



VELAN HOTELS LIMITED

Registered Office: 41, Kangeyam Road, Tirupur - 641 604

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Email: accounts@velanhotels.com; Website: www.velanhotels.com

GSTIN : 33AAACV8449H3Z3 / CIN : L55101TZ1990PLC2653

May 30, 2022

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

Dear Sir

Sub : Intimation of Audited financial results (standalone) of the Company for the quarter and year ended 31st March, 2022 - Reg.

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

1. Statement of Audited financial results of the Company for the quarter and year ended 31st March, 2022.
2. Audit Report for the financial year ended 31st March, 2022 issued by M/s.Krishaan & Co., Statutory Auditor of the Company.
3. Statement on Impact of Audit Qualifications with modified opinion.

The above 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 7.00 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 Year Ended 31 March 2022

Sl. No	Particulars	Quarter Ended			Year Ended	
		31.03.2022	31.12.2021	31.03.2021	31.03.2022	31.03.2021
		Audited	Unaudited	Audited	Audited	Audited
1	Net Sales (net of duties)/Income from operations		-	4.03	-	4.03
2	Other income		-	8.36	-	8.36
3	Total Income	-	-	12.39	-	12.39
4		3196.41				
a)	Cost of materials consumed	-	-	5.54	-	5.54
b)	Purchases of Stock-in-trade progress	-	-	-	-	-
c)	Employee benefits expenses	3.15	3.93	4.05	13.86	15.85
d)	Finance costs	0.03	-	0.05	0.06	0.08
e)	Depreciation and amortisation expenses	49.45	23.55	41.94	123.68	167.78
f)	Power & Fuel	-	-	0.08	0.38	17.60
f)	Other expenses	7.42	9.63	42.82	135.31	85.40
	Total expenses	60.05	37.11	94.48	273.29	292.25
5	Profit/(loss) before exceptional and tax	(60.05)	(37.11)	(82.09)	(273.29)	(279.86)
6	Exceptional items (net credit/charge)	-	-	164.37	1,211.02	164.37
7	Profit/(loss) before tax	(60.05)	(37.11)	82.28	937.73	(115.49)
8	Tax expenses					
a.	Current Tax	-	-	-	-	-
b.	Deferred tax credit/(charge)	-	-	122.62	-	122.63
c.	Income tax for earlier years	-	-	-	-	-
d.	Mat credit Entitlement	-	-	-	-	-
9	Profit/(loss) for the period from continuing operations	(60.05)	(37.11)	204.90	937.73	7.13
10	Profit/(loss) from discontinued operations before tax	-	-	-	-	-
11	Tax expenses of discontinued operation	-	-	-	-	-
12	Profit/(loss) from discontinued operations after Tax	-	-	-	-	-
13	Profit/(loss) for the period	(60.05)	(37.11)	204.90	937.73	7.13
14	Other comprehensive income for the period (net of tax)	-	-	-	-	-
15	TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(60.05)	(37.11)	204.90	937.73	7.13
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				(1,270.83)	(2,215.34)
18	a) Earnings per share					
	Basic	(0.19)	(0.12)	0.64	2.93	0.02
	Diluted	(0.19)	(0.12)	0.64	2.93	0.02

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 30 May 2022.
- 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 Year Ended 31 March 2022

- 5) 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 and paid Rs. 12.20 crore from the proceeds of sale of Hotel at Coonoor (Rs. 10 cr during the quarter ended December 31, 2021)and Advance received for sale of power plant (Rs.2.38 during the quarter ended March 31, 2022). (Refer Note 6a and 6b below).
- 6) a) 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. The sale was concluded for a total consideration of Rs. 35,43,75,000.
- b) During September 2021, The Company entered into another Memorandum of Understanding (MoU) with M/s. Stanes High School Association, Coonoor, non-related party and M/s. Atulit Developers LLP, Coonoor for sale of Company's Hotel at Coonoor 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. 15,91,11,111. Out of total Consideration the company has received Rs. 11,11,11,111 from M/s. Atulit Developer LLP for Sale of part of Land and Total Building and paid Rs.10 Crore to M/s.Rare Asset Reconstruction Limited and repaid Rs. 1 Crore to M/s. Stanes High School Association towards advance received in earlier years for Sale of coonoor property amounting to Rs. 5.80 Crore.
- c) The company has entered into Memorandum of understanding with M/s. Stanes High School Association for Sale of 52 Cents of Land at coonoor for the remaining advance of Rs. 4.80 Crore and sale was completed on 27 October 2021.
- 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.
- 8) Exceptional items during the year ended March 2022 comprises of profit on disposal of Company's Hotel at Coonoor for a total consideration of Rs. 15,91,11,111. No provision for taxation is considered during the year based on the benefits available to the company under the provisions Income Tax Act, 1961.
- 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 for Loans and Advances 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 being no eligible employees during the period under review.
- 13) In view of the Accumulated Business and Depreciation Loss, and there being no certainty of profits in the near future, provision for Deferred Taxes has not been considered in these financial statements for the Year ended 31st March 2022.
- 14) 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.
- 15) Previous period/year figures have been regrouped and/or reclassified, wherever necessary.

