) Debts Due from the Private Companies in which any Director is a Director / Member | Nil | Nil | Nil |
| Note 10 | | | |
| CASH AND CASH EQUIVALENTS | | | |
| The Cash and Cash Equivalents are classified as follows: | | | |
| Cash on Hand | 16,43,665 | 16,97,775 | 28,53,315 |
| Balances with Banks | | | |
| - in Current accounts | 10,01,312 | 7,21,584 | 8,76,012 |
| - in a Fixed Deposit | 9,56,199 | 8,74,870 | 8,49,497 |
| - In Unpaid Dividend Account | 3,75,566 | 7,81,071 | 10,63,830 |
| Total | 39,76,741 | 40,75,300 | 56,42,654 |

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR 2017 - 2018

| Particulars | As at 31.3.2018 Rs. | | As at 31.3.2017 Rs. | | As at 1.4.2017 Rs. | |
|---|------------------------|---------------------|------------------------|---------------------|-----------------------|---------------------|
| Note 11 | | | | | | |
| SHORT TERM LOANS AND ADVANCES | | | | | | |
| (Unsecured, considered good) | | | | | | |
| Others | | | | | | |
| Loans and advances against supplies | | 6,21,908 | | 5,89,101 | | 42,415 |
| Staff Advance | | 1,25,750 | | 28,000 | | 52,700 |
| Advance Income Taxes (net of provision) | | 8,11,249 | | 6,87,151 | | 247 |
| Accrued revenue | | 1,93,500 | | 1,39,500 | | 85,500 |
| Prepaid expenses | | 10,06,958 | | 11,56,304 | | 8,37,182 |
| Total | | 27,59,365 | | 26,00,056 | | 10,18,044 |
| Note 12 | | | | | | |
| SHARE CAPITAL | | | | | | |
| Authorised shares | | | | | | |
| 5,00,00,000 Equity shares of Rs. 10 each | | 50,00,00,000 | | 50,00,00,000 | | 50,00,00,000 |
| | | 50,00,00,000 | | 50,00,00,000 | | 50,00,00,000 |
| Issued, subscribed and fully paid-up shares | | | | | | |
| 3,19,64,119 Equity shares of Rs. 10 each | | 31,96,41,190 | | 31,96,41,190 | | 31,96,41,190 |
| Total | | 31,96,41,190 | | 31,96,41,190 | | 31,96,41,190 |
| Other Notes | | | | | | |
| (a) (i) Equity Shares allotted as fully paid-up person to a contract without payment being received in cash | | — | | — | | — |
| (ii) Equity shares allotted as bonus shares by capitalisation of share premium | | — | | — | | — |
| (iii) Aggregate number and class of shares bought back | | — | | — | | — |
| (iv) Equity Shares held by its Holding Company | | — | | — | | — |

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR 2017 - 2018

- (b) The Company has only one class of equity shares having at par value of Rs.10/- per share. Each holder of Equity shares is entitled to one vote per share. The company will pay dividend in Indian rupees as and when declared. No dividend has been proposed by the Board of Directors for the year
- (c) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be proportion to the number of equity shares held by the shareholders.
- (d) The reconciliation of number of shares outstanding and the amount of share capital as at March 31, 2017, 2018 and April 1, 2016 is set out below:

| Particulars | As at 31.3.2018 | | As at 31.3.2017 | | As at 1.4.2017 | |
|--|-----------------|--------------|-----------------|--------------|----------------|--------------|
| | Nos. | Rs. | Nos. | Rs. | Nos. | Rs. |
| a) Equity Shares | | | | | | |
| No. of Shares at the beginning of the year | 3,19,64,119 | 31,96,41,190 | 3,19,64,119 | 31,96,41,190 | 3,19,64,119 | 31,96,41,190 |
| No. of Shares Issued during the year /period | — | — | — | — | — | — |
| No. of Shares at the End of the year/period | 3,19,64,119 | 31,96,41,190 | 3,19,64,119 | 31,96,41,190 | 3,19,64,119 | 31,96,41,190 |

