



## VELAN HOTELS LIMITED

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GSTIN : 33AAACV8449H3Z3 / CIN : L55101TZ1990PLC2653

June 29, 2021

BSE Ltd  
Corporate Relationship Dept  
Floor No.25, P.J.Towers  
Dalal Street  
Mumbai 400 001

Dear Sir

**Sub : Intimation of Audited financial results of the Company for the quarter and year ended 31<sup>st</sup> March, 2021 – Reg.**

In accordance with the Regulation 33(3) of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, we attach herewith the following:

1. The statement of standalone Audited Financial Results for the quarter and year ended 31<sup>st</sup> March, 2021. The financial results will be published in news papers as required under the above regulation.
2. Independent Auditor's report with modified opinion submitted by the Statutory Auditors i.e. M/s.Krishaan & Co.
3. Statement on Impact of Audit Qualification duly filled in and signed.

The above businesses, among other things, including financial results were taken on record by the Board of Directors of the Company at their meeting held today.

The meeting of the Board of Directors commenced at 11.00 a.m. and concluded at 5.30 p.m.

Kindly acknowledge receipt

Thanking you

Yours truly  
**For VELAN HOTELS LTD**

*M. Srinivasan*

**M.SRINIVASAN  
COMPANY SECRETARY**



**Statement of Standalone Audited Financial Results for the Quarter/ Year ended 31st March 2021**

SL.NO	Particulars	Quarter Ended			Rs.in lakhs	
		31.03.2021	31.12.2020	31.03.2020	31.03.2021	31.03.2020
		Audited	Unaudited	Audited	Audited	Audited
1	Net Sales (net of duties)/Income from operations	4.03	-	27.31	4.03	328.59
2	Other income	8.36	-	4.03	8.36	10.64
3	<b>Total income</b>	<b>12.39</b>	<b>-</b>	<b>31.34</b>	<b>12.39</b>	<b>339.23</b>
4	Expenses					
a)	Cost of materials consumed	5.54	-	0.45	5.54	112.12
b)	Purchases of Stock-in-trade progress	-	-	-	-	-
c)	Employee benefits expenses	4.05	4.32	35.44	15.85	171.03
d)	Finance costs	0.05	0.01	0.84	0.08	13.19
e)	Depreciation and amortisation expenses	41.94	41.95	43.74	167.78	177.72
f)	Power & Fuel	0.08	3.88	14.85	17.60	82.06
f)	Other expenses	42.82	15.08	44.91	85.40	100.66
	<b>Total expenses</b>	<b>94.48</b>	<b>65.24</b>	<b>140.23</b>	<b>292.25</b>	<b>656.78</b>
5	Profit/(loss) before exceptional and tax	(82.09)	(65.24)	(108.89)	(279.86)	(317.55)
6	Exceptional items (net credit/charge)	164.37	-	-	164.37	-
7	<b>Profit/(loss) before tax</b>	<b>82.28</b>	<b>(65.24)</b>	<b>(108.89)</b>	<b>(115.49)</b>	<b>(317.55)</b>
8	Tax expenses					
a.	Current Tax	-	-	-	-	-
b.	Deferred tax credit/(charge)	122.63	-	-	122.63	-
c.	Income tax for earlier years	-	-	-	-	-
d.	Mat credit Entitlement	-	-	-	-	-
9	<b>Profit/(loss) for the period from continuing operations</b>	<b>204.90</b>	<b>(65.24)</b>	<b>(108.89)</b>	<b>7.13</b>	<b>(317.55)</b>
10	Profit/(loss) from discontinued operations before tax	-	-	-	-	-
11	Tax expenses of discontinued operation	-	-	-	-	-
12	Profit/(loss) from discontinued operations after Tax	-	-	-	-	-
13	<b>Profit/(loss) for the period</b>	<b>204.90</b>	<b>(65.24)</b>	<b>(108.89)</b>	<b>7.13</b>	<b>(317.55)</b>
14	Other comprehensive income for the period (net of tax)	-	-	-	-	-
15	<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>204.90</b>	<b>(65.24)</b>	<b>(108.89)</b>	<b>7.13</b>	<b>(317.55)</b>
16	Paid up equity share capital (face value Rs.10/- per share)	3,196.41	3,196.41	3,196.41	3,196.41	3,196.41
17	Reserves Excluding Revaluation reserves	-	-	-	(2,215.34)	(2,229.26)
18	a) Earnings per share					
	Basic	0.64	(0.20)	(0.34)	0.02	(0.99)
	Diluted	0.64	(0.20)	(0.34)	0.02	(0.99)

