



# ARUNA HOTELS LIMITED

**52<sup>nd</sup>**

**Annual Report  
2013-2014**

**ARUNA HOTELS LIMITED**

**ARUNA HOTELS LIMITED**

**(CIN-L15421TN1960PLC004255)**

**Corporate Information**

CHAIRMAN & MANAGING DIRECTOR	M. SIVARAM
WHOLE-TIME DIRECTOR	KATHICK P SIVARAM
DIRECTOR	S.KALYANAM C.L.RAVICHANDRAN DR.MUTHIAN SENTHIL NATHAN MR.SANKARANARAYANAN SUBRAMANIAN MR.NATESA PILLAI SUBRAMANIAN MR.VENKATESA IYER VISWANATHAN DR.RAGHAVAN SIVARAM MR.KASIRAJAN RANGASWAMY MR.SHAMEER AHAMED
BANKERS	PUNJAB NATIONAL BANK
AUDITORS	U.C. Bhandari & Co Bangalore
REGISTRAR & SHARE TRANSFER AGENTS	M/s. MCS Share Transfer Agents Ltd 21/22, GR Floor, Kashiram Jamnadas blds P.D'Mello Road. Ghadiyal Godi, Masjid (East), Mumbai -400009 Ph:022-40206021, 23726255, 67439092
HOTEL DIVISION	HOTEL THE ARUNA 144, Sterling Road, Chennai-600 034.
REGISTERED OFFICE	'Aruna Centre', 145 Sterling Road, Nungambakkam, Chennai-600 034

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**ARUNA HOTELS LIMITED**

**NOTICE TO SHAREHOLDERS**

Dear Shareholder(s)

Notice is hereby given that the Fifty Second Annual General Meeting of the Shareholders of Aruna Hotels Limited will be held on Wednesday the 9<sup>th</sup> September, 2015 at Youth Hostel, 2<sup>nd</sup> Avenue, Indira Nagar, Chennai-600 020 at 9.45 A.M, to transact the following business:

**ORDINARY BUSINESS:**

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2014, Profit and Loss Account for the year ended 31<sup>st</sup> March 2014 and together with the Reports of the Board of Directors and the Auditors thereon.
- 2) To appoint a director in place of Mr. S. Kalyanam Director who retires by rotation and being eligible offers himself for re-appointment.
- 3) To appoint a director in place Mr. C.L Ravichandran Director who retires by rotation and being eligible offers herself for re-appointment.
- 4) To appoint M/s. U.C. Bhandari & co. Chartered Accountants, as the Auditors of the Company to hold office from the Conclusion of this Annual General Meeting upto the Conclusion on of next Annual General Meeting and to fix their remuneration.

**SPECIAL BUSINESS:**

- 5) Appointment of, Director of the Company

To Consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

RESOLVED THAT Dr. Muthiah Senthil Nathan who was appointed on 14<sup>th</sup> November 2013 as an Additional Director of the Company and holds office upto the date of this Annual General Meeting under Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company.

- 6) Appointment of, Director of the Company

To Consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

RESOLVED THAT Mr. Sankaranarayanan Subramanian who was appointed on 14<sup>th</sup> November 2013 as an Additional Director of the Company and holds office upto the date of this Annual General Meeting under Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company.

- 7) Appointment of, Director of the Company

To Consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

RESOLVED THAT Mr. Natesa Pillai Subramanian who was appointed on 14<sup>th</sup> November 2013 as an Additional Director of the Company and holds office upto the date of this Annual General Meeting under Section 161 of the

**ARUNA HOTELS LIMITED**

Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company.

8) **Appointment of, Director of the Company**

To Consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**RESOLVED THAT** Mr. Venkatesa Iyer Viswanathan who was appointed on 14<sup>th</sup> November 2013 as an Additional Director of the Company and holds office upto the date of this Annual General Meeting under Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company.

9) **Appointment of, Director of the Company**

To Consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**RESOLVED THAT** Dr. Raghavan Sivaram who was appointed on 14<sup>th</sup> November 2013 as an Additional Director of the Company and holds office upto the date of this Annual General Meeting under Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company.

10) **Appointment of, Director of the Company**

To Consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**RESOLVED THAT** Mr. Kasirajan Rangaswamy who was appointed on 14<sup>th</sup> November 2013 as an Additional Director of the Company and holds office upto the date of this Annual General Meeting under Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company.

11) **Appointment of, Director of the Company**

To Consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**RESOLVED THAT** Mr. Shameer Ahamed who was appointed on 14<sup>th</sup> November 2013 as an Additional Director of the Company and holds office upto the date of this Annual General Meeting under Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company.

**By Order of the Board,  
For Aruna Hotels Limited**

Place: Chennai  
Date : 25/02/2015

**M.Sivaram  
Chairman**

Notes

1. The relative explanatory statement pursuant to Section 102 of the Companies Act, 2013 in respect of the special business under item No.5 and 11 of the Notice, is annexed hereto.
2. **A Member entitled to attend at the meeting is entitled to appoint a Proxy to attend instead of himself and the Proxy need not be a Member of the Company.** A person can act as proxy on behalf of Members not exceeding Fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. Proxy Form is enclosed in the last page of this Annual Report. Proxies in order to be effective must be received at the Registered office of the Company not less than 48 hours before the commencement of the Meeting. Proxies submitted on behalf of the Companies, Societies, etc., must be supported by an appropriate resolution/authority, as applicable.
3. During the period beginning 24 hours before the time fixed of the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days of the notice in writing is given to the Company.
4. Members / Proxies should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
5. The Register of Director and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the member at the AGM.
6. The Register of Members and Share Transfer Book will remain closed from 8<sup>th</sup> September 2015 to 9<sup>th</sup> September 2015 (both days inclusive) for the purpose of AGM.
7. Members are requested to address all correspondence, to the Registrar and Share Transfer Agents, MCS Share Transfer Agents Limited, Mumbai
8. The Securities and Exchange Board of India (SEBI) had mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore requested to submit their PAN to their Depository Participant(s). Members holding in physical form shall submit their PAN details to the Company.
9. All documents referred to in the Notice will be available for inspection at the Company Registered Office during normal business hours on working days up to the date of AGM.

**Explanatory Statement Pursuant to Section 102 of the Companies Act, 2013**

**ITEM NO: 5**

Dr. Muthiah Senthil Nathan was appointed as an Additional Director of the Company with effect from 14<sup>th</sup> November 2013, pursuant to Section 161 of the Companies Act, 2013, read with Articles of Association of the Company Dr. Muthiah Senthil Nathan holds office of the Director up to the date of this Annual General Meeting. The Company has received notice in writing from a member along with a deposit of requisite fee proposing the candidature of Dr. Muthiah Senthil Nathan for the Office of the Director under the provisions of Section 160 of the Companies Act, 2013 .

