

VELAN HOTELS LIMITED

41, KANGAYAM ROAD, TIRUPUR 641 604



Report  junction.com

9th

Annual Report

1998 - 99

**VELAN HOTELS LIMITED****BOARD OF DIRECTORS :**

Sri. R.V.E. Venkatachalam	Chairman
Sri. E.V. Muthukumara Ramalingam	Managing Director
Dr. K.A. Balasubramaniam	Director
Sri. P. Ganesan	Director
Sri. T. Gopalakrishnan	Director
Sri. M. Sivasubramaniam	Director
Sri. P.S. Venkatachalam	Director
Sri. P.B. Venkatraman	Director
Sri. K. Ravindran	Nominee Director

COMPANY SECRETARY :

Sri. S. Balaji

AUDITORS :

M/s. P.S. KRISHNAN & ASSOCIATES
Chartered Accountants
22, Universal Road
Tirupur 641 601.

BANKERS :

The Catholic Syrian Bank Ltd.
Kumaran Road
Tirupur 641 601.

The Vysya Bank Ltd.
R.S. Puram
Coimbatore 641 002.

The South Indian Bank Ltd
Coonoor.

PREMISES OF THE HOTELS :

VELAN HOTEL GREENFIELDS
No.41, Kangayam Road
Tirupur 641 604.

VELAN UTHRA RESTAURANT
Avanashi Road
Tirupur 641 601.

VELAN HOTEL RITZ
Ritz Road, Bedford
Coonoor 643 101.

REGISTERED OFFICE :

No.41, Kangayam Road
Tirupur 641 604.

STOCK EXCHANGES IN WHICH THE COMPANY'S SHARES ARE LISTED :

- | | |
|--|---|
| <p>1. The Coimbatore Stock Exchange Ltd.
'Stock Exchange Building'
683/686, Trichy Road, Singanallur
Coimbatore 641 005.</p> | <p>2. The Madras Stock Exchange Ltd.
'Stock Exchange Building'
Post Box No.183
11, Second Line Beach
Chennai 600 001.</p> |
| <p>3. The Stock Exchange - Mumbai
Phiroze Jeejeebhoy Tower
25th Floor, Dalal Street
Mumbai 400 001.</p> | |



VELAN HOTELS LIMITED

NOTICE OF THE 9th ANNUAL GENERAL MEETING - 1998-99

Notice is hereby given that the 9th Annual General Meeting of VELAN HOTELS LIMITED will be held at the Registered Office of the Company situated at 41, Kangayam Road, Tirupur 641604 on Monday, the 27th day of September 1999 at 3.30 P.M. to transact the following business :

ORDINARY BUSINESS

1. To adopt the Profit and Loss Account of the company for the year ended 31st March 1999 and the Balance Sheet as at that date together with the reports of the Directors and the Auditors of the Company.
2. To appoint a Director in the place of Shri T.GOPALAKRISHNAN, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in the place of Shri M.SIVASUBRAMANIAM, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in the place of Shri P.GANESAN, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this meeting to the conclusion of the next Annual General Meeting and to fix their remuneration.

Place : Tirupur
Date : 30.07.1999

for and on behalf of the Board
S. Balaji
Company Secretary

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company.
2. The instrument of proxy to be effective must be lodged at the Registered Office of the company not later than 48 hours before the time fixed for the meeting.
3. Members are requested to notify any change in their address to the company's share transfer agent M/s.Trident Investment and Portfolio Services (P) Ltd., 4, Fourth Main Road, United India Colony, Kodambakkam, Chennai 600 024.
4. Members/Proxies should bring their Annual Report copy and attendance slip sent herewith duly filled in for attending the meeting.
5. The Register of members and Share Transfer Books of the company will remain closed from 23rd September 1999 to 27th September 1999 (both days inclusive).
6. Members desiring any information as regards accounts are requested to write to the company at least 7 days before the date of the meeting so as to enable the company to keep the information ready.

Place : Tirupur
Date : 30.07.1999

for and on behalf of the Board
S. Balaji
Company Secretary



DIRECTORS' REPORT TO THE MEMBERS OF THE COMPANY

Dear Share Holders,

The Directors of your Company take pleasure in presenting you the 9th Annual Report along with the Audited Accounts for the year ended 31st March, 1999.

FINANCIAL RESULTS :

	(Rs. in Lakhs)	
	1998-99 (12 months)	1997-98 (9 months)
Gross Income	585.22	406.13
Profit before interest and depreciation	70.34	61.52
Interest	272.22	174.38
Loss before Depreciation	(201.88)	(112.86)
Depreciation	58.81	41.89
Loss after Depreciation	(260.69)	(154.74)

OPERATIONS :

The Company has made a turnover of Rs.585.22 lakhs for 12 months period as against Rs.406.13 lakhs for 9 months last year. Owing to escalation in the cost of inputs and the larger interest provision on Term Loans, the company has incurred a loss of Rs.260.69 lakhs for the period under consideration.

DIVIDEND :

Considering the adverse financial results of the company, no Dividend could be recommended for the year.

BUSINESS ENVIRONMENT AND FUTURE OUTLOOK :

The Company was poised for considerable growth during the year under review. The Company anticipates a stable business in future also. With the government planning various measures to promote tourism, the future can very well be looked upon with firm optimism.

PUBLIC DEPOSITS :

Your company has not accepted any deposit from the public during the year.

DIRECTORS :

In compliance with the provisions of the Companies Act, 1956 and the Articles of Association of the company, Sri T. Gopalakrishnan, and Sri M. Sivasubramaniam and Sri P.Ganesan, Directors of the Company are to retire by rotation on the date of the ensuing Annual General Meeting and being eligible they are offering themselves for reappointment.