**Notes:**

- The financials have been prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed under Section 133 of The Companies Act, 2013 read with Rule 3 of The Companies (Indian Accounting Standards) Rules, 2015 and relevant amendments thereafter.
- The above Financial results have been reviewed by the Audit Committee and approved at the meeting of the Board of Directors of the company held on 29 June 2021.
- The Company has assessed the possible impact of COVID-19 in preparation of the standalone interim financial results, including but not limited to its assessment of liquidity and going concern assumption, recoverable values of its financial and non-financial assets and impact on revenues and costs. The Company has considered internal and external sources of information and has performed sensitivity analysis on the assumptions used and based on current estimates, expects to recover the carrying amount of these assets. The impact of Covid-19 may be different from that estimated as at the date of approval of these standalone interim financial results and the Company will continue to closely monitor any material changes to future economic conditions.
- The company had suspended all the revenue generating operations w.e.f 24 Mar 2020. The company is exploring options of selling a part or all of its revenue generating assets to settle all liabilities. In view of the above, the Company's ability of continuing as a Going concern is dependent on the value that can be generated by the sale of assets and the surplus, if any, available subsequent to the settlement of all liabilities. In view of the uncertainty on the realisable values, the impairment to the value of assets is not ascertainable at this juncture.





Statement of Standalone Audited Financial Results for the Quarter/ Year ended 31st March 2021

- 5) The Company entered into a Memorandum of Understanding (MoU) on 10th November, 2020 with M/s. Avenue Supermarts Limited, Mumbai, non-related party, for sale of Company's Shopping Mall and part of Multiplex properties with the consent of M/s.RARE Asset Reconstruction Limited ("RARE" or "ARC") which was assigned the Company's debt together with all security interest and all rights of the Company by the Banks and has the symbolic possession of the entire properties of the Company for a total consideration of Rs. 35,43,75,000. The assets for this sale constitutes land to the extent of 84474 sq. ft. and the building constructed on the said land. Based on the final confirmation received from the ARC the sale was completed prior to the year ended March 31, 2021 and has resulted in the Company receiving the final One-Time-Settlement ("OTS") offer from the ARC. In addition to the above properties, the Company owns Hotel properties at Tirupur and Coonoor, properties of Biomass based Renewable energy plant and vacant land of convention hall, all of which are non functional as of now and are located in Tirupur, Tamilnadu. After deducting the property tax dues, Electricity Bill dues and other statutory dues that are only directly associated with this property (Shopping Mall), the entire sale proceeds will be adjusted towards our proposed revised One-Time Settlement (OTS) agreed with M/s. RARE Asset Reconstruction Limited.
- 6) The Company's account was categorized as NPA by Allahabad Bank and Andhara Bank during the year 2014. In April, 2017, the said Banks assigned the entire debts of the Company alongwith all underlying security interest, all rights, title & benefits to M/s.RARE Asset Reconstruction Limited (previously known as Raytheon Asset Reconstruction Private Limited) under the applicable provisions of the SARFAESI Act. The Company opted for One-Time Settlement offer with the said ARC and obtained in-principle approval from them during March, 2021 and the final approval of OTS has now been received. As per terms of in-principle approval, the initial payment of Rs.30 crores was already paid to the said ARC on 30th March, 2021 from the proceeds of sale of Shopping Mall and part of Multiplex properties.
- 7) There has been delay in meeting the statutory obligations and dues relating to Goods & Services Tax, Value Added Taxes and Service Tax are overdue by more than 12 months. The Company is taking necessary steps to regularise the Statutory Dues as and when the sales of assets of companies are completed. There were no amount outstanding pertaining to the accounting year 2020-21
- 8) Exceptional items during the quarter and year ended March 31, 2021 comprises of profit on disposal of Company's Shopping Mall and part of Multiplex properties for a total consideration of Rs. 35,43,75,000. No tax is payable due to Indexation of asset sold as per the provisions of Income Tax Act, 1961 and therefore no provision is accounted on account of Income Tax.
- 9) Effective 1 April 2019, the Company has adopted "IndAS-116-Leases". This standard is not having any material impact to these financial statements of the company.
- 10) Confirmation of balances have not obtained from Sundry Debtors and Sundry Creditors and accordingly the respective figures have been stated at book values.
- 11) The status of pending litigations filed by Bankers and Statutory Authorities against the company remains status quo as reported in previous quarters. No additional litigations have been brought to the Company's notice.
- 12) No Provision for Gratuity /Leave encashment has been considered during the period due to all the employees of the company except KMP have resigned and there are no eligible employees during the year under review.
- 13) The figures of last quarter are the balancing figures between audited figures in respect of the full financial year and the published year-to-date figures upto the third quarter of the current financial year.
- 14) Previous period/year figures have been regrouped and/or reclassified, wherever necessary.