The Board accordingly recommends the resolution as set out in item No.5 of the Notice for approval of the members.

None of the Directors of the company other than Dr. Muthiah Senthil Nathan is interested or concerned in this resolution.

**ITEM NO: 6**

Mr. Sankaranarayanan Subramanian was appointed as an Additional Director of the Company with effect from 14<sup>th</sup> November 2013, pursuant to Section 161 of the Companies Act, 2013, read with Articles of Association of the Company Mr. Sankaranarayanan Subramanian holds office of the Director up to the date of this Annual General Meeting. The Company has received notice in writing from a member along with a deposit of requisite fee proposing the candidature of Mr. Sankaranarayanan Subramanian for the Office of the Director under the provisions of Section 160 of the Companies Act, 2013.

The Board accordingly recommends the resolution as set out in item No.6 of the Notice for approval of the members.

None of the Directors of the company other than Mr. Sankaranarayanan Subramanian is interested or concerned in this resolution.

**ITEM NO: 7**

Mr. Natesa Pillai Subramanian was appointed as an Additional Director of the Company with effect from 14<sup>th</sup> November 2013, pursuant to Section 161 of the Companies Act, 2013, read with Articles of Association of the Company Mr. Natesa Pillai Subramanian holds office of the Director up to the date of this Annual General Meeting. The Company has received notice in writing from a member along with a deposit of requisite fee proposing the candidature of Mr. Natesa Pillai Subramanian for the Office of the Director under the provisions of Section 160 of the Companies Act, 2013.

The Board accordingly recommends the resolution as set out in item No.7 of the Notice for approval of the members.

None of the Directors of the company other than Mr. Natesa Pillai Subramanian is interested or concerned in this resolution.

**ITEM NO: 8**

Mr. Venkatesa Iyer Viswanathan was appointed as an Additional Director of the Company with effect from 14<sup>th</sup> November 2013, pursuant to Section 161 of the Companies Act, 2013, read with Articles of Association of the Company Mr. Venkatesa Iyer Viswanathan holds office of the Director up to the date of this Annual General Meeting. The Company has received notice in writing from a member along with a deposit of requisite fee proposing the candidature of Mr. Venkatesa Iyer Viswanathan for the Office of the Director under the provisions of Section 160 of the Companies Act, 2013.

The Board accordingly recommends the resolution as set out in item No.8 of the Notice for approval of the members.

None of the Directors of the company other than Mr. Venkatesa Iyer Viswanathan is interested or concerned in this resolution.

**ITEM NO: 9**

Dr. Raghavan Sivaram was appointed as an Additional Director of the Company with effect from 14<sup>th</sup> November 2013, pursuant to Section 161 of the Companies Act, 2013, read with Articles of Association of the Company Dr. Raghavan Sivaram holds office of the Director up to the date of this Annual General Meeting. The Company has received notice in writing from a member along with a deposit of requisite fee proposing the candidature of Dr. Raghavan Sivaram for the Office of the Director under the provisions of Section 160 of the Companies Act, 2013 .

The Board accordingly recommends the resolution as set out in item No.9 of the Notice for approval of the members.

Dr. Raghavan Sivaram is related to Mr. M. Sivaram, Managing Director and Karthick P Sivaram , Whole-time Director of the Company. Except Mr. Sivaram and Mr. Karthick P Sivaram none of the Directors or Key Managerial Personnel(KMP) of the Company is concerned or interested, financial or otherwise for his appointment.

**ITEM NO: 10**

Mr. Kasirajan Rangaswamy was appointed as an Additional Director of the Company with effect from 14<sup>th</sup> November 2013, pursuant to Section 161 of the Companies Act, 2013, read with Articles of Association of the Company Mr. Kasirajan Rangaswamy holds office of the Director up to the date of this Annual General Meeting. The Company has received notice in writing from a member along with a deposit of requisite fee proposing the candidature of Mr. Kasirajan Rangaswamy for the Office of the Director under the provisions of Section 160 of the Companies Act, 2013 .

The Board accordingly recommends the resolution as set out in item No.10 of the Notice for approval of the members.

None of the Directors of the company other than Mr. Kasirajan Rangaswamy is interested or concerned in this resolution.



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**ITEM NO: 11**

Mr. Shameer Ahamed was appointed as an Additional Director of the Company with effect from 14<sup>th</sup> November 2013, pursuant to Section 161 of the Companies Act, 2013, read with Articles of Association of the Company Mr. Shameer Ahamed holds office of the Director up to the date of this Annual General Meeting. The Company has received notice in writing from a member along with a deposit of requisite fee proposing the candidature of Mr. Shameer Ahamed for the Office of the Director under the provisions of Section 160 of the Companies Act, 2013.

The Board accordingly recommends the resolution as set out in item No.11 of the Notice for approval of the members.

None of the Directors of the company other than Mr. Shameer Ahamed is interested or concerned in this resolution.

**By Order of the Board,  
For Aruna Hotels Limited**

Place: Chennai  
Date : 25/02/2015

**M.Sivaram**  
Chairman

## ARUNA HOTELS LIMITED

### DIRECTORS REPORT

Your Directors have pleasure in presenting their Fifty Second Annual Report, together with the Audited Accounts of the Company for the financial year 2013-14 consisting of 12 months from 01-04-2013 to 31-03-2014.

#### FINANCIAL RESULTS

During this financial year, your Company made a turnover of Rs. 926.72 lakhs including other income. There have been arrears of interest on certain loans availed by the Company, arrears of salary & wages, arrears of remuneration to the directors and statutory dues, etc., which could not be provided in the past due to the financial condition of the Company. Your board of directors decided to make provisions for such overdue arrears, ahead of the implementation of the new business plans. After making provision for such overdue arrears and other expenses, and after providing for depreciation, there was a net loss of Rs.3364.41 lakhs.

	2013/14	2012/13
Gross Sales	784.66	971.97
Other Income	142.06	436.11
Total Income	926.72	1408.08
Less:		
- Cost of materials consumed	186.02	189.64
- Employee Benefit Expenses	373.01	412.4
- Financial Charges	1917.63	296.34
- Depreciation & Amortisation Expenses	186.43	149.41
- Other Expenses	1628.04	813.83
- Total Expenditure	4291.13	1861.63
Loss before exceptional & extraordinary items & tax	-3364.41	-453.55
Exceptional items	0	0
Profit before extraordinary items	-3364.41	-453.55
Less: Provision for tax	0	0
Net Profit / Loss (-)	-3364.41	-453.55

#### DIVIDEND

Considering the financial results of the Company for the year under review, the Board of Directors could not consider payment of any dividend to the shareholders.

**MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT**

Subsequent to the end of the financial year under review, the hotel has been closed for demolition and putting up of commercial / residential blocks. Hence there will not be any generation of revenue during this year.

It has also been decided to revalue the block assets of the Company during the current financial year 2014 – 15, since the historical value does not reflect the intrinsic value of these assets. It has also been decided provide for balance of arrears of remuneration due to the Executive Directors (Managing Director and Executive Director) and some of the senior executives who have put in long service, statutory dues, etc., which could not be provided fully in the past.

**REVIEW OF OPERATIONS**

**HOTEL DIVISION**

During the year under review, the Hotel was operational with 79 rooms. The gross sales shown above consisted mainly of room revenue and Food & Beverage revenue. The Other Income consisted of rent received from the floors in the annexe building leased out to restaurants. The performance of the Hotel has not been satisfactory.

**BLEAK PROSPECTS OF HOTEL BUSINESS**

The availability of hotel rooms within Chennai city is much more than the current demand, which is affecting the performance of almost all the hotels in the City. Many hotels have already closed down and are putting up residential/commercial apartments. Even some of the new hotel projects, where construction was in progress, have decided to demolish the construction and convert into real estate projects. The existing mismatch of demand and supply would continue for some more years and the Company would continue to be incurring losses. As the Company cannot afford to incur further losses, the Board of Directors took a decision to close down the existing hotel, demolish the building and in its place put up commercial/residential apartments.

Therefore, offers were invited from reputed builders and out of them, the offer made by M/s. Kgeyes Residency Pvt. Ltd., Chennai was found to be the most beneficial and accepted by the Management, and a preliminary agreement has been entered into with them. As per the terms agreed, in due course, we have to hand over vacant possession of the property to them to enable them to proceed with the various formalities for demolishing the existing hotel and annexe buildings and constructing new commercial / residential building(s) on the same site.

Accordingly, the hotel business was closed effective from 1<sup>st</sup> April 2014.

The Company will not totally exit from hotel business. As per the studies undertaken, there is a scope for putting up a hotel near the Airport and therefore, out of the surplus anticipated from the above proposed property redevelopment, the Company would consider putting up a hotel with lesser number of rooms in a new location.

## **ARUNA HOTELS LIMITED**

Meanwhile, some of the shareholders have approached the Company Law Board and obtained an interim Order, which prevents alienation, encumbrance and creation of third party interest on the property, due to which the property redevelopment proposal has come to a standstill.

The Management is exploring the possibilities of removing the deadlock.

### **EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE INDEPENDENT AUDITORS.**

Replies to the observations made by the Auditors are given in the Addendum to this Report.

### **LISTING OF COMPANY'S SECURITIES**

Your Company's equity shares are currently listed on Bombay Stock Exchange Limited (BSE), Mumbai. The company had taken an in-principle decision to delist the equity shares from Ahmedabad Stock Exchange and Madras Stock Exchange.

### **DEMATERIALIZATION OF SHARES**

Your Company's shares have been made available for dematerialization through the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

### **FIXED DEPOSITS**

The Company has not been accepting any fixed deposit.

### **BOARD OF DIRECTORS**

**Additional Directors** - During the year company co-opted seven Directors on the board as Additional Directors. They are Dr. Muthiah Senthil Nathan, Mr. Sankaranarayanan Subramanian, Mr. Natesa Pillai Subramanian, Mr. Venkatesa Iyer Viswanathan, Dr. Raghavan Sivaram, Mr. Kasirajan Rangaswamy and Mr. Shameer Ahamed.

Accordingly, all the aforementioned persons were appointed as a Additional Directors with effect from November 14, 2013 to hold office till the conclusion of ensuing Annual General Meeting. They do not seek reappointment.

**Cessation of director** – Mr. Kamal Kumar Babbar ceased to be Director of the Company with effect from 30.09.2013.

**Resignation of Director** – A. Periasamy Pillay resigned from the Board of the Company with effect from 14.05.2013.

**Re-appointment of directors retiring by rotation** – Mr. S.Kalyanam and Mr. C.L. Ravichandran Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

## **ARUNA HOTELS LIMITED**

The Board expresses its appreciation for the services rendered and for the matured advice provided by the outgoing directors during their association with the Company.

### **AUDITORS**

At the Annual General Meeting, the members have to appoint Auditors for the period from conclusion of the 52<sup>nd</sup> AGM till the conclusion of the 53<sup>rd</sup> AGM.

M/s. Anil Kumar Bhandari & Associates, Chartered Accountants, Bangalore, the retiring Auditors, are eligible for reappointment and they have confirmed that their reappointment, if made, will be within the limits prescribed under the provisions of Companies Act 2013.

### **SUBSIDIARIES**

The Company does not have any subsidiaries and hence Consolidation of Accounts does not arise.

### **CORPORATE GOVERNANCE**

A detailed report on Corporate Governance has been included separately in the Annual Report. A report on Management Discussion and Analysis is attached to the Directors' Report and forms part of this Annual Report.

A report on Corporate Governance including Certificate on compliance with the conditions of Corporate Governance under Clause 49 of the listing agreement is furnished with the Annual Report.

### **BOARD COMMITTEES:**

The Company has three Board Committees, viz. Audit Committee, Share Transfer/Investors' Grievances Committee and Remuneration Committee to assist the Board of Directors in effective discharge of its responsibilities.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Your Directors confirm:

That in preparation of the annual Accounts, the applicable accounting standards have been followed along with proper explanation.

That the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended on 31<sup>st</sup> March 2014 and of the loss of the Company for that year.

That the Directors had taken proper and sufficient care for maintenance of adequate accounting records for the year ended 31<sup>st</sup> March 2014 in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for prevention of fraud and other irregularities.

That the Directors have prepared the Annual Accounts on an ongoing basis.

**CODE OF CONDUCT**

The Board has laid down a Code of Conduct for all Board Members and Senior Management of the Company. The Code of Conduct has been posted on Companies website. Board Members and Senior Management personnel have affirmed Compliance with the Code for the financial year 2013-14. A separate declaration to this effect is made out in the Corporate Governance Report.

**PERSONNEL**

Information required to be furnished under the provisions of Companies Act 2013 read with the rules made there-under, is not applicable since none of the employees are receiving remuneration specified.

**CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

As the Company is not engaged in any of the industrial activity mentioned in the Schedule to Companies (Disclosure of particulars in the report of Board of Directors) 1988, Section 217(1)(e) of the Companies Act, 1956 read along with Companies (Disclosure of particulars in the report of Board of Directors) 1988, the requirement of furnishing particulars regarding conservation of energy, technology absorption and adoption provided under Section 217(1)(e) of the Companies Act, 1956 is not applicable and hence same has not been provided.

There are no material foreign exchange earnings or outgo during this period.

**ACKNOWLEDGEMENT**

Your Directors wish to take the opportunity to thank the Central & State Governments and Punjab National Bank for the help and support extended by them.

Thanks are also due to our patrons for their continued patronage and the vendors for their co-operation.

Your Directors also wish to thank the Members for the continued confidence they repose in the Management and the Employees for their sincere services and co-operation.

**By Order of the Board  
For Aruna Hotel Ltd**

Date : 25/02/2015  
Place : Chennai

**M. Sivaram  
Chairman**

**ARUNA HOTELS LIMITED**

**ANNEXURE – 1**

**Information as per Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report is given below:**

**A. CONSERVATION OF ENERGY:**

Not applicable

**B. TECHNOLOGY ABSORPTION:**

e) Since the Company is a hotel company, the question of Technology absorption will not arise.

**C. FOREIGN EXCHANGE EARNINGS & OUTGO:**

f) Activities relating to export initiatives taken to increase exports, development of new export markets for products and services and export plans: The Company has planned expansion of export markets.

g) Total foreign exchange used and earned: **NIL**

**FORM-B**

Form for disclosure of particulars with respect to Technology Absorption, Research and Development (R&D)

- |  |            |
|--|------------|
| <b>1. Specific areas in which R&amp;D carried out by the Company: -</b>    | <b>Nil</b> |
| <b>2. Benefit derived as a result of the above R &amp; D: -</b>            | <b>Nil</b> |
| <b>3. Future plan of Action: Completion of product development action.</b> |            |
| <b>Expenditure on R&amp;D: -</b>   | <b>Nil</b> |
| <b>Technology Absorption, Adoption and Innovation:</b>                     | <b>Nil</b> |

**By Order of the Board  
For Aruna Hotels Limited**

Place : Chennai  
Date : 25/02/2015

**M. Sivaram  
Chairman**

**ADDENDUM TO THE AUDITORS REPORT**

Replies to the Observation made by the Auditors in their Report

**Note No.1 in the Report**

We are in the process of obtaining confirmation of balance from creditor and debtors.

**Note No.2 in the Report**

In the opinion of the board, the inventories are stated at the realizable value.

**Note No.3 in the Report**

The company has duly maintained statutory records as per the Act. The same have been produced to auditor after the completion of audit.

**Note No.4 in the Report**

As on date, we have paid part of the necessary dues to the statutory authorities.

**Note No.5 in the Report**

The management is exploring the possibilities of removing the deadlock and the company is in the process of identifying new investor(s) for further business prospects.

**Note No.6 in the Report**

All known cases are listed in the contingent liabilities. In the opinion of the company there are no other material contingent liabilities.

**Note No.7 in the Report**

The Company is already in the process of getting actuary valuation from the registered valuer. However, in the opinion of the company, gratuity provisions are calculated as per Gratuity Act.



**MANAGEMENT DISCUSSION & ANALYSIS REPORT**

**1. INDUSTRY STRUCTURE AND OUTLOOK**

The Hotel Industry in India had been witnessing a boom for the last few years, thanks to the thriving economy and increased commercial and political importance of the Country. The various steps taken by the Government to give a boost to the Tourism industry and the opening of aviation industry have given added fillip to the Hotel Industry. One unique feature of this development is the appreciable increase in the number of domestic travelers driven by rising middle class with increased disposable incomes.

The share of India in International tourist arrivals is progressively increasing. Domestic Tourism too is growing. The number of Domestic tourists in India is rising.

However, in certain cities like Chennai, the availability of hotel rooms is in far excess of the demand, forcing even luxury hotels to reduce their tariff, which has led to the other hotels also reducing their tariff, and some of the hotels are not able to make both ends meet.

**2. SWOT ANALYSIS OF THE INDUSTRY.**

The strong point for the development of the Hotel Industry as a whole is the support being extended by both Central and State Governments. Another strong point has been the increase in the share of India in international tourism and hospitality sector, and this is expected to continue for quite some time.

As tourism has become the largest service industry in India, with a contribution of 9 per cent to the national GDP and 8.78 per cent of the total employment in India. its importance has been fully recognized by the Government which is extending all possible support for its development.

The major weakness for the industry is Lack of good infrastructure such as good roads, continuous power supply, comfortable modes of transport, etc. The Government is taking steps to remove these weaknesses.

The development of various sectors of the economy and the increase in the number of both domestic and international tourists offer tremendous opportunities for the Hotel Industry. India has got enormous potential to be tapped.

Increase in terrorist activities, which could have an impact on the international tourist inflow and increasing cost of travel, which could have an impact on the domestic tourist traffic, are among the major threats. The economy is under inflationary pressures with steep increase in the prices of food and oil, which has resulted in rise in the operational costs; this trend will also have a negative impact on the travel prospects of the tourists, and this poses a threat to the otherwise favourable trends.

**3. SWOT ANALYSIS OF OUR HOTEL**

Location of our hotel, availability of ample space for parking a good number of cars and the large size of our rooms are our strengths.

## ARUNA HOTELS LIMITED

Closure of the Hotel for nearly two years for renovation was a major weakness, and has eroded the client base of the Hotel. The steps taken by the Company to re-present the hotel as an attractive place for stay have not met with success.

Added to the competition from a large number of new hotels, which have sprung up and from increasing number of serviced apartments and posh guest- houses, the increasing surplus of supply of rooms over demands is posing a major threat to our Hotel.

Therefore, the Company has decided to construct commercial building / residential apartments taking advantage of the prime location, and also consider the possibility of establishing a smaller hotel (in a better location like near Airport), which will have better business prospects.

Place : Chennai

Date : 25/02/2015

**By Order of the Board  
For Aruna Hotels Limited**

**M.Sivaram**  
Chairman

## ARUNA HOTELS LIMITED

### CORPORATE GOVERNANCE

The Company has been complying with the Corporate Governance Code as per clause 49 of the Listing Agreement with the Stock Exchange. A report on the Corporate Governance is given below:

#### **1. COMPANY'S PHILOSOPHY:**

The Company's philosophy is to ensure highest levels of transparency and accountability in all facets of its operations, and equity and ethics in all its interactions with all its stakeholders, including shareholders, employees, clients, the government and lenders.

