

ANNEXURE B TO BOARD'S REPORT
Form No. MGT-9
EXTRACT OF ANNUAL RETURN

 as on the financial year ended on 31st March, 2016

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

I. REGISTRATION AND OTHER DETAILS:

- i) CIN : L55101TZ1990PLC002653
- ii) Registration Date : 21.3.1990
- iii) Name of the Company : VELAN HOTELS LIMITED
- iv) Category / Sub-Category of the Company : Company Limited by Shares
- v) Address of the Registered office and contact details : 41 Kangayam Road, Tirupur 641 604 - Tamil Nadu
Ph : 0421-431 1111 - Fax : 0421-2424434
E-mail : accounts@velanhotels.com
- vi) Whether listed company : Yes
- vii) Name, Address and Contact details of Registrar and Transfer Agent : S K D C Consultants Limited
Kanapathy Towers, 3rd Floor, 1391/A-1, Sathy Road
Ganapathy, Coimbatore, Tamilnadu-641006
Ph : 0422 - 6549995, 2539835-836
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	46.13%
2	Restaurants & Bars	56301	53.87%

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 31-3-2015)				No. of shares held at the end of the year (As on 31-3-2016)				% of change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A.	Promoters									
	a) Individual/HUF	22791096	Nil	22791096	71.302	22791096	Nil	22791096	71.302	Nil
	b) Central Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	c) State Govt. (s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	d) Bodies Corp.	2826934	Nil	2826934	8.844	2826934	Nil	2826934	8.844	Nil
	e) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	f) Any Other....	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Sub-total (A) (1):-	25618030	Nil	25618030	80.146	25618030	Nil	25618030	80.146	Nil
2)	Foreign									
	a) NRIs - Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	b) Other – Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	c) Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	d) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	e) Any Other....	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Sub-total (A) (2):-	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total shareholding of Promoter (A) = (A)(1)+(A)(2)	25618030	Nil	25618030	80.146	25618030	Nil	25618030	80.146	Nil
B.	Public Shareholding									
	a) Mutual Funds/ Banks/FI	Nil	7000	7000	0.022	Nil	7000	7000	0.022	Nil
	b) Central Govt.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	c) State Govt.(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	d) Venture Capital funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	e) Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	f) FIs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	h) Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	i) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Sub-total (B)(1):-	Nil	7000	7000	0.022	Nil	7000	7000	0.022	Nil
2.	Non-Institutions									
	a) Bodies Corp.									
	i) Indian	185422	79500	264922	0.829	59714	79500	139214	0.436	-0.393
	ii) Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	b) Individuals									
	i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	1155964	864615	2020579	6.320	1178410	853815	2032225	6.357	-0.037
	ii) Individualshareholders holding nominal share capital in excess of Rs 1 lakh	2555985	226800	2782785	8.706	3225221	235300	3460521	10.826	2.120
	c) Others									
	1. Directors & their relative	560000	62550	622550	1.948	0	62650	62650	0.196	-1.752
	2. Non-Resident	5155	15200	20355	0.064	6118	15200	21318	0.067	0.003
	3. Overseas Corporate Bodies	0	1000	1000	0.003	0	1000	1000	0.003	Nil
	4. Clearing Members	65067	Nil	65067	0.204	49837	0	49837	0.156	-0.048
	5. HUF	561831	Nil	561831	1.758	572324	0	572324	1.791	0.033
	Sub-total (B)(2):-	5089424	1249665	6339089	19.832	5091624	1247465	6339089	19.832	Nil
	Total Public Shareholding (B)=(B) (1) +B(2)	5089424	1256665	6346089	19.832	5091624	1254465	6346089	19.854	Nil
C.	Shares held by Custodian for SDRs & ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Grand Total (A+B+C)	30707454	1256665	31964119	100	30709654	1254465	31964119	100	Nil

ii) Shareholding of Promoter

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

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

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

There is no change in the total shareholding of Promoters between 01.04.2015 and 31.03.2016.

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	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	Nirmal	145078	0.454	-	-
9	Vibha Prashant Bamb	143961	0.450	143961	0.450
10	Amit Jain	127427	0.398	151521	0.474
11	Bamb Prashant Ishwardas	113276	0.354	113276	0.354

S. No. 1 - Mr. K. Subramaniam resigned from the Board during the year. Hence, his name included in this list.

v) Shareholding of Directors and Key Managerial Personnel:

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

Mr. K. Subramaniam resigned from the Board during the year. Hence, his name included in this list.

