

**TRANSCRIPT OF 31<sup>ST</sup> ANNUAL GENERAL MEETING OF VELAN HOTELS LIMITED ON THURSDAY, 23<sup>RD</sup> DECEMBER, 2021 AT 11.45 A.M. (IST) THROUGH VIDEO CONFERENCING AND OTHER AUDIO VIDEO VISUAL MEANS**

**Moderator (CDSL) :** Dear Shareholders, Good Morning, and a warm welcome to you all to the 31<sup>st</sup> Annual General Meeting of Velan Hotels Limited being held through video conferencing. The facility for attending the AGM through Video Conferencing is being provided to all the shareholders of Velan Hotels Limited. The proceedings of the annual general meeting will be recorded and the transcript will be uploaded on the website of the company.

I now invite Company Secretary Mr.M.Srinivasan, to initiate the proceedings. Over to you, sir

**M.Srinivasan**

Ladies & Gentlemen.

I welcome all of you to the 31<sup>st</sup> Annual General Meeting of the Company.

Since the Chairman of the Board is a septuagenarian and ill-health, he is not able attend the meeting. As per Article 87 of Articles of Association of the Company, the Directors present may elect one of themselves as the Chairman of the meeting.

I will now request the Board Members present in the meeting to elect one among them to be the Chairman of the meeting.

**E.V.Muthukumara Ramalingam**

I propose the name of Mr.M.R.Gautham, Executive Director as the Chairman of this AGM.

**M.Sasikala**

I consent for the same

**Nagarajan Saveethkumar**

I consent for the same

**M.Srinivasan**

Mr.M.R.Gautham has been elected as the Chairman of this AGM. I request him to occupy the Chair and start the proceedings of this AGM.

**M.R.Gautham**

Thank you Mr.Srinivasan,  
Good Afternoon, Ladies & Gentlemen

It is with great pleasure that I welcome each one of you to the 31<sup>st</sup> Annual General Meeting the Company.

May I now introduce the Directors who have joined with us through Video Conferencing.

1. Mr.E.V.Muthukumara Ramalingam, Managing Director and also a member of Stakeholders Relationship Committee representing the Committee.
2. Mrs.M.Sasikala, Non-Executive Director, also a member of Audit Committee and Nomination & Remuneration Committee.
3. Mr.Nagaraj Saveethkumar, Non-Executive - Independent Director who is also a member in Audit Committee, Nomination & Remuneration Committee and Stakeholder Relationship Committee representing on behalf of the respective Committees.

Due to pre-occupation, Mr.S.P.Sivanandam, Independent Director could not attend today's meeting.

Mr.M.Srinivasan, Company Secretary and Mrs.R.Lalitha, Chief Financial Officer are also present at this AGM through VC.

Mr.R.Sundarrajan, the representatives of Statutory Auditors, M/s Krishaan & Co. and Mr.S.Ganesh Viswanathan, the Secretarial Auditor & Scrutinizer are present at this AGM through VC.

None of the Shareholders have been registered as speaker Shareholder in this meeting, the question of Question & Answer session does not arise.

This Annual General Meeting is being held through video conference in accordance with the Companies Act, 2013 and various circulars issued by the Ministry of Corporate Affairs and SEBI. The facility to join this meeting through video conference or other audio visual means is made available to the members on a first-come-first-served basis. Physical attendance of the shareholders has been dispensed with and the requirement of appointing proxy is not applicable accordingly.

I confirm that requisite quorum is present through VC and the Meeting is in order.

The Registered office of the Company at Tirupur shall be deemed as the Venue for this AGM and proceedings of the AGM shall be deemed to be made hereat.

In conformity the Companies Act, the Register of Directors and Key Managerial Personnel and their Shareholding and the Register of Contracts or

Arrangements, in which Directors are interested, are placed electronically and are available for inspection by the Members during the AGM.

Ladies and Gentlemen, the Notice convening this Annual General Meeting and a copy of Annual Report for the financial year ended March 31, 2021, have already been circulated to the Members of the Company electronically whose email addresses are registered with the Company. I shall take them as read.

As required under the Act and Listing Regulations, the Company has provided opportunity for the Members to cast their vote electronically on all the resolutions set forth in the Notice of AGM. In order to enable those shareholders who are present in this meeting and who have not exercised remote E-Voting, the Company is providing an opportunity to cast their vote electronically after the Meeting.

Independent Audit Report issued by the Statutory Auditors M/s P.Krishaan & Co. carried certain qualification, observation or comments on the Standalone Financial Statements which have been replied by the Management of the Company as detailed at Page No.28 to 30 in the Annual Report. With your permission I take the same as read.

The Secretarial Audit Report issued by Secretarial Auditor and Compliance Certificate on Corporate Governance issued by the Company Secretary in Practice carried certain observations which have been replied by the

Management as detailed at Page No.30 in the Annual Report. With your permission I shall take them as read.

The said reports, which have qualifications or observations, are required to read out in the AGM as provided in the Companies Act, 2013 and SS-2-Secretarial Standard on General Meetings.