The Company's basic goal is to enhance the overall shareholder value, and all its business decisions and actions are oriented towards achieving this basic goal.

#### **2. BOARD OF DIRECTORS**

##### a) Composition of Board of Directors:

The Board of Directors of the Company consists of eleven (11) directors including 2 Whole Time Directors / Executive Directors, 4 Non-Executive Directors and 7 Non- Executive Additional Directors. There are four (4) promoter directors, (the Managing Director and the Executive Director, as well as 2 Additional Directors), three independent directors and 5 independent additional directors. On 14-11-2013, seven people were co-opted on the board as Additional Directors. They are Dr. Muthiah Senthil Nathan, Mr. Sankaranarayanan Subramanian, Mr. Natesa Pillai Subramanian, Mr. Venkatesa Iyer Viswanathan, Dr. Raghavan Sivaram, Mr. Kasirajan Rangaswamy, Mr. Shameer Ahamed. Mr. M. Sivaram is the Chairman & Managing Director and Mr. Kartick P Sivaram is the Executive Director. Directors are Mr. C.L. Ravichandran and Mr. S. Kalyanam.

##### b) Details of the Board Meetings held during the year, attendance by Directors at the Board Meetings & the Annual General Meeting and membership of Directors in other Boards/ Committees:

During the financial year 2013-14, there were six Board Meetings, held on 14-05-2013, 14-08-2013, 30-09-2013, 05-11-2013, 14-11-2013 and 14-02-2014.

The following table gives details of Composition of the Board of Directors, Attendance of each Director at the Board meetings and the last Annual General Meeting of the Company and Details of positions of Chairmanship / Directorship of Board, and Chairmanship / Membership of Committee, held by each Director in other companies:

**ARUNA HOTELS LIMITED**

Name	Category	Board Meetings during the tenure		Attendance at the last AGM	No. of Directorships in other Public Companies		No. of Committee Memberships in other Public Companies	
		Held	Attended	2011-12	Chairman	Director	Chairman	Member
Mr. M. Sivaram, Chairman & Managing Director	Promoter - Executive Director	6	6	Yes	-	1	-	-
Mr. Kartick P. Sivaram, Executive Director	Promoter - Executive Director	6	6	Yes	-	1	-	-
Mr. S. Kalyanam	Independent - Non-Executive Director	6	6	Yes	-	-	-	-
Mr. C.L.Ravichandran	Independent - Non-Executive Director	6	6	Yes	-	1	-	-
Dr. M. Senthilnathan	Promoter - Non-Executive Director	2	-	-	-	-	-	-
Dr. Raghavan Sivaram	Promoter - Non-Executive Director	2	1	-	-	-	-	-
Mr. S.Subramaniam	Independent - Non-Executive Director	2	-	-	-	-	-	-
Mr. V. Viswanathan	Independent - Non-Executive Director	2	-	-	-	-	-	-
Mr. N.Subramaniam	Independent - Non-Executive Director	2	-	-	-	-	-	-
Mr. R. Kasirajan	Independent - Non-Executive Director	2	-	-	-	-	-	-
Mr. Shameer Ahmed	Independent - Non-Executive Director	2	-	-	-	-	-	-

**3. AUDIT COMMITTEE:**

As a measure of good Corporate Governance and in order to assist the Board of Directors in discharge of their responsibilities, an Audit Committee has been functioning. The Committee consists of only independent directors:

a) Functions of the Committee in brief:

The functions of the Audit Committee include:

- i) Ensuring the adequacy of internal audit systems and to review the reports of internal auditors and the compliance of suggestions made by the internal auditors.
- ii) Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- iii) Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- iv) Reviewing with management the annual financial statements before submission to the Board.
- v) Reviewing the company's financial and risk management policies.
- vi) To look into the reasons for substantial defaults in the payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

## ARUNA HOTELS LIMITED

b) **Composition and names of the members and the Chairman.**

The Audit Committee consists of three independent non- executive Directors viz. Shri S. Kalyanam (Chairman of the Committee), Shri C.L. Ravichandran and Shri R. Kasirajan. The constitution of Audit Committee meets with the requirements under Section 292A of the Companies Act, 1956.

c) **Meetings and attendance during the year:**

During the year, the Committee met four times. The details of attendance of Members/invitees of the Audit Committee are given below:

Shri S. Kalyanam	Chairman (Independent)	4
Shri C.L. Ravichandran	Member (Independent)	4
Shri R. Kasirajan	Member (Independent)	4

#### **4. REMUNERATION TO DIRECTORS.**

Mr. M. Sivaram, Chairman & Managing Director and Mr. Kartick P. Sivaram, Executive Director, are the two executive directors who received / are to receive remuneration during the year under review. The details are given below:

(Rs. In lakhs)

Particulars	Mr. M. Sivaram	Mr. Kartick P. Sivaram
	Vice-Chairman & Managing Director	Executive Director
Salary	24.00	12.00
Perquisites	9.60	5.04
Contribution to PF	2.40	8.84
Commission	0.00	0.00
Total	36.00	17.88

As per the audited financials of Aruna Hotels Limited, as on March 31, 2014, the total amount of remuneration overdue / payable / remaining unpaid to Mr. M. Sivaram, CMD is Rs. 22.40 Lakhs and to Mr. Kartick P Sivaram, ED is Rs. 57.03 Lakhs. Mr. M. Sivaram and Mr. Kartick P Sivaram will have to be paid their overdue amounts, which have been delayed by the company.

The non-executive directors are paid Sitting Fee of Rs.4000/- for every meeting of Board and Rs.2000/- for every meeting of Audit Committee or any other Committee, attended by them, besides reimbursement of Rs.1000/- towards out-of-pocket expenses. Out-station directors are reimbursed the traveling expenses actually incurred by them.

#### **5. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE & REMUNERATION COMMITTEE**

The Company has constituted the Shareholders / Investors grievance committee comprising of Mr. M. Sivaram, Mr. R. Kasirajan and Mr. Kartick P. Sivaram.

## — ARUNA HOTELS LIMITED —

The Company has authorized Shri Srikanth Reddy, Company Secretary to approve the share transfers on a fortnightly basis.

The Board has designated Shri Srikanth Reddy, Company Secretary, as the compliance officer.

The total number of complaints received and replied to the satisfaction of the shareholders during the year under review is:

Complaints relating to	Received	Attended	Pending
Share Transfer	10	10	0
Dematerialisation	8	8	0
Others	5	5	0

The Company has constituted a Remuneration Committee comprising of Mr. S. Kalyanam and Mr. C.L. Ravichandran and Mr. R. Kasirajan.

