

VELAN HOTELS LTD

No.41,Kangayam Road, Tirupur - 641 604.



Report  junction.com

11th

Annual Report
2000 - 2001

**VELAN HOTELS LTD****BOARD OF DIRECTORS :**

Sri. R.V.E. Venkatachalm	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

AUDITORS:

M/s.PS. 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 GREENFILEDS
No.41, Kangayam Road
Tirupur 641 604.

VELAN UTHARA
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:

1. The Coimbatore Stock Exchange Limited
" Stock Exchange Building "
683-686, Trichy Road, Singanallur
Coimbatore 641 005.
2. The Madras Stock Exchange Ltd
" Stock Exchange Building "
Post Box No:183
11, Second Line Beach
Chennai 600 001.
3. The Stock Exchange Mumbai.
Phiroze Jeejeebhoy Towers
25th Floor, Dalal Street, Mumbai 400 001.



NOTICE OF THE 11th ANNUAL GENERAL MEETING - 2000 - 2001

Notice is hereby given that the 11th 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 Friday the 30th November, 2001 at 4.45 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 2001 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 Dr K A Balasubramaniam, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in the place of Sri P Ganesan, 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 special resolution.

"RESOLVED that, pursuant to the provisions of section 198, 269 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 appointment of Sri M R GAUTHAM as Executive Director of the Company for a period of five years with effect from the date of this Annual General Meeting on the terms and conditions as set out below:

- I 1. Salary Rs 15000/- per month in the scale of 15000 - 10000 - 20000. The annual increment will be effective from 1st January 2003 and additional increment(s) will be considered by the Board of Directors on merits at its absolute discretion.
2. Perquisites - The benefits 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. 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 calculated in accordance with section 198, 309, 349 and 350 of the Companies Act, 1956.



- II. In the event of absence of inadequacy of net profit in any financial year, the remuneration payable to Sri M R Gautham 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/annuity to the extent that either singly or put together are not taxable under the Income Tax Act, 1962
 - b. Gratuity payable at 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 Executive 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 Executive 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 Executive 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.
6. To consider and if thought fit, to pass with or without modification the following special resolution.

Resolved that pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 and the provisions of other statutes as applicable, the Articles of Association of the Company be and are hereby altered as under.

The following new Article 21a be inserted after the existing Article 21.

DEPOSITORY SYSTEM

- i) The Company shall be entitled to dematerialise the existing shares and other securities rematerialise its shares and other securities held in the depositories and or offer its fresh shares and other securities in a dematerialised form pursuant to the Depositories Act, 1996 and the Rules framed thereunder, if any. The expression "rematerialise" is the opposite of dematerialise.

**VELAN HOTELS LTD**

- ii) Notwithstanding anything to the contrary contained in the Act or these Articles, the Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the Beneficial Owner.
- iii) A depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- iv) Every person holding shares of the Company and whose names is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company and such beneficial owner is entitled all the rights and benefits of a member.

Place: Tirupur
Date : 27/10/2001

for and on behalf of the Board
E V Muthukumara Ramalingam
Managing Director

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 address to the Company's share transfer agents M/s SKDC Consultants Limited., P.B.No:2979, 11, Seth Narayandoss Layout, Street No:1, Coimbatore - 641 012.
5. Member/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 27th November 2001 to 30th November 2001. (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.
8. Due to administrative difficulties, members / proxies are requested not to bring their children / guests.

Place : Tirupur
Date : 27/10/2001

for and on behalf of the Board
E V Muthukumara Ramalingam
Managing Director.

**VELAN HOTELS LTD****EXPLANATORY STATEMENT (PURSUANT TO SECTION 173(2) OF
THE COMPANIES ACT, 1956)****Item 5.**

Sri M R Gautham is a Commerce graduate from University of Western Australia. He also has to his credit diploma in financial management.

He has got wide experience in handling Accounts, Financial and Operational side of a Star Hotel of this magnitude, He has been associated with this Company for over two years. Your Board feels that induction of Mr M R Gautham in to the Board will further strengthen the capacity of the Board.

As the remuneration payable to Mr M R Gautham 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 recommended the resolution to the members for their approval.

None of the Directors other than Sri R V E Venkatachalam, Chairman, Sri E V Muthukumara Ramalingam, Managing Director and Dr K A Balasubramaniam, Director are interested in this resolution.

The above statement may be considered as an abstract of the terms of appointment of the Executive Director under Section 302 of the Companies Act, 1956.

Item No. 6

The Securities and Exchange Board of India (SEBI) has decided that the trading in equity shares of the Company shall compulsorily be in dematerialised form.

With the enactment of Depositories Act, 1996 and amendments to certain provisions of Companies Act, 1956 a new article is proposed to be introduced with a view to facilitating holding of shares in electronic mode with a depository.