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	81,13,66,104	5,22,67,656	-	86,36,33,760
ii) Interest due but not paid	16,84,06,230	-	-	16,84,06,230
iii) Interest accrued but not due	-	22,25,675	-	22,25,675
Total (i+ii+iii)	97,97,72,334	5,44,93,331	-	103,42,65,665
Change in Indebtedness during the financial year				
* Addition - Principal + Interest	15,70,99,316	3,00,000	-	15,73,99,316
* Reduction - Principal + Interest Paid	11,14,940	23,55,500	-	34,70,440
Net Change Indebtedness	15,74,73,481	-20,55,500	-	15,54,17,981
At the end of the financial year				
i) Principal Amount	81,03,36,359	4,95,41,753	-	85,98,78,112
ii) Interest due but not paid	32,54,16,139	-	-	32,54,16,139
iii) Interest accrued but not due	-	1,70,175	-	1,70,175
Total (i + ii + iii)	113,57,56,710	4,97,11,928	-	118,54,68,638

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Rs. In Lakhs)

S No	Particulars of remuneration	Name of MD / WTD / Manager		Total Amount
		Sri.E.V.Muthukumara Ramalingam Managing Director	Sri.M.R.Gautham Executive Director	
1	Gross salary	4.40	6.00	10.40
	a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961			
	b) Value of perquisites u/s 17(2) Income-Tax Act, 1961	-	-	-
	c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	-	-	-
	- others, specify...			
5	Others, please specify	-	-	-
	Total (A)	4.40	6.00	10.40
	Ceiling as per the Act	-	-	(*)

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

B. Remuneration to other directors

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

S No	Particulars of remuneration	Name of Directors			Total Amount
		Mr. P. Ganesan	Mr. S.P. Srivanandam	Mr. Giri Balasubramanian	
1	Independent Directors Fee for attending Board / Committee Meetings				
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (1)				
2	Other Non-Executive Directors	Sri M. Sasikala	Sri B.A. Madhusudhan	Sri K. Subramaniam *	
	Fee for attending Board / Committee Meetings	-	-	-	-
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (2)	-	-	-	-
	Total (B)=(1+2)	-	-	-	-
	Total Managerial Remuneration	-	-	-	-
	Overall Ceiling as per the Act	Not Applicable			

* Resigned from the Board on 29.8.2015

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	6.31	2.64	8.95
	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)	6.53	2.64	9.17

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 2016.

Annexure - C
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 :

Name	Designation	Ratio
Sri E. V. Muthukumara Ramalingam	Managing Director	2.78
Sri M. R. Gautham	Executive Director	3.79

For this purpose, median is calculated on the Cost to the Company (CTC) of active employees as on March 31, 2016.

Even though Independent Directors and Non-Executive Directors are eligible to receive sitting fees for attending the Board / Committee meeting, no payment in this regard was made during the year.

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 :

During the year, the Managing Director received managerial remuneration upto 29/06/2016 and he is not eligible to receive any managerial remuneration after his re-appointment as Managing Director in terms of the provisions of the Companies Act, 2013.

In view of the financial difficulties experienced by the Company, the Executive Director has decided to forego and waive the salary payable to him for the period starting from 1st October, 2015.

During the year, no Directors including Independent Directors were paid any amount including sitting fees.

The percentage increase in remuneration of CFO and Company Secretary were 15.11% and 3.12% respectively.

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

The percentage decrease in the median remuneration of the employees in the financial year was around 13.96% owing to employees who were in receipt of higher salary left from the service of employment. The calculation of percentage decrease in Median Remuneration is done based on comparable employees. For this we have excluded employees who were not eligible for any increment.

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

The number of on-roll employees is 73 including trainees. Out of this, there were 52 permanent employees as on March 31, 2016.

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:

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

The average increase in the remuneration of the employees during the year 2015-16 was around 5.27%.

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

The total remuneration of Key Managerial Personnel decreased from Rs.39.23 lakhs in 2014-15 to 19.57 lakhs in 2015-16 whereas the Loss before Tax increased to Rs.1602.10 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 31.03.2016	As at 31.03.2015	Increase / Decrease(%)
Closing Price at BSE –in Rs.	6.45	6.82	(5.73)
Market Capitalization - in lakh	2061.69	2179.95	(5.73)

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, 2016 has decreased by 71.95% to Rs.6.45/- 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 increase in the managerial remuneration :

The average percentage increase made in the salaries of total employees other than the Key Managerial Personnel during the FY2015-16 is around 4.98%, while the average decrease in the remuneration of the Key Managerial Personnel was 50.12%. This increment to Employees is in line with the factors outlined in point (5) above.

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

Please refer point no. (6)

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

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

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

As the Managing Director and Executive Director have received salary for a part of the year, CFO received the highest salary compared to Managing Director and Executive Director.

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