Date: 29.06.2021  
Place: Tirupur

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

For VELAN HOTELS LIMITED

M. Srinivatan  
Company Secretary



**Segment-wise Revenue, Result and capital employed for the Quarter/ Year ended 31st March 2021**

S no	Particulars	Quarter Ended			Rs. In lakhs	
					Year Ended	
		31.03.2021	31.12.2020	31.03.2020	31.03.2021	31.03.2020
		Audited	Unaudited	Audited	Audited	Audited
1	<b>Segment Revenue</b>					
	(Net sales/Income)					
	a) Hotel	7.14	-	27.31	7.14	328.59
	b) Shopping Arcade	-	-	-	-	-
	<b>Total</b>	<b>7.14</b>	<b>-</b>	<b>27.31</b>	<b>7.14</b>	<b>328.59</b>
	Less : Intersegment Revenue	-	-	-	-	-
	<b>Net sales/income from operations</b>	<b>7.14</b>	<b>-</b>	<b>27.31</b>	<b>7.14</b>	<b>328.59</b>
2	<b>Segment results</b>					
	(profit/loss before interest & tax)					
	a) Hotel	109.10	(38.07)	(9.03)	(1.35)	(189.48)
	b) Shopping Arcade	(26.76)	(27.16)	(27.15)	(114.06)	(114.87)
	<b>Total</b>	<b>82.33</b>	<b>(65.23)</b>	<b>(36.18)</b>	<b>(115.41)</b>	<b>(304.35)</b>
	Less: i) interest	(0.05)	(0.01)	(0.84)	(0.08)	(13.19)
	ii) Other unallocable expenditure net off	-	-	-	-	-
	iii) Un-allocable income	-	-	-	-	-
	<b>Total profit/(Loss) Before tax</b>	<b>82.28</b>	<b>(65.24)</b>	<b>(37.02)</b>	<b>(115.49)</b>	<b>(317.54)</b>
3	<b>Capital Employed</b>					
	(segment assets-segment liabilities)					
	<b>Segment Assets</b>					
	a) Hotel	3,866.56	6,238.60	6,311.15	3,866.56	6,311.15
	b) Shopping Arcade	500.25	4,515.38	4,591.38	500.25	4,591.38
	c) Unallocated	6,479.92	6,479.92	6,479.92	6,479.92	6,479.92
	<b>Total Segment Assets</b>	<b>10,846.73</b>	<b>17,233.90</b>	<b>17,382.45</b>	<b>10,846.73</b>	<b>17,382.45</b>
	<b>Segment Liabilities</b>					
	a) Hotel	8,710.93	12,705.57	12,656.36	8,710.93	12,656.36
	b) Shopping Arcade	255.23	2,730.01	2,730.01	255.23	2,730.01
	c) Unallocated	437.58	437.58	437.58	437.58	437.58
	<b>Total</b>	<b>9,403.75</b>	<b>15,873.17</b>	<b>15,823.95</b>	<b>9,403.75</b>	<b>15,823.95</b>