Details of shareholders holding more than 5% in the Company

| Name of Shareholders | No. of shares | % holding | No. of shares | % holding | No. of shares | % holding |
|---|---------------|-----------|---------------|-----------|---------------|-----------|
| Equity shares of Rs.10/- each fully paid | | | | | | |
| 1. Sri.E.V.Muthukumararamalingam | 1,26,78,383 | 40% | 1,26,78,383 | 40% | 1,26,78,383 | 40% |
| 2. Sri.M.R.Gautham | 64,20,750 | 20% | 64,20,750 | 20% | 64,20,750 | 20% |
| 3. Shree Vallee Enterprises private limited | 28,26,934 | 9% | 28,26,934 | 9% | 28,26,934 | 9% |
| 4. Smt.M.Sasikala | 21,30,743 | 7% | 21,30,743 | 7% | 21,30,743 | 7% |

| Particulars | As at 31.3.2018 | | As at 31.3.2017 | | As at 1.4.2017 | |
|--|-----------------|---------------------|-----------------|---------------------|----------------|---------------------|
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Note 13 | | | | | | |
| RESERVES AND SURPLUS | | | | | | |
| a) Revaluation Reserve | | | | | | |
| Opening balance | 6,11,71,055 | | 6,18,60,337 | | 6,25,34,897 | |
| Add: Transferred from surplus in Profit and Loss Statement | — | | — | | — | |
| Less: Utilised / transferred during the year | 6,78,855 | | 6,89,282 | | 6,74,560 | |
| Closing balance | | 6,04,92,200 | | 6,11,71,055 | | 6,18,60,337 |
| b) Securities Premium | | | | | | |
| Opening balance | 31,47,83,547 | | 31,47,83,547 | | 31,47,83,547 | |
| Add: During the year | — | | — | | — | |
| Less: Utilised / transferred during the year | — | | — | | — | |
| Closing balance | | 31,47,83,547 | | 31,47,83,547 | | 31,47,83,547 |

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR 2017 - 2018

| Particulars | As at 31.3.2018 Rs. | As at 31.3.2017 Rs. | As at 1.4.2017 Rs. |
|---|------------------------|------------------------|-----------------------|
| c) Surplus / (Deficit) in the Statement of Profit and Loss | | | |
| Balance at the beginning of the year | (46,09,57,740) | (26,57,30,748) | (10,19,76,474) |
| Profit / (Loss) for the year | (2,47,52,797) | (19,59,16,274) | (16,44,28,834) |
| Add: Revaluation Reserve | 6,78,855 | 6,89,282 | 6,74,560 |
| Total Surplus / (Deficit) available for appropriations | (48,50,31,683) | (46,09,57,740) | (26,57,30,748) |
| Less: Appropriations: | | | |
| Total appropriations | — | — | — |
| Net Surplus / (Deficit) in the Statement of Profit and Loss | (48,50,31,683) | (46,09,57,740) | (26,57,30,748) |
| Total (a+b+c) | (10,97,55,935) | (8,50,03,138) | 11,09,13,136 |
| Note 14 | | | |
| DEFERRED TAX LIABILITY (NET) | | | |
| Deferred Tax Liability (net) | 4,37,58,307 | 3,62,11,739 | 2,94,07,010 |
| Ref. additional information note 30 (b) | | | |
| Net Deferred Tax [(Asset)/Liability] | 4,37,58,307 | 3,62,11,739 | 2,94,07,010 |
| Note 15 | | | |
| EMPLOYEE BENEFIT OBLIGATION | | | |
| The Employee Benefit Obligation are classified as follows: | | | |
| For Gratuity and Leave Encashment | 45,12,156 | 54,60,848 | 37,43,132 |
| Total | 45,12,156 | 54,60,848 | 37,43,132 |
| Note 16 | | | |
| TAX LIABILITIES (NET) | | | |
| The Tax Liabilities (Net) are classified as follows: | | | |
| Provision for Income Tax (Net) | — | — | 25,60,436 |
| Total | — | — | 25,60,436 |
| Note 17 | | | |
| LONG TERM BORROWINGS | | | |
| The Long Term borrowings are classified as follows: | | | |
| Secured | | | |
| - Term Loans from a Bank | — | — | 95,93,67,647 |
| - Secured Loans - From Asset Reconstruction Company | 1,31,61,00,964 | 1,31,61,00,964 | — |
| Unsecured | | | |
| From Directors | 4,19,71,712 | 4,27,42,712 | 3,94,47,712 |
| Total | 1,35,80,72,676 | 1,35,88,43,676 | 99,88,15,359 |