### **6. GENERAL BODY MEETINGS:**

The last three Annual General Meetings of the Company were held as under:

<i>AGM Detail</i>	<i>Venue</i>	<i>Time &amp; Date</i>
48 <sup>th</sup> Annual General Meeting	Hotel Aruna, Chennai, 144, Sterling Road, Chennai-600 034	10.15 A.M. on 30.12.2010
49 <sup>th</sup> Annual General Meeting	Hotel Aruna, Chennai, 144, Sterling Road, Chennai-600 034	10.15 A.M. on 29.09.2011
50 <sup>th</sup> Annual General Meeting	Hotel Aruna, Chennai, 144, Sterling Road, Chennai-600 034	10.15 A.M. on 30.07.2014

During the year under review, the Company has not passed any resolution through Postal Ballot as required by the Companies (passing of resolution by postal ballot) Rules, 2001/Cause 49 of the Listing Agreement.

### **7. DISCLOSURES:**

- a) There were no materially significant related party transactions with the Company's promoters, the directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the company at large. Whatever related party transactions were there, particulars thereof have been duly disclosed in the Balance Sheet.
- b) Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchanges or SEBI, or any statutory authority, on any matter related to capital markets, during the last three years:

Trading of Company's shares had been suspended by the Stock Exchange, Mumbai and has agreed to revoke the suspension upon payment of the necessary fee to BSE; the necessary undertakings were given to BSE but the revocation fee is yet to be paid.

## ARUNA HOTELS LIMITED

### 8. MEANS OF COMMUNICATION.

- a) The Company is not sending any Half-yearly report to each household of shareholders.
- b) The Company has set up its own website for the benefit of the shareholders / investors under the domain name of "www.arunahotelslimited.com"
- c) No presentations have been made to institutional investors or to the analysts.
- d) Management Discussion & Analysis Report forms part of this Annual Report being sent to the shareholders of the Company.

### 9. GENERAL SHAREHOLDER INFORMATION:

A	52 <sup>nd</sup> Annual General Meeting	
	Date and Time	9 <sup>th</sup> September 2015, 9.45 A.M.
	Venue	Youth Hostel, 2 <sup>nd</sup> Avenue, Indira Nagar, Chennai-20
B	Financial Calendar for the	
	year 2014-15 (Tentative)	
	53 <sup>rd</sup> Annual General Meeting	on or before 30 <sup>th</sup> September 2015
	Board Meetings -	
	Results of the quarter ended 31 <sup>st</sup> March 2014	Second week of May 2014 (Over)
	Results of the quarter ended 30 <sup>th</sup> June 2014	Second week of August 2014 (Over)
	Results of the quarter ended 30 <sup>th</sup> September 2014	Second week of November 2014 (Over)
	Results of the quarter ended 31 <sup>st</sup> December 2014	Second week of February 2015 (Over)
	Results of the quarter ended 31 <sup>st</sup> March 2015	Second week of May 2015
C	Date of Book Closure	8 <sup>th</sup> September 2015 to 9 <sup>th</sup> September 2015 (both days inclusive)
D	Dividend Payment Date	Not applicable as the Company has not declared any dividend.
E	The Company's Equity shares are listed on Stock Exchange at	The Company's shares are listed on the Bombay Stock Exchange, Mumbai.
F	Stock Code	Trading Symbol at BSE - 500016 Demat ISIN Numbers in NSDL and CDSL - INE 957 01019
G	Market Price Date	Trading of company's shares remains suspended. Hence these details could not be given.
H	Performance in comparison with BSE Sensex	Trading of company's shares remained suspended during the year under review. Hence these details could not be given.

**ARUNA HOTELS LIMITED**

I	Registrars	M/s. MCS Ltd., Plot 6, Sector I, Khanda Colony, New Punwel (West), Mumbai-410 206. M/s. MCS Ltd. have connectivity with National Securities Depository Ltd. (NSDL) and Central Depository Services Ltd. (CDSL)
J	Share Transfer System	The Physical share transfers are processed and unless the transfer documents are found invalid, the transfers are effected and the share certificates are returned to the transferees within a maximum period of 30 days. Those shareholders who want to demat their shares may hand over their share certificate(s) to the Depository Participant with whom they have demat account, and the DP will forward it to the RTA for confirmation. All demat requests are processed and if found correct, requisite confirmation given within 21 days of receipt.
K	Dematerialisation of shares:	As per the notification issued by SEBI, trading in the Company's shares is done only in demat form with effect from February 2001. As of 31 <sup>st</sup> March 2014, about 36% of the Company's shares have been dematerialized.
L	Outstanding GDR, etc.	The Company has not issued any GDRS / ADRS / Warrants or any convertible instruments.
M	Plant Location	The Company has a Hotel, which is situated at No.144/145, Sterling Road, Nungambakkam, Chennai - 600 034.
N	Address for correspondence	Aruna Hotels Limited. 'Aruna Centre', 145 Sterling Road, Nungambakkam, Chennai - 600 034



**ARUNA HOTELS LIMITED**

Declaration by the Managing Director (CEO)  
under Clause 49 of the Listing Agreement.

To the Members of Aruna Hotels Limited.

I, M. Sivaram, Chairman & Managing Director of Aruna Hotels Limited, declare that to the best of my knowledge and belief, all the members of the Board and senior Management personnel of the Company have affirmed their respective compliance with the applicable code of conduct for the year ended 31st March 2014

Place : Chennai  
Date : 25/02/2015

**By Order of the Board**  
**For Aruna Hotels Limited**

**M.Sivaram**  
Chairman

**ARUNA HOTELS LIMITED**

**CERTIFICATE ON CORPORATE GOVERNANCE**

To,

The Members,

Aruna Hotels Limited

We have examined all relevant records of Aruna Hotels Limited ("Company") for the purpose of certifying compliances of the conditions of Corporate Governance under Clause 49 of the Listing Agreement entered into with Stock Exchanges for the financial year ended 31<sup>st</sup> March 2014.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring compliances of conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the information provided and explanations given to me, we certify that the Company has generally conformed to the conditions of Corporate Governance as stipulate in the above mentioned Listing Agreement, subject to, the following non-compliance of certain requirements of the Listing Agreement.

