

# VELAN HOTELS LIMITED

41, KANGAYAM ROAD, TIRUPUR 641 604



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Annual Report

1999 - 2000

**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

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



## VELAN HOTELS LIMITED

### NOTICE OF THE 10th ANNUAL GENERAL MEETING - 1999-2000

Notice is hereby given that the 10th 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 Tuesday, the 26th day of September 2000 at 4.30 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 2000 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 R.V.E. VENKATCHALAM, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in the place of Shri P.S. VENKATACHALAM, who retires by rotation and being eligible, offers himself for reappointment.
4. 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.

#### 5. SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution.

"Resolved that, pursuant to the provisions of section 198, 269, 309 and 310 read with schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof) for the time being in force, the company hereby accords its approval and consent to the re-appointment of Sri. E.V.MUTHUKUMARA RAMALINGAM as Managing Director of the company for a period of 5 years with effect from 01.07.2000 on the terms and conditions as set out below:

1. 1. Salary - Rs.25000/- per month in the scale of 25000-2000-40000. The annual increment will be effective from 1st July 2001 and additional increment(s) will be considered by the Board of Directors on merits at its absolute discretion.
2. 2. Perquisites - The benefit of the company's furnished accommodation, Gas, Electricity, Water and furnishings, use of Car and Telephone at residence, medical reimbursement, personal accident insurance, leave and leave travel concession, education benefits, club fees, provident fund, superannuation fund and gratuity and any other perquisite, in accordance with the scheme(s) and rule(s) of the company or any modification(s) that may be made, in any scheme or rule, for the aforesaid benefits. The perquisites shall be valued as per income-tax rules, wherever applicable and actual cost of the company in other cases.
3. 3. Commission - An amount equal to 3% of the Net Profit of the company. The above is subject hereunder to the fact that the aggregate of the total remuneration payable shall not exceed 5% of the Net Profit of the company



## VELAN HOTELS LIMITED

calculated in accordance with sections 198, 309, 349 and 350 of the Companies Act, 1956.

- II. In the event of absence or inadequacy of net profit in any financial year, the remuneration payable to Sri E.V.MUTHUKUMARA RAMALINGAM shall be governed by Section II of part II. of Schedule XIII of the Companies Act, 1956 or any statutory modification thereof as amended from time to time provided that the following perquisites shall not be included in the computation of total minimum remuneration.
  - a. Company's contribution to provident fund superannuation fund/annuity to the extent that either singly or put together are not taxable under the Income Tax Act 1962.
  - b. Gratuity payable at a rate not exceeding half a months salary per each completed year of service and
  - c. Encashment of leave at the end of the tenure.
- III. OTHERS
  - a. The Managing Director shall be entitled to reimbursement of all actual expenses including on entertainment and travelling incurred in the course of the company's business.
  - b. The company shall provide a car with driver and telephone facility at the residence of the Managing Director. Provision of car with driver for use of the company's business and telephone facility at the residence will not be considered as perquisites. Personal long distance call on telephone and use of car for private purposes shall be billed by the company to the Managing Director.
  - c. Appointment may be terminated by either side at any time, by giving 3 months notice in writing provided that in case of termination is desired by the company payment of 3 months salary in lieu of notice will be taken as sufficient.

Place : Tirupur  
Date : 02.08.2000

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

### NOTES

1. Explanatory Statement pursuant to Section 173(2) of the Companies Act 1956 in respect of special business is annexed hereto.
2. 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.
3. 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.
4. 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.

**VELAN HOTELS LIMITED**

5. Members/Proxies should bring their Annual Report copy and attendance slip sent herewith duly filled in for attending the meeting.
6. The Register of Members and Share Transfer Books of the company will remain closed from 22nd September 2000 to 26th September 2000 (both days inclusive).
7. 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.

**EXPLANATORY STATEMENT (pursuant to Section 173(2) of the Companies Act 1956)**

Item No:5

Sri E.V.Muthukumara Ramalingam has been the Managing Director of the company from the inception of the company and his tenure concludes on 30.06.2000. The Board of Directors have felt that it would be in the best interest of the company to re-appoint him for a further period of five years. The Board of Directors in their meeting held on 22nd April 2000, have re-appointed Sri E.V.Muthukumara Ramalingam as Managing Director of the company for a further period of five years with effect from 01.07.2000 on the terms and conditions including remuneration as detailed in the resolution.

As the remuneration payable to Sri E.V.Muthukumara Ramalingam is within the ceiling laid down in section 198, 269 and 309 read with Schedule XIII of the Companies Act, 1956, as modified by the circulars issued by the Company Law Board / Department of the Company Affairs from time to time, the approval of the Central Government is not necessary. The Board of Directors recommend the resolution to the members for their approval.

None of the Directors other than Dr. K.A. Balasubramaniam and Sri R.V.E.Venkatachalam, Chairman being relative of Sri E.V.Muthukumara Ramalingam are interested in the resolution. The above Statement may be considered as an abstract of the terms of appointment of the Managing Director under Section 302 of the Companies Act, 1956.

Place: Tirupur  
Date: 02.08.2000

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



## VELAN HOTELS LIMITED

### DIRECTORS' REPORT TO THE MEMBERS OF THE COMPANY

Dear Share Holders,

The Directors of your Company take pleasure in presenting you the 10th Annual Report along with the Audited Accounts for the year ended 31st March, 2000.

#### FINANCIAL RESULTS :

	(Rs. in Lakhs)	
	1999-2000	1998-99
Gross Income	592.13	585.22
Profit before interest and depreciation	78.06	70.33
Interest	64.10	272.22
Profit / Loss before Depreciation	13.96	(201.89)
Depreciation	59.42	58.81
Loss after Depreciation	(45.46)	(260.70)

#### OPERATION :

The Company's turnover reached Rs.592.13 lakhs for the year as compared to Rs.585.22 lakhs during the previous year. The Profit before interest and depreciation has also gone up to Rs.78.06 lakhs during 1999-2000 as compared to Rs.70.33 lakhs during the previous year. However with the application of interest and depreciation the Company has posted a loss during the current year also as shown above. Due to the difficulties the company has been undergoing, the term loan interest and principal repayments to the institutions could not be paid. To recover their dues the institutions have resorted to legal procedures.

#### DIVIDEND :

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

#### BUSINESS ENVIRONMENT AND FUTURE OUTLOOK :

The Company has been posting a steady growth in business and continues to earn customer goodwill. With the reputation and name the Company has established in the market, the Company can look to the future with 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 R.V.E. VENKATACHALAM, and Sri P.S.VENKATACHALAM, 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.220.67 lakhs during the current year, as compared to Rs.195.64 lakhs during the last Accounting year. The Foreign Exchange outgo is Rs.1.25 Lakhs.

### 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.

### Y2K

To date the company has not encountered any material year 2000 issues concerning its respective computer programmes. All costs associated with carrying out the company's plan for the year 2000 problem have been expensed as incurred.

### 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.50,000 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 are the hall mark of the Company.

for and on behalf of the Board

Place : Tirupur  
Date : 02.08.2000

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 2000 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 and subject to remarks contained in Note No.16 regarding ability of the company to continue as a going concern, Note No.17 regarding Non-Provision of interest and Note No.20 regarding non provision of gratuity on accrual basis which are not in accordance with Accounting Standard 1. 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 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 2000 and
    - ii) In the case of Profit & Loss Account, of the Loss for the year ended 31.03.2000.

for P S KRISHNAN & ASSOCIATES

Sd/ (S SUBRAMANIAN)  
Partner  
Chartered Accountants

Place : Tirupur  
Date : 2nd August 2000.