Holding of shares in electronic mode is only optional and it is not compulsory. The proposed alteration to the Articles of Association requires the approval of the members by a special resolution. Accordingly the special resolution is placed before the members for the approval.

None of the directors of the Company are concerned in the said resolution.

Place : Tirupur
Date : 27/10/2001

for and on behalf of the Board
E V Muthukumara Ramalingam
Managing Director.



DIRECTORS' REPORT TO THE MEMBERS OF THE COMPANY

Dear Share Holders,

The Directors of your Company take pleasure in presenting you the 11th Annual Report along with the Audited Accounts for the year ended 31st March, 2001.

FINANCIAL RESULTS:

	(Rs. in Lakhs)	
	2000-2001	1999-2000
Gross Income	626.55	592.65
Profit before interest and depreciation	87.87	78.06
Interest	25.12	64.10
Profit before Depreciation	62.74	13.96
Depreciation	58.44	59.42
Profit/(Loss) after Depreciation	4.30	(45.45)
Extraordinary Income	252.88	--
Profit / (Loss) after extraordinary Income	257.18	(45.45)

OPERATION :

The Company's turnover reached Rs.626.55 lakhs for the year as compared to Rs.592.65 lakhs during the previous year. The Profit before interest and depreciation has also gone up to Rs.87.87 lakhs during 2000-2001 as compared to Rs.78.06 lakhs during the previous year. Due to the bad business climate, the Company continues to face acute difficulties. However, since maintenance of the property is the main support for survival, the Company continues to maintain the property in good shape and is retaining the customer good will.

The Company had negotiated a one time settlement with M/s. ICICI Ltd., and the promoter director have brought in additional funds to settle the dues to ICICI. With this one time settlement, the Company has been able to gain an interest waiver of Rs.252.88 lakhs, which is a great boon to the struggling Company. The Company is negotiating for a similar settlement with IDBI, who has also resorted to legal procedures for recovery of outstanding.

DIVIDEND :

Considering the low profitability, no dividend could be recommended for the year.

BUSINESS ENVIRONMENT AND FUTURE OUTLOOK :

Despite the sluggish business environment, your company has been able to post a marginal growth in business but continues to maintain customer goodwill. With the reputation and the name, the Company has established in the market, the Company can look to the future with optimism, once the settlement of loans with the institutions are negotiated and the company posts operational economy.

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, Dr. K. A. Balasubramaniam and Sri. P. Ganesen, Directors of the Company are to retire by rotation on the date on the ensuing Annual General Meeting and being eligible they are offering themselves for reappointment.

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. Solar energy cells have been installed to pre heat water, which in turn result in saving in fuel cost.

The Company has no technical Collaboration arrangement with any organisation.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

The foreign exchange income from guest collection was Rs. 241.68 lakhs during the current year, as compared to Rs. 220.67 lakhs during the last accounting year. The Foreign Exchange outgo is Rs. Nil.

DEMATERILISATION OF SHARES

As per Securities and Exchange Board of India (SEBI) circular, the equity shares of your Company are dematerialised for trading by all investors. An agreement to this effect has been entered to with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL)

DIRECTORS RESPONSIBILITY STATEMENT

The responsibility statement as required under section 217 (2AA) of the Companies Act, 1956 is as follows.

The applicable accounting standards has been followed in the preparation of annual accounts. Further consistent accounting policies have been applied and that the judgements and estimates are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as at the end of the financial year 2000-2001. Adequate accounting records have been maintained as required under the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and irregularities. Further the Annual Accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

The code of Corporate Governance is applicable to the Company from the financial year 2002. Your Board is pleased to inform that your Company has already implemented the major requirements of the code like formation of Audit Committee, Disclosures etc. The Company shall implement prior to March 2002 all applicable elements of the code of corporate governance.

**AUDIT COMMITTEE:**

An audit committee has been constituted comprising Sri R V E Venkatachalam, Chairman, Sri E V Muthukumara Ramalingam, Managing Director, Sri P Ganesan, Director and Sri T Gopalakrishnan, Director as members of the Committee.

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.12,00,000 per annum when employed throughout the year and Rs.1,00,000 per month when employed for a part of the year. The Gratuity and leave wages 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.

Place : Tirupur
Date : 27/10/2001

for and on behalf of the Board
S/d(E.V.Muthukumara Ramalingam)
Managing Director

ADDENDUM TO DIRECTORS REPORT

1. Regarding the qualification of the Auditors Report regarding non provision of interest on loan from IDBI, the note No. 17 of schedule 21 which forms part of the accounts is self explanatory.
2. Regarding Auditors qualification in the matter of non provision of Gratuity and leave wages, your directors wish to state that the same will be dealt with on cash basis.