1. Company Trading of equity shares has been suspended at BSE
2. Company has not appointed company secretary as compliance officer
3. As per SEBI circular No. D&CC/FITTC/CIR-15/2002 dated December 27, 2002 directing issuer companies to appoint a common agency for share registry work (physical and electronic mode) whereas company so far not appointed common agency for share registry work.
4. During the year, the company has not submitted the following reports/certificates as per listing agreement executed with the stock exchange
  - i. Shareholding pattern under Clause 35
  - ii. Practicing company secretary certificate under clause 47C
  - iii. Un-audited financial results under clause 41
  - iv. Report on corporate Governance under clause 49
  - v. Reconciliation of Share Capital Audit certificate
  - vi. Intimation of Book closure and AGM
  - vii. Change of directors on the Board of the Company
  - viii. Investors grievance(s) against the Company

We further state that such compliance is neither an assurance as to the future viability of the company not the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Date : 24.02.2015

Place : Chennai

**M.Damodaran**  
Practising Company Secretary

C.P. 5087

## ARUNA HOTELS LIMITED

### INDEPENDENT AUDITOR'S REPORT

To the Members of Aruna Hotels Limited

#### Report on the Financial Statements

We have audited the accompanying financial statements of Aruna Hotels Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing Issued by the Institute of chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risks assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Basis for Qualified Opinion

- i. *No confirmation of balances has been obtained from Financial Institutions, and other parties from whom loan was taken and interest there on. Confirmation of balances has not been obtained from creditors and debtors.*
- ii. *The Company's inventories are carried in the Balance Sheet at Weighted Average Price. Management has not stated the inventories at the lower of cost and net realizable value but has stated them solely at cost, which constitutes a departure from the accounting standards referred to in sub-section (3C) of section 211 of the Act.*

- iii. *The company has not produced the statutory records for verification, hence we cannot form any opinion on compliances of various acts including Companies, Act 1956. The company has also not provided the details of various litigation filed by the third parties, hence we cannot ascertain the liability arising on those litigations.*
- iv. *Various statutory Authorities have issued the proposition & demand notices, due to non compliances of statutory requirements; we are unable to ascertain the exact outstanding demand, due to non production of those documents, the company.*
- v. *The Company has recorded a loss during the year. Further, its total current liabilities exceed total current assets as on balance sheet date. The validity of the going concern assumption on which the financial statements are prepared depends on the continuance and the ability of the company to generate sufficient cash flows their operations. We do not have sufficient evidence to assess whether the company's plans/projection would materialize.*
- vi. *The contingent liability of the company towards the pending cases are not ascertainable as on date, but if the decision is unfavorable it would materially impact the cash flow of the company.*
- vii. *The Company has made provisions for gratuity in its books calculated as per Gratuity Act for the employees and which is contrary to the Accounting Standard on retirement benefits which is issued by the Institute of Chartered Accountants of India as well as section 209(3b) of the companies Act, 1956. We are unable to quantify the difference amount based on the information available to the company.*

**\*Qualified Opinion**

*In our opinion and to the best of our information and according to the explanations gives to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the 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.*

- a) *in the case of the Balances Sheet, of the state of affairs of the Company as at March 31, 2014:*
- b) *in the case of the Profit and Loss Account, of the profit/ loss for the year ended on that date: and*
- c) *in the case of the Cash flow Statement of the cash flows for the year ended on that date.*

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those;

## ARUNA HOTELS LIMITED

- The Balance Sheet, Statement of Profit and loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- *\*Except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the Balance Sheet, Statement of Profit and loss, Notes to accounts annexed to them and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956.*
- On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the board of Directors, none of the directors are disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- Interest has been provided in the accounts for the Current liabilities and advance share application money for the current financial year & earlier year also, as per the understanding between the company & Investors. Further it has been explained by the management that certain advances has been received for future business, but the company could not deliver on time and management decided to compensate them with agreed interest on non performances, since no agreement copy for the same has been provided to us, but Board resolutions has been provided for the verification. Further we want to state that the Finance Cost includes Rs. 1282.67 lakhs as prior period interest/earlier year interest as per the understanding of the management with other parties. Further they have explained that due to now - availability of cash flow & insufficient profits the company did not provide the interest on those Current liabilities and advance share application money in previous year.
- As per the information received by the management, the company does not have a full time company secretary employed, this is non compliance of section 301 of Companies, Act 1956
- The Interest provided to the Related Parties during the current year has not been disclosed in the Significant Accounting Policies to the Financial Statements.
- The write off made by the company during the financial year includes the advances give in previous year towards the sugarcane business of the company.

**For U.C Bhandari and Co.**

**Chartered Accountants**

**Firm's Registration Number: 000440S**

**Pankaj N Mehta**

**(Partner)**

**Membership Number: 233165**

**Place: Bangalore**

**Date: 25-02-2015**

## ARUNA HOTELS LIMITED

### ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

#### I.

- a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) **The Fixed assets of the company have not been physically verified during the year by the management and hence we are unable to comment on any discrepancy.**
- c) During the year the company has revalued assets i.e. Land & Building And the revaluation reserve has been created to the tune of Rs 8748.66 lakhs as per the valuation report provided by the approved valuer.

#### II.

- a) Physical Verification of stocks of finished goods, stores, spare parts and raw materials was conducted by the Management during the period. In our opinion, the frequency was reasonable.
- b) The procedures of Physical Verification of stocks followed by the Management are reasonable and adequate, commensurate to the size of the Company and nature of its business.
- c) On the Basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material and have been properly dealt with in the book of accounts.

#### III.

- a) According to the information and explanation give to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- b) According to the information and explanations given to us, the Company has taken unsecured loan from parties covered in the register maintained under section 301 of the Companies Act, 1956. o/s amount of loan takes is Rs. 486.52 lakhs

#### IV.

In Our opinion and according to the information and explanations give to us the Internal Control System is inadequate to the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods and services.

#### V.

- a) Based on the audit procedures applied by us and according to the information and explanation provided to us by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act 1956 have been entered in the register required to be maintained under that section.
- b) In our opinion, the transaction made in pursuance of such contracts or arrangement have been made at prices which are reasonable have regard to the prevailing market prices at the relevant time.

## ARUNA HOTELS LIMITED

- VI.** The company has not accepted any deposits from the public.
- VII.** As informed to us a firm of Chartered Accountants is appointed as Internal Auditors of the Company for the period under review, but the report of the same has not been provided to us.
- VIII.** No Cost records have been prescribed by the Central Government under section 209(1) (d) of Companies Act, 1956.

**IX.**

- a) Undisputed statutory dues including provident fund: investments education and protection fund, employees state insurance, income-tax, sales-tax, wealth-tax, Service-tax, Customs duty, Excise Duty, cess have not been regularly deposited with the appropriate authority and there have been delays in large number of cases, the extant of arrears of statutory dues as at the last day of the financial year 2013-2014 outstanding for a period of more than six months from the date they became payable as per the list below.