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR 2017 - 2018

Other Note

M/s. RARE Asset Reconstruction Company (ARC)

- a) Secured by way of Hypothecation of entire Fixed Assets of the Company both existing and Future, Equitable mortgage of hotel properties at Tirupur and Coonoor and Hypothecation of the entire current assets of the Company along with all the rights, titles and interest in the financial documents, all agreements, deeds and documents related thereto and all primary & collateral and underlying security interest and/or pledges created to secured and/or guarantees issued.

The Loan is also personally guaranteed by the Managing Director & Executive Director of the Company.

| Particulars | As at 31.3.2018 Rs. | As at 31.3.2017 Rs. | As at 1.4.2017 Rs. |
|--|------------------------|------------------------|-----------------------|
| (b) Loan from Director includes loan availed from Directors of the Company | | | |
| (i) Mr. E.V.Muthukumaramalingam | 49,50,903 | 60,95,903 | 28,00,903 |
| (ii) Mr. M.R.Gautham | 3,70,20,809 | 3,66,46,809 | 3,66,46,809 |
| Note 18 | | | |
| TRADE PAYABLES- NON CURRENT | | | |
| For goods and services | 73,51,724 | 29,37,192 | 64,40,246 |
| For Capital Goods | 5,46,37,123 | 5,47,09,796 | 5,51,45,566 |
| Total | 6,19,88,847 | 5,76,46,988 | 6,15,85,812 |
| Note 19 | | | |
| OTHER NON - CURRENT LIABILITIES | | | |
| The Other Non-Current Liabilities are classified as follows: | | | |
| Unpaid Dividend | 3,75,566 | 7,81,071 | 10,63,830 |
| Statutory Liabilities | 37,74,625 | 56,47,800 | 19,27,396 |
| Other Payables | 9,36,553 | 1,23,055 | 21,34,083 |
| Total | 50,86,744 | 65,51,926 | 51,25,309 |
| Note 20 | | | |
| OTHER LONG TERM LIABILITIES | | | |
| The Other Long Term borrowings are classified as follows: | | | |
| Security Deposits from Tenants | 2,05,92,039 | 2,05,92,039 | 2,05,92,039 |
| Advance Received on Sale of Fixed Asset | 5,80,00,000 | 5,80,00,000 | 5,80,00,000 |
| Total | 7,85,92,039 | 7,85,92,039 | 7,85,92,039 |
| Note 21 | | | |
| SHORT TERM BORROWINGS | | | |
| The Short Term borrowings are classified as follows: | | | |
| Secured Loan from bank | | | |
| Working Capital Loan | 1,01,17,085 | 1,31,33,441 | 1,30,65,121 |
| Total | 1,01,17,085 | 1,31,33,441 | 1,30,65,121 |

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR 2017 - 2018

Other Note:

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

| Particulars | As at 31.3.2018 Rs. | As at 31.3.2017 Rs. | As at 1.4.2017 Rs. |
|---|------------------------|------------------------|-----------------------|
| Note 22 | | | |
| TRADE PAYABLES | | | |
| For goods and services | 73,89,183 | 1,08,71,601 | 72,99,219 |
| Total | 73,89,183 | 1,08,71,601 | 72,99,219 |
| Note 23 | | | |
| OTHER CURRENT LIABILITIES | | | |
| Current Maturities of Long- Term Debt | — | — | 8,92,49,389 |
| Interest accrued and due on borrowings | — | — | 8,71,35,463 |
| Statutory Liabilities | 43,24,763 | 26,36,089 | 1,13,85,021 |
| Other Payables | 72,08,980 | 73,93,721 | 68,90,237 |
| Advance/Progress payments received from customers | 37,821 | 2,82,958 | 4,04,064 |
| Total | 1,15,71,565 | 1,03,12,768 | 19,50,64,174 |