Date: 30.05.2022
Place: Tirupur

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

For VELAN HOTELS LIMITED


Company Secretary

Segment-wise Revenue, Result and capital employed for the Quarter and Year ended 31st March 2022

S no	Particulars	Quarter Ended			Year Ended	
		31.03.2022	31.12.2021	31.03.2021	31.03.2022	31.03.2021
		Audited	Unaudited	Audited	Audited	Audited
1	Segment Revenue					
	(Net sales/Income)					
	a) Guest Accommodation and other	-	-	4.03		-
	b) Food Beverages	-	-	-		4.03
		3,196.41	-	4.03		4.03
	Less : Intersegment Revenue		-	-		-
	Net sales/Income from operations	-	-	4.03		4.03
2	Segment results					
	(profit/loss before interest & tax)					
	a) Guest Accommodation and other	(41.48)	(25.23)	(50.87)	(168.47)	(186.91)
	b) Food Beverages	(18.55)	(11.88)	(39.53)	(104.76)	(101.23)
	Total	(60.02)	(37.11)	(90.40)	(273.23)	(288.14)
	Less: i) Interest	(0.03)	-	(0.05)	(0.06)	(0.08)
	ii) Other unallocable expenditure net off	-	-	-		-
	iii) Un-allocable income	-	-	172.73	1,211.02	172.73
	Total profit/(Loss) Before tax	(60.05)	(37.11)	82.28	937.73	(115.49)
3	Capital Employed					
	(segment assets-segment liabilities)					
	Segment Assets					
	a) Guest Accommodation and other	5,655.99	4,656.37	5,259.75	5,655.99	5,259.75
	b) Food Beverages	4,035.64	2,966.21	2,909.02	4,035.64	2,909.02
	c) Unallocated	-	2,677.99	2,677.99	-	2,677.99
	Total Segment Assets	9,691.63	10,300.57	10,846.75	9,691.63	10,846.75
	Segment Liabilities					
	a) Guest Accommodation and other	4,648.80	4,942.75	5,931.00	4,648.80	5,931.00
	b) Food Beverages	2,224.53	2,479.46	3,035.16	2,224.53	3,035.16
	c) Unallocated	314.96	314.96	314.96	314.96	314.96
	Total	7,188.28	7,737.17	9,281.12	7,188.28	9,281.12

Notes on Segment reporting:

1. As per Ind AS 108 - Operating Segments, the Company has identified Guest Accommodation and Food and Beverage as reportable segment for the period under review.

2. Figures have been regrouped and reclassified wherever necessary

Date: 30.05.2022

Place: Tirupur

Sd.E.V.Muthukumara Ramalingam
Managing Director.

For **VELAN HOTELS LIMITED**

M. Srinivasan
Company Secretary

Velan Hotels Limited
41 Kangayam Road, Tirupur- 641 604. Ph :++91-421-4311111, 2424444
Fax :++91-421 - 2424434 Email:accounts@velanhotels.com
CIN: L55101TZ1990PLC002653

Statement of Assets and Liabilities as at 31.03.2022

Particulars	Year Ended 31.03.2022 (Audited)	Year Ended 31.03.2021 (Audited)
A. ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	8,101.05	5,876.47
Capital work-in-progress	-	2,677.99
NON-CURRENT FINANCIAL ASSETS		
Trade receivables, non current	0.14	0.14
Loans	1,535.16	2,148.42
Sub total- Non-current Assets	9,636.35	10,703.02
CURRENT ASSETS		
Inventories	-	-
Current Financial asset		
Trade receivables, current	-	-
Cash and Cash equivalents	0.75	0.31
Loans-current	54.54	143.42
Sub Total - Current Assets	55.29	143.73
Total assets	9,691.64	10,846.75
B. EQUITY AND LIABILITIES		
Equity		
Equity Share capital	3,196.41	3,196.41
Other equity - Reserves & Surplus	(693.06)	(1,630.78)
Total equity	2,503.35	1,565.63
LIABILITIES		
Non-current liabilities		
Deferred Tax liabilities (net)	314.96	314.96
Employee Benefit Obligations	4.53	62.60
Tax Liabilities (Net)	-	-
Non-current Financial liabilities		
Borrowings-non-current	6,060.68	7,239.61
Trade payable-Non current	155.28	665.59
Other non -current financial liabilities	417.39	178.82
Other non-current liabilities	210.48	773.14
Sub Total Non-current Liabilities	7,163.32	9,234.72
Current liabilities		
Current financial liabilities		
Borrowings-current	-	-
Trade payable-current	-	-
Other current financial liabilities	24.97	46.40
Sub Total Current Liabilities	24.97	46.40
Total liabilities	7,188.29	9,281.12
Total Equity and Liabilities	9,691.64	10,846.75