**Notes on Segment reporting:**

1. As per Ind AS 108 - Operating Segments, the Company has identified Hotel and Shopping Arcade as reportable segment.

2. Figures have been regrouped and reclassified wherever necessary

Date: 29.06.2021

Place: Tirupur

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





**Statement of Assets and Liabilities as at 31.03.2021**

Particulars	Year Ended 31.03.2021 (Audited)	Year Ended 31.03.2020 (Audited)
	Rs.in lakhs	
<b>A. ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	5,876.47	10,757.19
Capital work-in-progress	4,232.25	6,479.92
<b>NON-CURRENT FINANCIAL ASSETS</b>		
Trade receivables, non current	0.14	0.41
Loans	594.16	123.59
<b>Sub total- Non-current Assets</b>	<b>10,703.02</b>	<b>17,361.11</b>
<b>CURRENT ASSETS</b>		
Inventories	0.01	5.54
<b>Current Financial asset</b>		
Trade receivables, current	-	0.07
Cash and Cash equivalents	0.31	0.65
Loans-current	143.42	15.08
<b>Sub Total - Current Assets</b>	<b>143.74</b>	<b>21.34</b>
<b>Total assets</b>	<b>10,846.76</b>	<b>17,382.45</b>
<b>B. EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity Share capital	3,196.41	3,196.41
Other equity - Reserves & Surplus	(1,630.78)	(1,637.92)
<b>Total equity</b>	<b>1,565.63</b>	<b>1,558.49</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Deferred Tax liabilities (net)	314.96	437.58
Employee Benefit Obligations	62.60	62.60
Tax Liabilities (Net)	-	-
<b>Non-current Financial liabilities</b>		
Borrowings-non-current	7,239.61	13,639.48
Trade payable-Non current	665.59	665.20
Other non-current financial liabilities	178.83	136.06
Other non-current liabilities	773.14	785.92
<b>Sub Total Non-current Liabilities</b>	<b>9,234.73</b>	<b>15,726.84</b>
<b>Current liabilities</b>		
<b>Current financial liabilities</b>		
Borrowings-current	-	-
Trade payable-current	-	14.46
Other current financial liabilities	46.40	82.66
<b>Sub Total Current Liabilities</b>	<b>46.40</b>	<b>97.12</b>
<b>Total liabilities</b>	<b>9,281.13</b>	<b>15,823.96</b>
<b>Total Equity and Liabilities</b>	<b>10,846.76</b>	<b>17,382.45</b>





**Statement of Cash flow statement for the year ended 31 March 2021**

Rs. In lakhs

Particulars	For the year ended 31.03.2021 (Audited)		For the year ended 31.03.2020 (Audited)	
A. Cash flow from operating activities				
Net Profit / (Loss) before extraordinary items and tax		(279.86)		(317.55)
Adjustments for:				
Depreciation and amortisation	167.78		177.72	
Finance costs	0.08		13.19	
Interest income	(1.22)		(0.86)	
Exceptional Item	164.37			
Net (gain)/loss on sale of Fixed Assets	(164.37)		(2.11)	
Liabilities / provisions no longer required written back	1,319.55	1,486.19	(2.73)	185.21
Operating profit / (loss) before working capital changes		1,206.33		(132.33)
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Inventories	5.54		62.19	
Trade receivables	0.33		14.30	
Short-term loans and advances	(96.71)		0.09	
Long-term loans and advances	(470.57)		9.72	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	(14.07)		(5.04)	
Other Financial liabilities	6.52		26.09	
Other long-term liabilities	(12.78)			
Employees Benefit Obligation	-		18.02	
Cash flow from extraordinary items		(581.74)		125.36
Cash generated from operations		624.59		(6.98)
Net income tax (paid) / refunds		(31.62)		(1.98)
Net cash flow from / (used in) operating activities (A)		592.98		(8.95)
B. Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances	-		(0.29)	
Proceeds from Sale of Fixed Assets	3,557.75		46.81	
Net cash flow from / (used in) investing activities (B)		3,557.75		46.52
C. Cash flow from financing activities				
Proceed from long-term borrowings	-		39.49	
Proceeds/(Repayment) from Short-Term borrowings	-		(101.22)	
Repayment of Long Term Borrowings	(4,152.21)		-	
Interest received	1.22		0.86	
Dividend Paid	-		-	
Finance cost	(0.08)		(13.19)	
Net cash flow from / (used in) financing activities (C)		(4,151.06)		(74.06)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		(0.34)		(36.49)
Cash and cash equivalents at the beginning of the year		0.65		37.14
Cash and cash equivalents at the end of the year		0.31		0.65



## **INDEPENDENT AUDITOR'S REPORT**

**To the Members of Velan Hotels Limited**

**Report on the Audit of the Standalone Financial Statements**

### **Qualified Opinion**

We have audited the standalone financial statements of **Velan Hotels Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and Profit/Loss, Changes in Equity and its Cash Flows for the year ended on that date, subject to the notes given below with regard to Going Concern other Key Audit Matters.

### **Basis for Qualified Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Going Concern**

We draw attention to Note No. 36 of the attached Financial Statements for the year ended 31st March 2021. The Company's borrowings were taken over by M/s. RARE Asset Reconstruction Company Limited ("ARC") commencing from April 1, 2017 and as of the year ended March 31, 2021 a final One-time settlement amount has been arrived at with the ARC. Based on such proposal the Company has executed the sale of one of the assets with a view to repay the ARC, refer Note No. 35 to these financial statements. Further, with the Company having suspended all business operations and with no revenue being generated to meet the debt obligations, there exists a concern on the ability of the Company continuing as a Going Concern. In view of the above, our opinion is **Qualified**.