| Particulars | Year ended 31.3.2018 Rs. | Year ended 31.3.2017 Rs. |
|---|--------------------------------|--------------------------------|
| Note 24 | | |
| REVENUE FROM OPERATIONS | | |
| (a) Sale of Services | | |
| (i) Guest Accommodation | 4,43,88,276 | 5,45,32,319 |
| (ii) Others | 2,45,000 | 2,31,000 |
| (b) Sale of Products | | |
| (i) Food & Beverage | 3,52,05,811 | 4,73,55,789 |
| (ii) Liquor | 45,12,166 | 1,16,41,209 |
| (c) Other Operating Services | | |
| (i) Swimming Pool Income | 3,30,961 | 11,59,340 |
| (ii) Service Charges | 64,093 | 10,39,723 |
| (iii) Laundry Receipts | 9,50,548 | 11,45,592 |
| (iv) Telephone Charges Receipts | 15,242 | 2,07,381 |
| Total | 8,57,12,097 | 11,73,12,353 |
| Note 25 | | |
| OTHER INCOME | | |
| (a) Interest Income | 1,77,699 | 1,45,639 |
| (b) Liabilities no longer required/Sundry Balances written back | 8,31,142 | 11,16,688 |
| (c) Other Income | 42,324 | 2,10,000 |
| (d) Commission | 2,994 | 3,760 |
| (e) Misc. Income | 3,20,664 | 50,53,922 |
| Total | 13,74,823 | 65,30,009 |

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR 2017 - 2018

| Particulars | Year ended 31.3.2018 Rs. | Year ended 31.3.2017 Rs. |
|-----------------------------------|--------------------------------|--------------------------------|
| Note 26 | | |
| COST OF SUPPLIES CONSUMED | | |
| a) Opening stock | 76,59,043 | 76,04,578 |
| Add: Purchases | 1,73,08,705 | 2,46,92,528 |
| | 2,49,67,748 | 3,22,97,106 |
| Less: Closing stock | 73,88,200 | 76,59,043 |
| Cost of material consumed | 1,75,79,548 | 2,46,38,063 |
| Note 27 | | |
| HOUSE KEEPING EXPENSES | | |
| House Keeping Expenses | 18,31,686 | 18,17,943 |
| Total | 18,31,686 | 18,17,943 |
| Note 28 | | |
| POWER & FUEL | | |
| Electricity Charges | 92,74,440 | 1,03,83,439 |
| Diesel & Lubricant | 25,48,294 | 23,54,365 |
| Firewood | 36,36,221 | 62,01,748 |
| Gas | 16,30,804 | 17,45,315 |
| Charcoal | 2,76,718 | 3,46,840 |
| Water | 4,21,388 | 9,03,756 |
| Total | 1,77,87,866 | 2,19,35,463 |
| Note 29 | | |
| Employee Benefit Expenses | | |
| (a) Salaries and Wages | 2,21,62,811 | 2,46,12,126 |
| Bonus and Ex-Gratia | 6,21,554 | 7,10,403 |
| Contribution to Statutory Funds | 12,15,114 | 12,02,007 |
| Gratuity & Leave Salary | - | 19,68,527 |
| Staff Welfare Expenses | 2,16,767 | 6,17,234 |
| Total | 2,42,16,246 | 2,91,10,297 |
| Note 30 | | |
| OTHER EXPENSES | | |
| (a) Rent | 5,98,185 | 7,97,580 |
| Rates and Taxes | 50,28,271 | 36,11,721 |
| Repairs and Maintenance- Building | 30,01,246 | 24,11,823 |
| - Machinery | 32,69,891 | 62,74,840 |
| - Others | 3,40,437 | 4,68,476 |
| Travelling and Conveyance | 23,82,685 | 26,83,001 |
| Postage and Telephone | 13,13,290 | 14,94,171 |
| Printing and Stationery | 4,21,848 | 5,89,863 |
| Brokerage and Commission | 2,73,581 | 1,56,432 |
| Insurance | 7,23,993 | 5,15,967 |
| Loss on Sale of Asset | — | 14,32,787 |
| Auditors' Remuneration | 2,06,000 | 2,64,500 |