VELAN HOTELS LIMITED

M. Srinivasan
Company Secretary

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Statement of Cash flow statement for the Year ended 31 March 2022

Particulars	For the year ended 31.03.2022 (Audited)		For the year ended 31.03.2021 (Audited)	
A. Cash flow from operating activities				
Net Profit / (Loss) before extraordinary items and tax		(273.29)		(279.86)
Adjustments for:				
Depreciation and amortisation	123.68		167.78	
Finance costs	0.06		0.08	
Interest income	-	3,196.41	(1.22)	
Exceptional Item	1,211.02		164.37	
Net (gain)/loss on sale of Fixed Assets	(1,211.02)		(164.37)	
Liabilities / provisions no longer required written back	-	123.74	1,319.55	1,486.19
Operating profit / (loss) before working capital changes		(149.55)		1,206.33
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Inventories	-		5.54	
Trade receivables	-		0.33	
Short-term loans and advances	100.00		(96.71)	
Long-term loans and advances	613.27		(470.57)	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	(510.31)		(14.07)	
Other Financial liabilities	217.13		6.52	
Other long-term liabilities	2,115.33		(12.78)	
Employees Benefit Obligation	(58.07)		-	
Cash flow from extraordinary items		2,477.34		(581.74)
Cash generated from operations		2,327.79		624.59
Net income tax (paid) / refunds		(11.11)		(31.62)
Net cash flow from / (used in) operating activities (A)		2,316.68		592.98
B. Cash flow from investing activities				
Proceeds from Sale of Fixed Assets	1,606.11		3,557.75	
Net cash flow from / (used in) investing activities (B)		(1,137.25)		3,557.75
C. Cash flow from financing activities				
Repayment of Long Term Borrowings	(1,178.92)		(4,152.21)	
Interest received	-		1.22	
Finance cost	(0.06)		(0.08)	
Net cash flow from / (used in) financing activities (C)		(1,178.99)		(4,151.06)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		0.44		(0.34)
Cash and cash equivalents at the beginning of the year		0.31		0.65
Cash and cash equivalents at the end of the year		0.75		0.31

For **VELAN HOTELS LIMITED**

M. Senthilvelan
Company Secretary

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, 2022, 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, 2022, 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 2022. The Company's borrowings were taken over by M/s. RARE Asset Reconstruction Company Limited ("ARC") commencing from April 1, 2017 and out of the final One-time settlement amount of Rs. 97.32 crores agreed with the ARC, the company has made a payment of Rs. 42.20 cr. from the sale proceeds of Shopping Mall and part of Multiplex properties, Hotel at Coonoor Advance received for sale of power plant. The company intends to repay the balance to the ARC from the sale of other assets of the Company, 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.



Other Matters

In view of the lockdown and travel restrictions due to outbreak of COVID-19, wherever physical access was not possible, necessary records / reports / documents were verified through digital medium, email, etc. on a sample basis and were relied upon as audit evidence for carrying out the audit for the current year. This has been carried out based on the advisory on "Specific Considerations while conducting Distance Audit / Remote Audit / Online Audit under current Covid-19 situation" issued by the Auditing and Assurance Standards Board of ICAI. We have been represented by the management that the data provided for our audit purposes is correct, complete, reliable and are directly generated by the accounting system of the Company without any further manual modifications. We bring to the attention of the users that the audit of the financial statements has been performed in the aforesaid conditions.

In view of above Our opinion is **Not Qualified**.

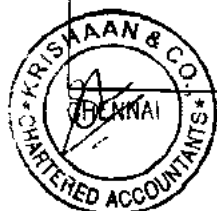
Key Audit Matters

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, 2022. 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.

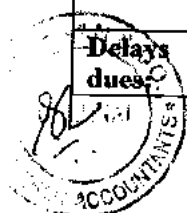
Key audit matters identified in our audit are summarized as follows:

- 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><u>Ability of the Company Continuing as a Going Concern</u></p> <p>As at 31st March 2022, 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"> - 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; - Audit of debt obligations as at the year ended March 31, 2022; - Estimating the extent of revenue to continue the operations on a Going Concern Basis, - Assessment of the revenue-generating capacity of the company to reasonably meet its debt obligations.