VELAN HOTELS LIMITED

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION :

The company is making continuous efforts to conserve and optimise energy wherever practicable by economising on Fuel and Power.

The company has no technical Collaboration arrangement with any organisation.

FOREIGN EXCHANGE EARNINGS AND OUTGO :

The foreign exchange income from guest collections was Rs.195.64 lakhs during the current year, as compared to Rs.132.06 lakhs during the last Accounting period, which consists of 9 months only. The Foreign Exchange outgo is Rs.Nil.

Y2K

Steps are being taken to fully comply with Y2K problems in all departments.

AUDITORS :

M/s.P.S. KRISHNAN & ASSOCIATES, Chartered Accountants, Tirupur, the Auditors of the Company retire at the ensuing Annual General Meeting and are eligible for reappointment.

PARTICULARS OF EMPLOYEES :

There are no employees who are in receipt of remuneration of more than Rs.6,00,000 per annum when employed throughout the year and Rs.50000 per month when employed for a part of the year. The Gratuity payable will be dealt with on cash basis.

ACKNOWLEDGEMENTS :

We acknowledge, with thanks the continued co-operation and support extended by the Financial Institutions, Banks, the Central and State Governments, Quasi Government Authorities, the Department of Tourism and Development, the suppliers, the Customers and the Share Holders of the Company.

Your Directors express their sincere appreciation for the co-operation and support rendered by the Executives and Employees of the Company.

Peace and harmony were the hall mark of the Company.

FOR AND ON BEHALF OF THE BOARD

Place : Tirupur
Date : 30.07.1999

Sd/ (E V Muthukumara Ramalingam)
Managing Director

**VELAN HOTELS LIMITED****AUDITORS' REPORT**

To

The Members of Velan Hotels Limited
Tirupur

We have audited the attached Balance Sheet of VELAN HOTELS LIMITED, TIRUPUR as at 31st March 1999 and the Profit & Loss Account for the year ended on that date annexed thereto and report that :

1. As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the annexure referred to in paragraph 1 above we report that :
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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 such books.
 - c) The Balance Sheet and the Profit & Loss Account referred to in this Report are in agreement with books of account.
 - d) In our opinion the Profit and Loss Account and Balance Sheet comply with the accounting standards referred to in section 211(3c) of the Companies Act 1956 and
 - e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes and schedules appearing thereon give the information as required by the Companies Act, 1956 in the manner so required and give a true and fair view:
 - i) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March 1999 and
 - ii) In the case of Profit & Loss Account, of the Loss for the year ended 31.03.1999.

for P S KRISHNAN & ASSOCIATES

Place : Tirupur
Date : 30th July 1999.

Sd/ (S SUBRAMANIAN)
Partner
Chartered Accountants

**ANNEXURE**

Referred to in paragraph No.1 of our report of even date :

1. The Company has maintained proper records of fixed assets. The fixed assets have been physically verified by the management at reasonable intervals and we are informed that no material discrepancies have been noticed on such verification.
2. None of the fixed assets of the company have been revalued during the year.
3. The stock of stores, provisions, crockery, beverages etc. have been physically verified by the management at reasonable intervals during the year.
4. In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
5. No material discrepancies have been noticed on physical verification of stocks as compared to book records.
6. In our opinion and on the basis of our examination of the valuation of stocks, such valuation is fair and proper in accordance with the normally accepted accounting principles.
7. The Company has not taken any loans from companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956. However the company has taken interest free loan from the Managing Director of the Company.
8. The company has not granted any loans to companies, firms or other parties under the same management.
9. The parties to whom loans and advances in the nature of loans have been given by the company are repaying the principal amount as stipulated which are non-interest bearing.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to the purchase of stores, raw material including components, plant and machinery equipments and other assets and with regard to the sale of goods.
11. In our opinion and according to the information and explanations given to us the transactions of purchase of goods and materials and sale of goods, materials and

**VELAN HOTELS LIMITED**

services made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the year Rs.50000/- or more in value in respect of each party, have been made at prices at which transactions for similar goods, materials or services have been made with other parties.

12. As explained to us, the Company has regular procedure for the determination of unserviceable or damaged stores, provisions, beverages, crockery, etc. Adequate provision has been made in the accounts for the loss arising on the items so determined.
13. The Company has not accepted any deposit from the public. Hence the provisions of section 58A of the Companies Act, 1956 do not apply to the company.
14. As explained to us, being a service industry, the company has no realisable scraps and the company has no by-products.
15. The Company has an internal audit system commensurate with the size and nature of its business.
16. The Central Government has not prescribed the maintenance of cost records for the products of the company under section 209(1)(d) of the Companies Act, 1956.
17. Subject to small delay in the remittances, the company is regular in depositing the Provident Fund and Employees' State Insurance dues with the appropriate authorities.
18. There are no undisputed amounts payable by the company in respect of income-tax, wealth-tax, sales-tax, customs duty and excise duty outstanding as at 31st March 1999 for a period of more than six months from the date they became payable.
19. During the course of our examination of the books of accounts carried out in accordance with the generally accepted auditing practices, we have not come across any personal expenses which have been charged to Profit & Loss Account other than those payable under contractual obligations in accordance with the generally accepted business practices nor we have been informed of any such case by the management.
20. As explained to us the provisions of Sick Industrial Companies (special provisions) Act 1985 are not applicable to the Company.
21. In our opinion, the company has a reasonable system of recording receipts, issues and consumption of materials and stores and a reasonable allocation of the materials consumed to the operating departments commensurate with the size and nature of its business.
22. Clause 4b(III) of the above order is not applicable to the company.