Accordingly, I request CA.R.Sundarrajan, representative of Statutory Auditor read out qualification, observation or comments.

Over to Mr.Sundarrajan

**Sundarrajan**

Thank you sir

I read out the following qualifications / observations reported in the Independent Auditors' report.

We have audited the standalone financial statements of Velan Hotels Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and Profit/Loss,

Changes in Equity and its Cash Flows for the year ended on that date, subject to the notes given below with regard to Going Concern other Key Audit Matters.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules there-under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We draw attention to Note No. 36 of the attached Financial Statements for the year ended 31st March 2021. The Company's borrowings were taken over by M/s. RARE Asset Reconstruction Company Limited ("ARC") commencing from April 1, 2017 and as of the year ended March 31, 2021 a final One-time settlement amount has been arrived at with the ARC. Based on such proposal the Company has executed the sale of one of the assets with a view to repay the ARC, refer Note No. 35 to these financial statements. Further, with the Company having suspended

all business operations and with no revenue being generated to meet the debt obligations, there exists a concern on the ability of the Company continuing as a Going Concern. In view of the above, our opinion is Qualified.

Thank you sir. Over to Mr.M.R.Gautham

**M.R.Gautham**

Thank you sir

Over to CS.S.Ganesh Viswanathan to read out your qualification and observation.

**S.Ganesh**

Thank you sir

**Viswanathan**

I read out the following qualification reported in the Secretarial Audit Report and Compliance Certificate on Corporate Governance.

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.

Thank you sir. Over to Mr.M.R.Gautham

**M.R.Gautham**

Thank you sir

I request Mr.E.V.Muthukumara Ramalingam, Managing Director of the Company to deliver Chairman's speech.

Over to Managing Director sir

**E.V.Muthukumara**

Thank you sir

**Ramalingam**

Ladies and Gentlemen:

I sincerely hope that all of you are safe and in good health.

I have great pleasure in welcoming you in this 31<sup>st</sup> Annual General Meeting of the Company being held through Video Conference / Other Audio Visual Means as per circulars / notifications issued by the Ministry of Corporate Affairs and SEBI to transact the business.

The company's operations are in the hospitality industry which has been among the sectors hit hardest by the Corona Virus pandemic, with the resulting lockdowns and economic slowdown decimating revenues and incurred losses. The financial year 2020-21 was perhaps one of the most difficult years the company has faced since its incorporation. The COVID pandemic and subsequent lockdown that followed with limited domestic travel and a complete ban on international travel, led to a complete closure of operations for the entire financial year. Your Company's business mainly dependence on foreign guests visits to Tirupur from whom a third of hotel's revenue to be generated. Your company has halted its entire business operations since March 24, 2020 as per directions issued by Central / State Government to contain the spread of Corona Virus. Needless to say that the industry has taken a direct hit as the core business of this sector depends of movement of people across geographies which came to a standstill after the pandemic struck the world.

The business environment remains frail on account of the recent surge in COVID cases and subsequent restrictions have once again dampened the spirits in the sector. The industry per-se since March 2020, has been struggling to manage its statutory and revenue / capital expenditure



obligations, re-payment of loans with interest which is not just difficult but impossible under a more severe economic environment due to pandemic.

Taking into the above factors as explained above, the gross receipts of your company decreased to Rs.12.39 Lacs from Rs.339.22 Lacs registered in the previous year. Profit/(Loss) before Interest, Depreciation and Taxation was Rs.(111.99) lacs against Rs. (126.64) Lacs recorded in the previous year. Similarly, the Profit after Tax for the year ended March 31, 2021 stood at Rs.7.13 lacs as against a Loss of Rs. 317.54 lacs registered in the previous year.

At this juncture, it is not known how the situation will develop into and when the business operations of the company will be resumed again given the weak business environment. The Company will continue to closely monitor any material changes to future economic conditions.

The shareholders of your Company have approved the amendments to the Main Objects clause of the Memorandum of Association, by means of a special resolution passed at 30<sup>th</sup> Annual General Meeting held on 26<sup>th</sup> December, 2020 for diversifying into the real estate & property development business including leasing the hotels properties. The Company shall make it happen once COVID-19 situation is normalized.

Pursuant to terms of Memorandum of Understanding entered into with M/s.Avenue Supermarts Limited during November, 2020 and NOC given by M/s.RARE Asset

Reconstruction Limited, the Company sold / disposed of the properties of shopping Mall and part of Multiplex to M/s.Avenue Supermarts Ltd, non-related party, on 30<sup>th</sup> March 2021. The entire proceeds from the disposal of the above properties were utilized to settle a part of outstanding debts to RARE ARC.

The Company has concluded the One-Time Settlement (OTS) of debts with M/s.RARE ARC by fulfilling the requisite conditions of In-Principle approval for payment of Rs.95.80 crores towards full and final settlement of dues. Further, the Company shall pay additionally an amount of Rs.1.00 Crore plus GST to RARE ARC towards Restructuring and Consultancy Fee, thus the total amount of OTS payable is Rs.96.80 crores.