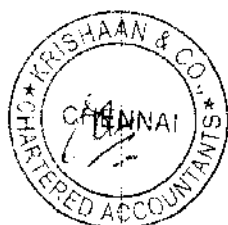
**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Key audit matters identified in our audit are summarized as follows:

- Ability of the Company Continuing as a Going Concern
- Confirmation of balance of Outstanding Debt
- Impairment of Assets
- Delays in remittance of statutory dues
- Gratuity and Leave Encashment accounted on estimated basis

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b><u>Ability of the Company Continuing as a Going Concern</u></b></p> <p>As at 31<sup>st</sup> March 2021, the Company has suspended all operations of the Company and there exists no revenue generation to meet the debt obligations and to continue the operations. Accordingly, it has been determined as a key audit matter.</p>	<p>Our audit procedures in relation to assessment of going concern included:</p> <ul style="list-style-type: none"> <li>- Obtaining an understanding of and assessing the design, implementation and operating effectiveness of key internal controls over the existence and performance of Revenue and Receivables activities;</li> <li>- Audit of debt obligations as at the year ended March 31, 2021;</li> <li>- Estimating the extent of revenue to continue the operations on a Going Concern Basis,</li> <li>- Assessment of the revenue-generating capacity of the company to reasonably meet its debt obligations.</li> </ul> <p><b>Key Observation:</b></p> <p>We draw attention to Note No. 36 of the attached Financial Statements for the year ended 31st March 2021. The Company's borrowings were taken over by M/s. RARE Asset Reconstruction Company Limited ("ARC") commencing from April 1, 2017 and as of the year ended March 31, 2021 a final One-time settlement amount has been arrived at with the ARC. Based on such proposal the Company has executed the sale of one of the assets with a view to repay the ARC, refer Note No. 35 to these financial statements. Further, with the Company having suspended all business operations and with no revenue being generated to meet the debt obligations, there exists a concern on the ability of the Company continuing as a Going Concern. In view of the above, our opinion is Qualified</p>





<p><b>Confirmation of balance of Outstanding Debt:</b></p> <p>As on the date of Balance Sheet, the company has not obtained confirmation statement from ARC for Outstanding Debt.</p>	<p>Our audit procedures in relation to assessment of outstanding balance of debt as on 31.03.2021:</p> <ul style="list-style-type: none"> <li>- Tested the information used by management for outstanding debts.</li> <li>- Obtained necessary evidences to confirm the transfer of closing outstanding debts with Banks to ARC.</li> </ul> <p><b>Key Observation:</b>  With the final OTS offer provided by the ARC and accepted by the Company, such communication has been considered for the confirmation of the Outstanding Debt.</p>
<p><b>Impairment of Assets</b></p> <p>For the Assets, which are taken over by ARC against the amount due, has been not tested for Impairment.</p>	<p>Our audit procedures in relation Impairment of Assets:</p> <ul style="list-style-type: none"> <li>- Obtained list of Fixed Assets by Carrying Amount, which is original book value less depreciation.</li> <li>- Tested the Carrying amount for impairment using discounted cashflows.</li> <li>- Adjusted the fixed assets for reduction in carrying value and recognized the loss.</li> </ul> <p><b>Key Observation:</b>  The test for the impairment of the assets tied to the borrowings have not been carried out as only a portion of the assets have been sold as at the year end. With the other assets still in the possession of the Company, impairment, if any, shall be quantifiable only on completion of the sale of the assets of the Company and extinguishment of the Debt. Therefore no loss is recognised on account of potential impairment.</p>
<p><b>Delays in remittance of statutory dues:</b></p> <p>Company is delay in remittance of statutory dues to various statutory authorities.</p>	<p>There has been significant delay in the remittance of Tax Deducted at Source, Goods and Service Tax, Value Added tax, Service Tax, Provident Fund and Employees' State Insurance to appropriate authorities. The outstanding dues are yet to be remitted with the statutory authorities as at the year end. There were no amount outstanding pertaining to the accounting year 2020-21</p>
<p><b>Gratuity and Leave Encashment accounted on estimated basis</b></p> <p>As on the balance sheet date, the company has not made provision for gratuity and leave encashment on Actuarial Basis</p>	<p>Our audit procedures in relation accounting of Gratuity and Leave Encashment on Actuarial Basis:</p> <ul style="list-style-type: none"> <li>- Tested the accuracy and completeness of data sent by management to Actuaries in computing the provision for Gratuity and Leave Encashment;</li> <li>- Tested the appropriateness of methods, other inputs and significant assumptions used by the Actuary.</li> </ul> <p><b>Key Observation:</b>  As all the operations of the company has been suspended all the employees except KMP have resigned, no further provision Gratuity and Leave Encashment is required. The Company</p>