	<p>Key Observation: We draw attention to Note No. 36 of the attached Financial Statements for the year ended 31st March 2022. The Company's borrowings were taken over by M/s. RARE Asset Reconstruction Company Limited ("ARC") commencing from April 1, 2017 and out of the final One-time settlement amount of Rs. 97.32 crores agreed with the ARC, the company has made a payment of Rs. 42.20 cr. from the sale proceeds of Shopping Mall and part of Multiplex properties, Hotel at Coonoor Advance received for sale of power plant. The company intends to repay the balance to the ARC from the sale of other assets of the Company, 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>Confirmation of balance of Outstanding Debt:</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 31.03.2022:</p> <ul style="list-style-type: none"> - Tested the information used by management for outstanding debts. - Obtained necessary evidences to confirm the transfer of closing outstanding debts with Banks to ARC. <p>Key Observation: 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>Impairment of Assets</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"> - Obtained list of Fixed Assets by Carrying Amount, which is original book value less depreciation. - Tested the Carrying amount for impairment using discounted cashflows. - Adjusted the fixed assets for reduction in carrying value and recognized the loss. <p>Key Observation: 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>Delays in remittance of statutory dues</p>	<p>There has been significant delay in the remittance of Tax Deducted at Source, Goods and Service Tax, Value Added tax,</p>



<p>Company is delay in remittance of statutory dues to various statutory authorities.</p>	<p>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 2021-22</p>
<p>Gratuity and Leave Encashment accounted on estimated basis</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"> - Tested the accuracy and completeness of data sent by management to Actuaries in computing the provision for Gratuity and Leave Encashment; - Tested the appropriateness of methods, other inputs and significant assumptions used by the Actuary. <p>Key Observation: 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 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.</p>

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 assets 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, 2020 ("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, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022 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: May 30, 2022

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

A handwritten signature in black ink, appearing to read "K Sundarrajan".

K Sundarrajan

Partner
Membership No. 208431
UDIN: 22208431AJXFFU5594

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

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2022				
[See Regulation 33/ 52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total income	-	-
	2.	Total Expenditure	273.29	273.29
	3.	Net Profit/(Loss)	937.73	937.73
	4.	Earnings Per Share	2.93	2.93
	5.	Total Assets	9,691.64	9,691.64
	6.	Total Liabilities	7,188.29	7,188.29
	7.	Net Worth	2,503.35	2,503.35
	8.	Any other financial item(s) (as felt appropriate by the management)		
II.	<u>Audit Qualification (each audit qualification separately):</u> a. Details of Audit Qualification: i) <u>Going Concern</u> <i>The Company's borrowings were taken over by M/s. RARE Asset Reconstruction Company Limited ("ARC") commencing from April 1, 2017 and out of the final One-time settlement amount of Rs. 97.32 crores agreed with the ARC, the company has made a payment of Rs. 42.20 cr. from the sale proceeds of Shopping Mall and part of Multiplex properties, Hotel at Coonoor Advance received for sale of power plant. The company intends to repay the balance to the ARC from the sale of other assets of the Company, 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.</i> ii) <u>Pending Confirmation of balance of Outstanding Debt:</u> <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> iii) <u>Impairment of Assets</u> <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> iv) <u>Delays in remittance of statutory dues:</u> <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> v) <u>Gratuity and Leave Encashment accounted on estimated basis</u> <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

Qualified Opinion

- 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 along with 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 and paid Rs. 12.20 crore from the proceeds of sale of Hotel at Coonoor (Rs. 10 cr during the quarter ended December 31, 2021) and Advance received for sale of power plant (Rs.2.38 during the quarter ended March 31, 2022).





a) *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. The sale was concluded for a total consideration of Rs. 35,43,75,000.*

b) *During September 2021, The Company entered into another Memorandum of Understanding (MoU) with M/s. Stanes High School Association, Coonoor, non-related party and M/s. Atulit Developers LLP, Coonoor for sale of Company's Hotel at Coonoor 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. 15,91,11,111. Out of total Consideration the company has received Rs. 11,11,11,111 from M/s. Atulit Developer LLP for Sale of part of Land and Total Building and paid Rs.10 Crore to M/s.Rare Asset Reconstruction Limited and repaid Rs. 1 Crore to M/s. Stanes High School Association towards advance received in earlier years for Sale of coonoor property amounting to Rs. 5.80 Crore.*

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.

	<p>e. For Audit Qualification(s) where the impact is not quantified by the auditor:</p> <p>(i) Management's estimation on the impact of audit qualification:</p> <p><i>Management is unable to estimate the impact on the above audit qualification. Reason is for same is stated below.</i></p> <p>(ii) If management is unable to estimate the impact, reasons for the same:</p> <p><i>Impact on Audit qualification is not estimable due to the following reasons,</i></p> <p>a) <i>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>b) <i>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>c) <i>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>a) <i>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>b) <i>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 : 30 /05/2022</p>