Pursuant to terms of Memorandum of Understanding entered into with M/s.Atulit Developers LLP & M/s.Stanes High School Association, and NOC given by M/s.RARE Asset Reconstruction Limited, the Company sold / disposed of the Hotel property situate at Coonoor, District of The Nilgris on 29<sup>th</sup> September, 2021. The entire proceeds from the disposal of the above property was utilized to settle a part of outstanding debts to RARE ARC and adjusted against the advance amount paid earlier by M/s.Stanes High School Association.

As the Plant & Machinery and equipments pertaining to non-functional Bio-Mass based Power Plant got depleted with the passage of time, the Company has started to sale of its machineries with total consideration not less than Rs.450 lakh on a “Scrap Sale” basis to those vendors (non-

related parties) who have quoted the highest bids for which the Company has received the first tranche of Rs. 112.50 lakh in October 2021 and remitted the same to RARE ARC per terms of OTS offer. The entire sale process of power plant machineries is likely to be completed before the third quarter of the current financial year.

In coming year, the Company will continue to prune the debts by disposing off the assets of the Company to repay the debt fully.

Based on the recommendation of Nomination and Remuneration Committee, the Board of Directors of the Company at their meeting held on 31<sup>st</sup> March, 2021 has appointed Mr.Nagaraj Saveethkumar (DIN:09130676) as an Additional Director in the category of Independent – Non-Executive Director for a term of five years subject to approval of shareholders of the Company. Mr.Nagaraj Saveethkumar is a young and dynamic Practicing Chartered Accountant with experience in Finance, Accounts, Strategy and General Management. An ordinary resolution seeking members' approval for his appointment is set out in the Notice for AGM for your consideration. I request you to consider his appointment.

I would like to express my sincere thanks and deep gratitude to our esteemed shareholders, my colleagues on the Board for their active support and guidance.

I also acknowledge the unstinted support extended by our valued customers and staff members of the Company.

I place on record our sincere thanks to RARE ARC and our bankers, Canara Bank, Union Bank of India, Axis Bank for their support and co-operation.

I extend my sincere thanks to all of you for having attended this Annual General Meeting through VC.

Thank you

Over to Mr.M.R.Gautham to proceed further.

**M.R.Gautham**

Thank you sir

I will now move to the business to be transacted at this AGM.

Since the AGM is being held through Video Conference and all the Resolutions mentioned in the Notice convening this AGM have been already put to vote through remote e-voting, there will be no proposing and seconding of the Resolutions.

First - To consider and adopt the Audited Standalone Financial Statements of the Company for the financial year ended 31st March, 2021 together with the Reports of the Board of Directors and Auditors thereon.

The second item is to pass an Ordinary Resolution for appointment of Director in place of in place of Mrs. M.Sasikala having DIN 01452586, who retires by rotation and being eligible, offers herself for re- appointment.

The third item is to pass a Special Resolution for considering re-appointment of Mr.E.V.Muthukumara Ramalingam as Managing Director without remuneration.

The fourth item is to pass an ordinary resolution for considering appointment of Mr.Nagaraj Saveethkumar

(DIN: 09130676) as Non-Executive –Independent Director.

The fifth item is to pass an Ordinary Resolution for considering entering into Related Party Transaction with related parties.

The Members are aware that the Company has provided to its Members remote e-voting facility as mentioned in the Notice of this meeting. The remote e-voting concluded on 22<sup>nd</sup> December, 2021 at 5.00 p.m.

In line with the provisions of the Companies Act 2013 and various circulars issued by MCA, remote e-voting has been offered to the Members. Therefore, the arrangements have been made for Members, who are present at the meeting but have not cast their votes by availing the remote e-voting facility to exercise their vote by using e-voting during the AGM. The facility for E-voting is being provided by the Central Depository Services (India) Limited (CDSL).

Members, who have already voted by remote e-voting prior to the meeting date and have also come to attend this meeting through VC, shall not be entitled to vote again through e-voting.

Mr.S.Ganesh Viswanathan, Company Secretary in Practice, who was appointed as the Scrutinizer to conduct the remote e-voting and e-voting process will submit a consolidated Scrutinizer's Report on remote e-voting and e-voting during the AGM, of the total votes cast in favour or against, if any, within 48 hours of conclusion of the

AGM.

I authorise Mr.M.Srinivasan, Company Secretary to declare the results of the voting. The results declared along with the consolidated Scrutinizer's Report shall be placed on the Website of the Company and also on the website of CDSL. The results will simultaneously be forwarded to BSE Limited.

The E-voting will be enabled for next 30 minutes and shareholders may complete their voting.

I invite Mr.M.Srinivasan, Company Secretary to propose vote of thanks.

**M.Srinivasan**

With this, we conclude the meeting. I sincerely thank our Chairman, Managing Director, all the Directors, Auditors, Company Secretaries and the shareholders for their participation and co-operation in making this event a success.

Thank you!!