

VELAN HOTELS LIMITED

26th ANNUAL REPORT FOR THE YEAR ENDED 31st MARCH 2016

BOARD OF DIRECTORS

SRI.E.V.MUTHUKUMARA RAMALINGAM
MANAGING DIRECTOR

SRI.M.R.GAUTHAM
EXECUTIVE DIRECTOR

SRI P.GANESAN
DIRECTOR

SRI.GIRI BALASUBRAMANIAN
DIRECTOR

SRI.B.A.MADHUSUDHAN
DIRECTOR

SMT.M.SASIKALA
DIRECTOR

SRI.K.SUBRAMANIAM
DIRECTOR (UPTO 29.08.2015)

SRI.S.P.SIVANANDAM
DIRECTOR

SRI.M.SRINIVASAN
COMPANY SECRETARY

SMT.R.LALITHA
CHIEF FINANCIAL OFFICER

CA.K.MADHAN
INTERNAL AUDITOR

AUDITORS

M/S.P.S.KRISHNAN & CO.,
Chartered Accountants
40-A Apachi Nagar Main Road
Tirupur - 641 607
Ph : 0421-2227526-27-28-29-30
E-Mail : pskcetup@gmail.com

REGISTRAR & SHARE TRANSFER AGENT (PHYSICAL & DEMAT)

SKDC CONSULTANTS LTD.
"Kanapathy Towers"
3rd Floor, 1391/A-1 Sathy Road
Ganapathy Post, Coimbatore 641 006
Phone : 0422-6549995
E-mail : info@skdc-consultants.com

BANKERS

ALLAHABAD BANK
ANDHRA BANK
AXIS BANK LIMITED
UNION BANK OF INDIA
CANARA BANK

REGD. & ADMINISTRATIVE OFFICE

41 Kangayam Road, Tirupur - 641 604 Tamil Nadu

LOCATION OF HOTELS

VELAN HOTEL-GREENFIELDS

41 Kangayam Road, Tirupur - 641 604 Tamil Nadu

VELAN HOTEL

Ritz Road, Bedford, Coonoor 643 101 Tamilnadu

LOCATION OF RESTAURANT

VELAN UTHARA RESTAURANT

Avanashi Road
Behind IDBI Bank Ltd
Tirupur 641 602

LOCATION OF SHOPPING MALL

THE VELAN ESPLANADE

41 Kangayam Road, Tirupur - 641 604 Tamil Nadu

PROJECTS IN PROGRESS

1. The Velan Esplanade - Multiplex
2. Convention & Conference Hall
3. The Velan Renewable Energy Plant (TVREP) :
Bio-mass Based Co-Gen Renewable Energy Plant

NOTICE OF THE 26th ANNUAL GENERAL MEETING

Notice is hereby given that the 26th Annual General Meeting of the Members of Velan Hotels Limited will be held at the Registered Office of the Company, at 41, Kangayam Road, Tirupur 641 604 on Friday, the 30th day of September, 2016 at 12.15 p.m. to transact the following business:

AGENDA

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at March 31, 2016 and Statement of Profit and Loss for the year ended on that date, the Reports of Directors and Auditors and the Cash Flow Statement thereon.
2. To appoint a Director in place of Mrs.M.Sasikala having DIN 01452586 who retires by rotation and being eligible, offers herself for re- appointment.
3. To appoint a Director in place of Mr.B.A.Madhusudhan, having DIN 01027496, who retires by rotation and being eligible, offers himself for re- appointment.
4. **To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution**

"RESOLVED THAT pursuant to the provisions of section 139, 142 and Audit and Auditors Rules, 2014, (the rules) , (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) M/s.P.S.Krishnan & Co. Chartered Accountants, Tirupur (Registration number FRN 001532S with the Institute of Chartered Accountants of India), who have offered themselves for re-appointment and have confirmed their eligibility to be appointed as Auditors, in terms of provisions of section 141 of the Act, and rule 4 of the rules, be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration to be determined by the Board of Directors in addition to out of pocket expenses as may be incurred by them during the course of the Audit for the financial year ending March 31, 2017."