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR 2017 - 2018

| Particulars | Year ended 31.3.2018 Rs. | Year ended 31.3.2017 Rs. |
|--|--------------------------------|--------------------------------|
| Carriage Inward | 1,06,194 | 67,380 |
| Advertisement, Sales Promotion and entertainment | 22,02,606 | 18,55,070 |
| Subscription | 1,16,521 | 83,461 |
| Discounts | 91,480 | 1,80,291 |
| Watch and Ward | — | 8,500 |
| Vehicle Running Expenses | 4,92,698 | 6,00,145 |
| Professional Fees | 6,99,560 | 21,41,240 |
| Internal Audit Fees | 1,05,360 | 3,64,320 |
| News Papers & Periodicals | 1,11,939 | 1,21,839 |
| Share Transfer Expenses | 1,60,658 | 1,47,473 |
| Miscellaneous Expenses | 3,33,126 | 5,27,652 |
| Total | 2,19,79,569 | 2,67,98,532 |
| (b) Note | | |
| Payments to the Auditors comprises | | |
| For statutory audit | 75,000 | 75,000 |
| For Tax audit | 25,000 | 25,000 |
| For taxation matters | 50,000 | 50,000 |
| For Certification | 56,000 | 90,500 |
| Other Service and Service Tax | — | 24,000 |
| Total | 2,06,000 | 2,64,500 |
| Note 31 | | |
| FINANCE COSTS | | |
| (a) INTEREST: | | |
| i) Bank | | |
| - On Term Loan (Refer Note Below) | — | 18,03,91,667 |
| - On Working Capital Loan | 14,25,047 | 19,96,461 |
| ii) Others | 1,309 | 13,32,112 |
| Bank charges | 10,02,906 | 13,47,564 |
| Total | 24,29,262 | 18,50,67,804 |

(b) Note - Term Loan - No. (a) (i) above

a) 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 bank have not been provided for the year.

Note. 32 Additional Notes

- a) Estimated amount of the Contracts remaining to be executed on capital account and not provided for : Not ascertainable (Previous Year- Not ascertainable)
- b) The Company has not given any guarantee.
- c) Contingent liabilities not provided for in the book of accounts- Not ascertainable (Previous Year- Not ascertainable)
- d) Expenditure on employees who are in receipt of remuneration of not less than Rs. 1,02,00,000/- per annum (previous year Rs. 1,02,00,000/- per annum) when employed through out the year or Rs.8,50,000/- per month (previous year Rs.5,00,000/- per month) when employed for part of the year is Nil (previous year Rs. Nil).

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR 2017 - 2018

- e) Previous year figures have been regrouped and/or reclassified wherever necessary.
- f) The figures have rounded off to the nearest Rupee.
- g) Balances in Sundry Debtors, Creditors and Loans & Advances are subject to confirmation and reconciliation and are stated at the book balance thereof.
- h) In the opinion of the Management, the Current Assets, Loans & Advances will fetch the amount as stated, if realised in the ordinary course of its business.
- i) Income of the company includes the followings:

| Particulars | Year ended 31.3.2018 Rs. | Year ended 31.3.2017 Rs. |
|------------------------|--------------------------------|--------------------------------|
| Guest Accommodation | 4,43,88,276 | 5,45,32,319 |
| Foods & Beverage Sales | 3,52,05,811 | 4,73,55,789 |
| Wine & Liquor | 45,12,166 | 1,16,41,209 |
| Telephone Receipts | 15,242 | 2,07,381 |
| Others | 15,90,602 | 1,01,05,664 |
| | 8,57,12,097 | 12,38,42,362 |
| i) Opening Stock | | |
| Provisions, & Supplies | 73,47,110 | 58,75,883 |
| Wine & Liquor | 3,11,933 | 17,28,695 |
| | 76,59,043 | 76,04,578 |
| ii) Closing Stock | | |
| Provisions, & Supplies | 63,65,064 | 73,47,110 |
| Wine & Liquor | 10,23,136 | 3,11,933 |
| | 73,88,200 | 76,59,043 |
| iii) Consumption | | |
| Provisions, & Supplies | 1,65,62,059 | 2,05,64,750 |
| Wine & Liquor | 10,17,489 | 40,73,313 |
| | 1,75,79,548 | 2,46,38,063 |