	shall have to re-assess the carrying liability of Gratuity and Leave Encashment to arrive at the appropriate liability. Till such time no revisions in the carrying value of Gratuity and Leave Encashment has been considered. The impact of change in profitability could not ascertained.
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**Information Other than the Financial Statements and Auditor's Report Thereon:**

The Company's Board of Directors is responsible for other information. The other information comprises the information included in the financial highlights, board's report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In Connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.





**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

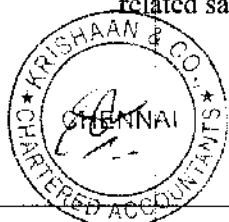
As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.





From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our Auditor's Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

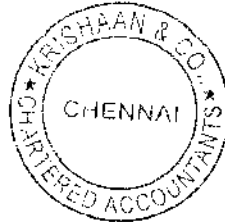
### **Report on Other Legal and Regulatory Requirements**

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable. As required by Section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 37 to the financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.



- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.



Place: Tirupur  
Dated: June 29, 2021

For **Krishaan & Co.,**  
Chartered Accountants  
Firm Reg. No. 001453S

*K Sundarajan*

**K Sundarajan**  
Partner

Membership No. 208431  
UDIN: 21208431AAAACN3258



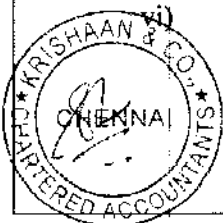
**Annexure – A to the Independent Auditors' Report**

**The Annexure referred to in our Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2021, we report that:**

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us and on the basis of our examination of the registered title deeds of all the immovable properties of land and building are held in the name of the company as at the balance sheet date; Immovable properties of land and building whose title deeds have been pledged as security for loans, guarantees etc., are held in the name of the Company as per Memorandum of Entry executed by the company and confirmed by the banker/ARC as on the balance sheet date.
- ii) (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals. No inventory is lying at the end of the year.
- (b) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material, which have been properly dealt with in the books of account.
- iii) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms, LLPs or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Consequently, the provisions of clauses iii (a), iii (b) and iii (c) of the order are not applicable to the Company.
- iv) The Company has not granted any loans, made investments, issued guarantees or provided any security to any Director or any other person as specified in the Act and hence this clause is not applicable to the Company for this year.
- v) The Company has not accepted any deposits from the public covered under section 73 to 76 of the Companies Act, 2013.

As per information and explanation given by the management, The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act.



- vii) a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, valued added taxes/GST, sales tax, wealth tax, excise duty, service tax, duty of customs, value added tax, cess and other material statutory dues have been deposited with delays during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of statutory dues were in arrears as at 31 March 2021 for a period of more than six months from the date they became payable is as follows

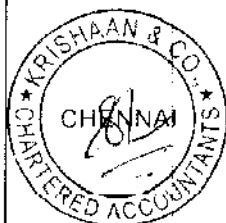
Nature of Due	Amount Outstanding (in Laacs)	Period
Goods and Service Tax	43.64	From Jan 2019
Service Tax	50.51	Upto June 2017
Value Added Tax	8.52	From Jan 2019
Employees Provident Fund	5.27	From Nov 2019
Employees State Insurance	0.63	From Nov 2019

- b) According to the information and explanations given to us and also based on the Management representation, there are no disputed statutory dues that have not been deposited as at the year-end other than:

Statue	Nature of Dues	Amount involved [Rs.]	Period to which the Amount relates	Forum where the dispute is pending
Employees Provident Fund and Miscellaneous Provisions Act, 1952	Damages on delayed payment Employees Provident Fund	5.99 Lakhs	2015-16, 2016-17 and 2017-18	Labour Court, Chennai
Income Tax Act, 1961	Income Tax (*)	2.15 Lakhs	AY 2010-11	Assessing Officer
Income Tax Act, 1961	Income Tax (*)	2.73 Lakhs	AY 2011-12	Assessing Officer
Income Tax Act, 1961	Income Tax (*)	0.03 Lakhs	AY 2012-13	Assessing Officer

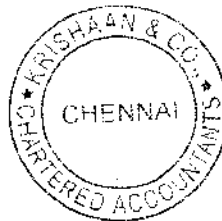
(\*) – response filed on Income Tax Portal, pending rectification

- viii) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders during the year. Refer Note No. 36 to these financial statements.
- ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and no term loans have been raised during the year.
- x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.