SPECIAL BUSINESS:

To consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution:

"RESOLVED THAT subject to the provisions of Sections 196, 197 and 203 and all other applicable provisions of the Companies Act, 2013 ("the Act") (including any statutory modification or re-enactment thereof for the time being in force) read with Schedule V of the Act and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Articles of Association of the Company and subject to such approvals, permissions and sanctions, as may be required, and subject to such conditions and modifications, as may be prescribed or imposed by any of the Authorities including the Central Government in granting such approvals, permissions and sanctions, approval of the Company be and is hereby accorded to the re-appointment and remuneration of Mr.E.V.Muthukumara Ramalingam as the Managing Director of the Company under the Companies Act, 2013 for a further period of three years with effect from 29/06/2015 on terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to the "Board" which

term shall be deemed to include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and /or remuneration as it may deem fit and as may be acceptable to Mr.E.V.Muthukumara Ramalingam, subject to the same not exceeding the limits specified under Schedule V of the Companies Act, 2013 or any statutory modification(s) or re-enactments thereof;

"RESOLVED FURTHER THAT Mr.E.V.Muthukumara Ramalingam, shall have the right to exercise such powers of Management of the Company as may be delegated to him by the Board of Directors, from time to time"

"RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution without being required to seek any further consent or approval of the members or otherwise to the end and intent that it shall be deemed to have their approval thereto expressly by the authority of this resolution"

Place : TIRUPUR

Date : 27.05.2016

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

NOTES :

1. The Explanatory Statement pursuant to section 102 (1) of the Companies Act, 2013 in respect of the Special Business under item No. 5 as stated above in annexed hereto
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (AGM OR THE MEETING) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL, INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

A person can act as proxy on behalf of Members upto and not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company. Further, a Member holding more than ten percent, of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or Member. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the Meeting.

In case of Joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote. Corporate Members are requested to send a duly certified copy of the Board Resolution authorising their representative(s) to attend and vote on their behalf at the Meeting.

3. Shareholders desiring any information as regards the Accounts are required to write to the Company at least seven days in advance of the meeting so that the information, to the extent practicable, can be made available at the meeting. Members/proxies are requested not bring any guest with them.
4. Members holding shares in physical form are requested to notify change in their address, bank mandate, e-mail address if any, to the Registrar & Share Transfer Agent of the Company and Members holding shares in dematerialised form are requested to notify change in their address / bank mandate / email ID to their

respective Depository Participants. The Company or its Registrar will not act on any request received directly from the shareholder holding shares in electronic form for any change of bank particulars or bank mandate. Such changes are to be advised only to the Depository Participant by the shareholders.

5. In pursuance to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the details of Directors seeking re-appointment at the forthcoming Annual General Meeting, forms integral part of the Notice. The Directors have furnished the requisite declarations for their re-appointment. Mrs.M.Sasikala and Mr.B.A.Madhusudhan - Directors retire by rotation and, being eligible, offer for re-appointment at the Annual General Meeting. A brief resume of the said directors is given below

I.	1. Name	:	Mrs. M. SASIKALA
	2. Directors Identification Number (DIN)	:	01452586
	3. Age	:	62 Years
	4. Qualification	:	B. A.
	5. Date of Appointment	:	28.03.2012
	6. Shareholding in Velan Hotels Ltd	:	21,30,743 Shares
	7. List of Directorships held in Other Companies	:	Shree Vallee Enterprises Pvt. Ltd.
	8. Membership in Other Board Committees	:	Refer to Report on Corporate Governance
II.	1. Name	:	Sri. B. A. MADHUSUDHAN
	2. Directors Identification Number (DIN)	:	01027496
	3. Age	:	40 Years
	4. Qualification	:	B.E. in Computer Engineering (from Madras University M.S. in Computer Science (from University of Kentucky) Post - Graduate Degree in Management from IIM Ahmedabad
	5. Date of Appointment	:	28.3.2012
	6. Shareholding in Velan Hotels Ltd	:	36,296 Shares
	7. List of Directorships held in Other Companies	:	Climate Bridge Indian Private Limited Chennai Gourment Foods Private Limited
	8. Membership in Other Board Committees	:	Refer to Report on Corporate Governance