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

| | 2017 - 2018 | | 2016 - 2017 | |
|----------------------------------|--------------|-----------------|--------------|-----------------|
| | Value Rs. | Percentage % | Value Rs. | Percentage % |
| PROVISIONS & SUPPLIES | | | | |
| Imported | Nil | Nil | Nil | Nil |
| Indigenous | 1,75,79,548 | 100 | 2,46,38,063 | 100 |

k. EARNING IN FOREIGN EXCHANGE

| (As reported by the Management to the Department of Tourism but not verified by the Auditors) | 2017 - 2018 | 2016 - 2017 |
|---|-------------|------------------|
| | | Rs. 172.94 Lakhs |



NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR 2017 - 2018

I. CIF VALUE OF IMPORTS

| Capital Goods | 2017 - 2018 | 2016 - 2017 |
|---------------|-------------|-------------|
| | Rs. Nil | Rs. Nil |

m. The Company has called for details of applicability from trade parties from the provisions of Micro, Small and Medium enterprises Development Act, 2006, However no reply has been received from any of the parties, In view of the above no disclosure is made under Micro, Small and Medium enterprises Development Act, 2006,

n. Earnings per share

- a. Basic earnings per share are calculated by dividing the net profit/loss attributable to the share holders by the total number of ordinary shares outstanding shares during the year
- b. The following reflects the income and share data used by the company for this calculation of basic earnings per share:-

| Particulars | 31.3.2018 Rs. | 31.3.2017 Rs. |
|--|------------------|------------------|
| Profit/ Loss before Tax for the year | -1,72,06,229 | -18,51,06,575 |
| Net Profit / Loss for the year attributable to equity share holders(A) | -2,47,52,797 | -19,59,16,274 |
| No. of equity shares (In Numbers) (B) | 3,19,64,119 | 3,19,64,119 |
| Earnings per share/ Weighted Average (A)/(B) | -1 | -6 |
| Nominal value per share | 10/- | 10/- |

Note : 33 Deferred Tax Liability

Net Deferred Tax in respect of the year ending 31st March 2018 debited to Profit and Loss Account and Net Deferred Tax Liability as on 31st March, 2018 are computed as below:

Rs. in Lakhs

| S. No. | Particulars | Accumulated as at 1.4.2018 | Changes / (credit) in P&L during the year | As at 31.03.2018 |
|--------|---|----------------------------|---|------------------|
| 1. | Deferred tax Liability on account of Depreciation on account of difference in Depreciation under Income Tax Act and books of accounts | 362.12 | 75.47 | 438.59 |
| | Net Deferred Tax Liability | 362.12 | 75.47 | 438.59 |

In accordance with Accounting Standard 22, the deferred tax liability of Rs.75.47 lacs for the year have been recognised in Profit and Loss account.

Note: 34 Related Party Transaction

| Description of relationship | Names of related parties |
|-----------------------------|---|
| Interested Concerns | M/s. Shree Vallee Enterprises Private Limited The Velan Petroleum Agencies |
| Key Management Personnel | Sri. E.V. Muthukumara Ramalingam, Managing Director Sri. M.R. Gautham, Executive Director Sri. P.Ganesan , Director Smt. Sasikala, Director Sri. Giri Balasubramaniam , Director Sri. B.A. Madhusudhan, Director Sri. S.P.Sivanandam, Director Sri.Srinivasan- Company Secretary Smt. R.Lalitha - CFO |

Note: Related parties have been identified by the Management.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR 2017 - 2018

