

ANNEXURE B TO BOARD'S REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2017

[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	46.49%
2	Restaurants & Bars	56301	53.51%

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.	N A	N A	N A	N A	N A

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

S No	Category of shareholders	No. of shares held at the beginning of the year (As on 31-3-2016)				No. of shares held at the end of the year (As on 31-3-2017)				% 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
	g) FIs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	h) Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	i) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Sub-total (B)(1):-	Nil	7000	7000	0.022	Nil	7000	7000	0.022	Nil
2.	Non-Institutions									
	a) Bodies Corp.									
	i) Indian	59714	79500	139214	0.436	56867	79500	136367	0.427	-0.009
	ii) Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	b) Individuals									
	i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	1178410	853815	2032225	6.357	1268532	841815	2110347	6.601	0.244
	ii) Individualshareholders holding nominal share capital in excess of Rs 1 lakh	3225221	235300	3460521	10.826	3109783	235300	3345083	10.465	-0.361
	c) Others									
	1. Directors & their relative	0	62650	62650	0.196	0	62650	62650	0.196	-1.752
	2. Non-Resident	6118	15200	21318	0.067	20740	15200	35940	0.113	0.046
	3. Overseas Corporate Bodies	0	1000	1000	0.003	0	1000	1000	0.003	Nil
	4. Clearing Members	49837	0	49837	0.156	69548	0	69548	0.218	0.062
	5. HUF	572324	0	572324	1.791	578154	0	578154	1.809	0.018
	Sub-total (B)(2):-	5091624	1247465	6339089	19.832	5103624	1235465	6339089	19.832	Nil
	Total Public Shareholding (B)=(B) (1) +B((2)	5091624	1254465	6346089	19.854	5103624	1242465	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)	30709654	1254465	31964119	100	30721654	1242465	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 01.04.2016 and 31.03.2017.

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	-	-
4	Mahender Agarwal HUF	---	---	500000	1.564
5	Kanku	250000	0.782	250000	0.782
6	Mahaveer Chand	215000	0.673	215000	0.673
7	Kishore Kumar Salecha	212442	0.665	212442	0.665

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	P. S. Kathiresan	195500	0.612	195500	0.612
9	Amit Jain	151521	0.474	151522	0.474
10	Vibha Prashant Bamb	143961	0.450	143961	0.450
11	Bamb Prashant Ishwardas	113276	0.354	113276	0.354

v) Shareholding of Directors and Key Managerial Personnel:

S No	Name of the Directors and Key Managerial Personnel	Shareholding at the beginning of the year		Changing in Shareholding		Shareholding at the end of the year	
		No. of shares	% of share holding	Increase	Decrease	No. of shares	% of share holding
1.	Sri. E. V. Muthukumara Ramalingam	12678383	39.664	-	-	12678383	39.664
2.	Sri. M. R. Gautham	6420750	20.087	-	-	6420750	20.087
3.	Mrs. M. Sasikala	2130743	6.666	-	-	2130743	6.666
4.	Sri. 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	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
Change in Indebtedness during the financial year				
* Addition - Principal + Interest	18,05,94,067	61,00,821	-	18,66,94,888
* Reduction - Principal + Interest Paid	2,45,601	39,40,874	-	41,86,475
Net Change Indebtedness	18,05,94,067	21,59,947	-	18,25,08,413
At the end 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

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 2017.

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 : 30.05.2017

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 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 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 :

Since no 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, the question of the increase in remuneration does not arise.

The percentage increase in remuneration of CFO and Company Secretary was 16.54% and 9.09% respectively.

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

The percentage of decrease in the median remuneration of the employees in the financial year was around 21.84% owing to those employees who were in receipt of higher salary left from the service of employment and the employees who are in receipt of lower salary included in the list of median salary computation. The calculation of percentage of 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 was 66 as on March 31, 2017.

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.

The average increase in the remuneration of the employees during the year 2016-17 was around 8.09%.

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.19.57 lakhs in 2015-16 to 10.49 lakhs in 2016-17 whereas the Loss before Tax increased to Rs.1885.24 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 31.03.2017	As at 31.03.2016	Increase / Decrease(%)
Closing Price at BSE –in Rs.	7.00	6.45	8.53
Market Capitalization - in lakh	2237.49	2061.69	8.53

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, 2017 has decreased by 69.56% to Rs.7.00/- 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 FY2016-17 is around 8.09%, while the average decrease in the remuneration of the Key Managerial Personnel was 86.55%. 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:

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.