9. The equity shares of the Company are listed on Bombay Stock Exchange Ltd. The Annual Listing fee has been paid upto date to the above said Exchange. The Annual Custody Fees due to both the Depositories are being paid.
10. For the convenience of the Members, an attendance slip is annexed to the Proxy form. Members are requested to affix their signatures at the space provided and hand over the attendance slip at the place of the Meeting.
11. Members are requested to register their email id and the changes therein from time to time with the Company to enable the Company to send notices/documents through email as permitted in law.
12. The Register of Members and the Share Transfer Books of the Company will remain closed from September 24, 2016 (Saturday) to September 30, 2016 (Friday) (both days inclusive).
13. Pursuant to Section 124 of the Companies Act, 2013, all unclaimed/unpaid dividends for a period of 7 years from the date of transfer to the 'Unpaid Dividend Account' are required to be transferred by the Company to the "Investor Education and Protection Fund" (IEPF) established by the Central Government. Accordingly, the unclaimed dividend paid up to the financial year ended 31st March, 2009, shall be transferred by the Company to the said Fund on the due date in 2016.
14. Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
15. Members/proxies should bring the Attendance Slip sent herewith duly filled in for attending the meeting.
16. The Notice of the AGM along with the Annual Report of 2015-16 is being sent by electronic mode to those Members whose email addresses are registered with the Company / Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their email addresses, physical copy is being sent by permitted mode. To support 'Green Initiative' Members who have not registered their email addresses are requested to register the same with the Company / Depository.
17. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the Members at the Annual General Meeting.
18. The Company has designated an exclusive e-mail id for investor redressal investorrelations@velanhotels.com and info@skdc-consultants.com belongs to our Registrar and Share Transfer Agent.
19. The route map showing directions to reach the venue of the 26th AGM is given as per requirement of the Secretarial Standard-2 on General Meeting.
20. Voting through electronics means

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time and Clause 44 of SEBI Listing Regulations, the Company is pleased to provide its Members facility of remote e-voting (to cast

their vote electronically from a place other than the venue of the AGM), through e-voting services provided by Central Depository Services Limited (CDSL) on all resolutions set forth in this Notice.

Instructions for the voting through electronic means

- i) The voting period begins on 27/09/2016 at 9.00 a.m. and ends on 29/09/2016 at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 23/09/2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- iv) Click on Shareholders.
- v) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- vi) Next enter the Image Verification as displayed and Click on Login.
- vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- viii) If you are a first time user follow the steps given below :

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth DOB	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

- ix) After entering these details appropriately, click on "SUBMIT" tab.
- x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xii) Click on the EVSN relevant to VELAN HOTELS LIMITED on which you choose to vote.
- xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xix) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can also download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- xx) Note for Non - Individual Shareholders and Custodians
 - ❖ Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - ❖ A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.

- ❖ After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - ❖ The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - ❖ A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

Other Instructions:

21. The voting rights of the Members shall be in proportion to their shares in the paid up equity share capital of the Company as on the cut off date i.e. September 23, 2016. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting or voting at the AGM.
22. Any person, who acquires shares of the Company and becomes a Member of the Company after despatch of the Notice and holding shares as of the cut-off date, may cast their vote by remote e-voting or through Poll at the Meeting. However, if you are already registered with CDSL for remote e-voting then you can use existing user ID and password for casting your vote. If you forget your password you can reset your password by using Forgot Password option available on www.evotingindia.com.
23. Mr. S.R.Baalaji, Practicing Company Secretary (Membership No.FCS 5966) has been appointed as the Scrutinizer by the Board of Directors of the Company to scrutinize the remote e-voting and the voting process at AGM in a fair and transparent manner.
24. The Members who have cast their vote by remote e-voting may also attend the meeting but shall not be entitled to cast their vote again at the Meeting. Members holding shares as on cut off date i.e. September 23, 2016 and attending the Meeting, who have not already cast their vote by remote e-voting shall be able to exercise their right at the Meeting.
25. The Scrutinizer shall immediately after the conclusion of the voting period, first count the votes at the meeting, thereafter unblock the votes through remote e-voting in the presence of at least two (2) witnesses not in the employment of the Company and make not later than 2 days of the conclusion of the meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, forthwith to the Managing Director or any person authorised by the Managing Director in writing, who shall countersign the same and the results of the e-voting / poll at the venue, will be announced by the Company on its website - www.velanhotels.com within 2 days of the conclusion of the AGM.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 5 :