Details of related party transactions during the year ended 31 March, 2018 and balances outstanding as at 31 March, 2017

| Name of the party | Sri. E.V. Muthukumara Ramalingam | Sri. M.R. Gautham | Sri. Srinivasan | Smt. R. Lalitha |
|-----------------------|----------------------------------|------------------------------|------------------------|------------------------|
| Purchase of Fuel | 18,39,225 (16,75,548) | — | — | — |
| Salary & Remuneration | — | — | 2,88,000 (2,88,000) | 7,61,575 (7,61,075) |
| Outstandings | | | | |
| a) Unsecured Loan | 49,50,903 (60,95,903) | 3,70,20,809 (3,66,46,809) | — | — |

Note: Figures in Brackets are previous year

Note: 35 : Asset Reconstruction Company

A letter received from M/s. RARE Asset Reconstruction Private Limited (ARC), Ahmedabad - 380009 dated 21st April 2017 stating that the Term Loan Liabilities due to M/s. Allahabad Bank, Tirupur and M/s. Andhra Bank, Coimbatore by the company were acquired by them as per the agreement dated 21.03.2017 and 31.03.2017 respectively along with all the rights, titles and interest in the financial documents, all agreements, deeds and documents related thereto and all primary collateral and underlying security interest and/or pledges created to secured and/or guarantees issued in respect of the repayment of loans without disclosing the purchase consideration payable by the ARC to the Banks.

In the absence of details, the entire term loan liabilities of the banks together with interest due to the said banks were shown as liability due to the asset reconstruction company without furnishing the amounts relating to the principle loan amount, current maturities of long term debts and interest accrued and due on borrowings in the annual accounts.

The company is also in continued discussion with ARC on negotiation for crystallisation of the principal amount payable which has been taken over from the Banks. As the debt amount is not yet crystallised, the Interest on the same has not been provided in these financial statements.

In addition to the above-mentioned negotiation, as the principal amount used for the project pending capitalisation and same 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.

Note: 36 : Pending Litigations

The company is having pending litigations against its Bankers and Purchaser of Coonor Property. The company has filed writ petitions and appeals against notices issued by the bankers/orders issued by the Debts Recovering Tribunal (DRT) at various forums and challenged the legality and validity of these notices / orders.



NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR 2017 - 2018

Note: 37 : Segment Reporting


The Company is organized by the following operating segments: Hotel and Shopping Arcade.

| S.No. | Particulars | As at 31 March 2018 | As at 31 March 2017 |
|-------|--|---------------------|-----------------------|
| 1 | Segment Revenue (Net sales/Income) | | |
| | a) Hotel | 8,57,12,097 | 11,73,12,353 |
| | b) Shopping Arcade | — | — |
| | Total | 8,57,12,097 | 11,73,12,353 |
| | Less : Intersegment Revenue | — | — |
| | c) Netsales/income from operations | 8,57,12,097 | 11,73,12,353 |
| 2. | Segment results (profit/loss before interest & tax) | | |
| | a) Hotel | -43,92,716 | 53,73,049 |
| | b) Shopping Arcade | -1,17,59,074 | -1,19,41,829 |
| | Total | -1,61,51,790 | -65,68,780 |
| | Less: i) interest | -24,29,262 | -18,50,67,804 |
| | ii) Other unallocable expenditure net off | -41,07,058 | 53,73,049 |
| | iii) Un-allocable income | 13,74,823 | 65,30,009 |
| | Total profit / (Loss) Before tax | -1,72,06,229 | -18,92,13,633 |
| | Tax Expenses | -75,46,568 | -67,02,641 |
| | Profit / (Loss) for the Period | -2,47,52,797 | - 19,59,16,274 |

Significant accounting policies & Notes forming part of Annual Accounts


"As per our Report of even date"

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

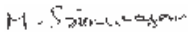

(K SUNDARRAJAN)
Partner
(Membership No. : 208431)

Place : Tirupur
Date : 24.05.2018

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


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


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


M. Srinivasan
Company Secretary


R. Lalitha
Chief Financial Officer

Velan Hotel Limited

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