- xi) According to the information and explanations give to us and based on our examination of the records of the Company, No remuneration is paid to Managing Director and Executive Director of the company for the year.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.



For **Krishaan & Co.,**  
Chartered Accountants  
Firm Reg. No. 001453S

*K Sundarrajan*

**K Sundarrajan**

Partner

Place: Tirupur  
Dated: June 29, 2021

Membership No. 208431  
UDIN: 21208431AAAACN3258

**ANNEXURE - B TO THE INDEPENDENT AUDITOR'S REPORT**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of VELAN HOTELS LIMITED ("the Company") as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.





### **Meaning of Internal Financial Controls Over Financial Reporting**

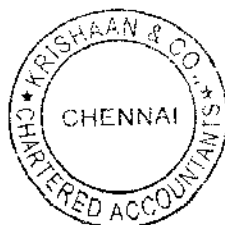
A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.



For Krishna & Co.,  
Chartered Accountants  
Firm Reg. No. 001453S

*K. Sundarrajan*

**K Sundarrajan**  
Partner

Place: Tirupur  
Dated: June 29, 2021

Membership No. 208431  
UDIN: 21208431AAAAACN3258

**Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results**

<b><u>Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2021</u></b>				
<b><u>[See Regulation 33/ 52 of the SEBI (LODR) (Amendment) Regulations, 2016]</u></b>				
I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total income	12.39	12.39
	2.	Total Expenditure	292.25	292.25
	3.	Net Profit/(Loss)	7.13	7.13
	4.	Earnings Per Share	0.02	0.02
	5.	Total Assets	10,846.76	10,846.76
	6.	Total Liabilities	9,281.13	9,281.13
	7.	Net Worth	1,565.63	1,565.63
	8.	Any other financial item(s) (as felt appropriate by the management)		
II.	<b><u>Audit Qualification (each audit qualification separately):</u></b> a. Details of Audit Qualification: <b><u>i) Going Concern</u></b> <i>The Company's borrowings were taken over by M/s. RARE Asset Reconstruction Company Limited ("ARC") commencing from April 1, 2017 and as of the year ended March 31, 2021 a final One-time settlement amount has been arrived at with the ARC. Based on such proposal the Company has executed the sale of one of the assets with a view to repay the ARC. Further, with the Company having suspended all business operations and with no revenue being generated to meet the debt obligations, there exists a concern on the ability of the Company continuing as a Going Concern.</i>  <b><u>ii) Pending Confirmation of balance of Outstanding Debt:</u></b> <i>Due to non-availability of confirmations in respect of loan taken over by ARC. In the absence of such confirmations, any provisions to be made for the variations in carrying amounts of outstanding balance of debt, cannot be quantified as well as the quantum of adjustment if any, required to be made remains unascertained.</i>  <b><u>iii) Impairment of Assets</u></b> <i>The test for the impairment of the assets tied to the borrowings have not been carried out as only a portion of the assets have been sold as at the year end. With the other assets still in the possession of the Company, impairment, if any, shall be quantifiable only on completion of the sale of the assets of the Company and extinguishment of the Debt. Therefore no loss is recognised on account of potential impairment.</i>  <b><u>iv) Delays in remittance of statutory dues:</u></b> <i>There has been significant delay in the remittance of Tax Deducted at Source, Goods and Service Tax, Value Added tax, Service Tax, Provident Fund and Employees' State Insurance to appropriate authorities. There were no amount outstanding pertaining to the accounting year 2020-21.</i>  <b><u>v) Gratuity and Leave Encashment accounted on estimated basis</u></b> <i>The company has not made provision for gratuity and leave encashment on Actuarial Basis.</i>			
	b.	Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion  <b>Qualified Opinion</b>		
	c.	Frequency of qualification: Whether appeared first time / repetitive / since how long continuing		

### **Repetitive**

- d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:

*The Company's account was categorized as NPA by Allahabad Bank and Andhara Bank during the year 2014. In April, 2017, the said Banks assigned the entire debts of the Company alongwith all underlying security interest, all rights, title & benefits to M/s.RARE Asset Reconstruction Limited (previously known as Raytheon Asset Reconstruction Private Limited) under the applicable provisions of the SARFAESI Act. The Company opted for One-Time Settlement offer with the said ARC and obtained in-principle approval from them during March, 2021 and the final approval of OTS has now been received.*

*The Company entered into a Memorandum of Understanding (MoU) on 10th November, 2020 with M/s. Avenue Supermarts Limited, Mumbai, non-related party, for sale of Company's Shopping Mall and part of Multiplex properties with the consent of M/s.RARE Asset Reconstruction Limited ("RARE" or "ARC") which was assigned the Company's debt together with all security interest and all rights of the Company by the Banks and has the symbolic possession of the entire properties of the Company for a total consideration of Rs. 35,43,75,000. The assets for this sale constitutes land to the extent of 84474 sq. ft. and the building constructed on the said land. Based on the final confirmation received from the ARC the sale was completed prior to the year ended March 31, 2021 and has resulted in the Company receiving the final One-Time-Settlement ("OTS") offer from the ARC. In addition to the above properties, the Company owns Hotel properties at Tirupur and Coonoor, properties of Biomass based Renewable energy plant and vacant land of convention hall, all of which are non functional as of now and are located in Tirupur, Tamilnadu. After deducting the property tax dues, Electricity Bill dues and other statutory dues that are only directly associated with this property (Shopping Mall), the entire sale proceeds will be adjusted towards our proposed revised One-Time Settlement (OTS) agreed with M/s. RARE Asset Reconstruction Limited.*

*As per terms of in-principle approval, the initial payment of Rs.30 crores was already paid to the said ARC on 30th March, 2021 from the proceeds of sale of Shopping Mall and part of Multiplex properties.*

*The revenues of the Velan Greenfields Hotel Tirupur was severely impacted due to the ongoing Covid-19 Novel Corona Virus pandemic forcing the closure of operations. With this closure all revenue generating operations of the Company has been suspended. The company is exploring options of selling a part or all of its revenue generating assets to settle all liabilities. In view of the above, the Company's ability of continuing as a Going concern is dependent on the value that can be generated by the sale of assets and the surplus, if any, available subsequent to the settlement of all liabilities. In view of the uncertainty on the realisable values, the impairment to the value of assets is not ascertainable at this juncture.*

*As per the final OTS offer provided by the ARC and accepted by the Company, such communication has been considered for the confirmation of the Outstanding Debt.*

*The Company is taking necessary steps to regularise the Statutory Dues.*





- e. For Audit Qualification(s) where the impact is not quantified by the auditor:

- (i) Management's estimation on the impact of audit qualification:

*Management is unable to estimate the impact on the above audit qualification. Reason is for same is stated below.*

- (ii) If management is unable to estimate the impact, reasons for the same:



	<p><i>Impact on Audit qualification is not estimable due to the following reasons,</i></p> <p><i>a) Only a portion of the assets have been sold as at the year end. With the other assets still in the possession of the Company, impairment, if any, shall be quantifiable only on completion of the sale of the assets of the Company and extinguishment of the Debt, therefore no loss is recognised on account of potential impairment of Fixed Assets tied to the borrowings.</i></p> <p><i>b) Due to COVID-19, the business operation of the company has been forced to Closure, With this closure all revenue generating operations of the Company has been suspended. The company is exploring options of selling a part or all of its revenue generating assets to settle all liabilities including Statutory Liabilities. In view of the above, the Company's going Concern is affected.</i></p> <p><i>c) No Provision for Gratuity /Leave encashment has been considered during the period due to all the employees of the company except KMP have resigned and there are no eligible employees during the year under review.</i></p> <p>(iii) Auditors' Comments on (i) or (ii) above:</p> <p><i>a) In the opinion of the management and also due to Uncertainty in realizable values of remaining Fixed Assets by the management no loss is recognised on account of potential impairment of Fixed Assets.</i></p> <p><i>b) In respect of Going Concern, the company's ability to run business as going concern is dependent on the value that can be generated by the sale of assets and the surplus, if any, available subsequent to the settlement of all liabilities.</i></p>
III.	<p><u>Signatories:</u></p> <p>Managing Director : </p> <p>CFO : </p> <p>Audit Committee Chairman : </p> <p>Statutory Auditor : </p> <p>Place : Tirupur</p> <p>Date : 29 /06/2021</p> 