Mr.E.V.Muthukumara Ramalingam has been Managing Director of the Company since incorporation of the Company. He was re-appointed as Managing Director with remuneration on 30/06/2010. The said appointment and remuneration package, as determined by the Remuneration Committee of the Board and the Board of Directors, were later approved by the Members of the Company at the 20th Annual General Meeting held on 06th September, 2010. With recommendation of the Remuneration Committee, the Board in their meeting held on November 28, 2011 increased remuneration package which was approved by the Members of the Company at 22nd Annual General Meeting held on 12th September, 2012.

The Company was implementing major projects within the Hotel Compound. The Company has been suffering very badly owing to inability to complete project within stipulated time on ground that non-mobilization of finance in time and other related reasons. At this crucial juncture, the continued services of Mr.E.V.Muthukumara Ramalingam are considered essential for successful completion of the Project and achieve smooth operations thereafter. It is also essential for the Company to have his continued services for its future growth.

In view of the liquidity crunch in the company and insufficient funds for repayment of its debts due to banks, Company cannot pay any remuneration.

With view of the above situation, the Board of Directors, at their Meeting held on 29/06/2015, considered and decided to entrust Mr.E.V.Muthukumara Ramalingam with increased role and responsibility by appointing him as Managing Director of the Company. However at present, no remuneration is proposed to be paid to Mr.E.V.Muthukumara Ramalingam for his term pursuant to such re-appointment as Managing Director of the Company. The term of his appointment as Managing Director will be for a period of three years from 29.06.2015 to 28.06.2018.

Details of terms and condition of appointment is as below :

1	Monthly Basic Salary	NIL
2	Perquisites / Allowances	NIL
3	Notice Period	The appointment may be terminated by either side at any time by giving 3 months' notice in writing.

Brief resume of Mr. E.V. Muthukumara Ramalingam is given below :

Mr E.V. Muthukumara Ramalingam aged 62 is a commerce graduate from Madras University. He is a director ever since incorporation of the Company. He started his career as a bus fleet operator and diversified into finance business and later into hospitality business. Under his able leadership the Company has been growing step by step and expanding its network from where it started in 1991.

He holds Directorship in Shree Vallee Enterprises Pvt Ltd and Sarju International Ltd. He holds 1,26,78,383 equity shares of the company by himself, representing 39.66% of total shareholding and 1,29,03,351 equity shares held by his immediate relatives, representing 40.37% of shareholding of the Company.

In terms of the provisions of the Companies Act, 2013, consent of the shareholders is required for appointment of Mr.E.V.Muthukumara Ramalingam as Managing Director of the Company. The Board recommends the resolution for approval of the members as an ordinary resolution. A copy of the Board Resolution and the appointment letter issued to Mr.E.V.Muthukumara Ramalingam. Managing Director will be available for inspection between 11.00 A.M. to 01.00 P.M. on all working days (Monday to Friday) at the Registered Office of the Company.

The terms as set out in the resolution and explanatory statement may be treated as an abstract of the terms and conditions governing the appointment and memorandum of interest pursuant to Section 190 of the Companies Act, 2013.

Sri.E.V.Muthukumara Ramalingam is concerned or interested in this resolution as it relates to his re-appointment. Sri.M.R.Gautham and Smt.M.Sasikala being related to Sri.E.V.Muthukumara Ramalingam may be deemed to be concerned or interested in the resolution. None of the other Director, Key Managerial Personnel or their respective relatives is concerned or interested, financial or otherwise in the Resolution.

The Board commends the Ordinary Resolution set out at Item No. 5 of the Special Business of the Notice for approval by the shareholders.

Place : TIRUPUR

Date : 27.05.2016

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