Nature of Dues	Amount (in lakhs)
ESI Payable	3.65
Gratuity Payable	5.98
Income Tax Payable	2.25
Luxury Tax Payable	226.30
P F Payable	15.13
Professional Tax Payable	0.70
Property Tax Payable	0.32
VAT Payable	61.82
Service Tax Payable	127.44
TDS Payable	96.08
Water Tax Payable	1.99

- b) According to information and explanations given to us, no disputed amounts payable in respect of Income Tax, Wealth Tax, Service Tax, Customs duty were outstanding as at 31<sup>st</sup> March 2014 except Purchase Tax and Sales Tax on which appeal is pending before High Court.

- X.** The accumulated losses of the Company are not more than fifty percent of its net worth. It has incurred cash loss during the year and in the immediately preceding financial year.
- XI.** **Based on the audit procedures and on the information and explanations given by the Management, we are of the opinion that the Company has defaulted in repayment of dues to Financial Institutions or Banks.**
- XII.** The Company has not granted loan and advances on the basis security by way of pledge of shares, debentures and other securities.

**ARUNA HOTELS LIMITED**

- XIII.** According to the information and explanations provided by the management, the company has not given any guarantees for loans taken by others from bank and financial institutions.
- XIV.** According to the information and explanations provided to us, the term loan availed during the year has been utilized for the purpose of which it has been raised.
- XV.** Based on audit procedures applied by us and according to the information and explanations provided by the Management, we are of the opinion that the Company has not used the funds raised on short term basis for long term investments.
- XVI.** The Company has not made preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- XVII.** No fraud on or by the company has been noticed or reposted during the course of our audit.
- XVIII.** Other Provisions of Companies (Auditor's Report) Order, 2003 are not applicable.

**For U.C Bhandari and Co.**

**Chartered Accountants**

**Firm's Registration Number: 000440S**

**Pankaj N Mehta**

**(Partner)**

**Membership Number: 233165**

**Place : Bangalore**

**Date : 25-02-2015**



**ARUNA HOTELS LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31/03/2014**

Particulars		As at 31/03/2014 (Rs. In Lakhs)		As at 31/03/2013 (Rs.in Lakhs)
<b>Cash flows from Operating Activities</b>				
Net Loss before tax and extraordinary items		(3364.40)		(453.56)
Adjustments for non-cash and non-operating transactions				
Loss on Sale of Fixed Assets	3.20			
Finance Costs	1917.62		296.35	
Depreciation and Amortisation	186.43		149.41	
<b>Funds from operations</b>		2107.25		445.76
Decrease in Inventories	74.92		(3.06)	
Decrease in Trade Receivables	412.62		(83.55)	
Decrease in other Current Assets	371.47		(394.47)	
Increase in Trade Payables	17.85		(24.18)	
Decrease in Long-term Provisions	(17.46)		35.76	
Increase in Short-term Provisions	6.82		47.43	
Decrease in Short-term borrowings	131.72		60.70	
Decrease in Short-term loans and advances	0.75		58.47	
Increase in Other Current Liabilities	1116.78		(358.70)	
		2115.47		(661.60)
Cash flows from Operating Activities before tax		858.32		(669.40)
Less: Tax Paid		-		-
<b>Cash generated / (lost) from Operating Activities</b>		<b>858.32</b>		<b>(669.40)</b>
<b>Cash flows from Investing Activities</b>				
Purchase of Fixed Assets	(11.59)		(18.26)	
Sale of Fixed Assets	1.92		(5.41)	
<b>Cash generated / (lost) from Investing Activities</b>		<b>(9.67)</b>		<b>(23.67)</b>
<b>Cash flows from Financing Activities</b>				
Finance Costs	(1917.62)		(296.35)	
Term Loans from Banks	(485.63)		443.19	
Loans from Related Parties	478.59		(479.95)	
Loans from others	(1160.92)		1474.06	
Other Long-term borrowings	0.95		(5.56)	
Long term loans and advances	84.76		315.78	
Share Application money refunded			(773.32)	
Share Application Money	2168.77			
<b>Cash generated / (lost) from Financing Activities</b>		<b>(831.10)</b>		<b>677.85</b>
Net Cash and Cash Equivalents generated during the year		17.55		(15.22)
Add: Opening balance of Cash and Cash Equivalents		3.35		18.57
<b>Closing balance of cash and cash Equivalents</b>		<b>20.90</b>		<b>3.35</b>

Cash and cash Equivalents	31/03/2014	31/03/2013
Cash and Bank Balance	20.9	3.15
	<b>20.9</b>	<b>3.35</b>

**For U.C Bhandari & Co**  
Chartered Accountants

**For and on behalf of the Board of Directors**

**Pankaj N Mehta**  
(Partner)  
M. No: 233165  
FRN No: 000440S  
Place : Chennai  
Date : 25-02-2015

**M. Sivaram**  
Managing Director

**Karthick P. Sivaram**  
Executive Director

**ARUNA HOTELS LIMITED**

**BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2014**

Particulars	Note No.	As at 31 March, 2014	As at 31 March, 2013
		Rs. In Lakhs	Rs. In Lakhs
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholder's Funds</b>			
(a) Share capital	2.01	1,207.87	1,207.87
(b) Reserves and surplus	2.02	5,585.76	240.68
Share application money pending allotment	2.03	2,168.77	
<b>2. Non-current liabilities</b>			
(a) Long-term borrowings	2.04	1,954.83	3,121.86
(b) Deferred tax liabilities (net)			
(c) Long-term provisions	2.05	37.09	54.55
<b>3. Current Liabilities</b>			
(a) Short-term borrowings	2.06	348.68	216.96
(b) Trade payables	2.07	40.58	22.73
(c) Other current Liabilities	2.08	1,733.57	616.79
(d) Short-term provisions	2.09	120.96	114.14
<b>Total</b>		<b>13,198.10</b>	<b>5,595.57</b>
<b>II. ASSETS</b>			
<b>1. Non-current assets</b>			
(a) Fixed assets	2.10		
(b) Tangible assets		11,907.75	3,374.25
<b>2. Intangible assets</b>			
		2.00	6.00
<b>3. Capital work-in-progress</b>			
		82.44	82.44
(a) Non-current investments	2.11	1.95	1.95
(b) Deferred Tax Asset (Net)	2.12	774.28	774.28
(c) Long-term loans and advances	2.13	264.81	349.57
<b>Current assets</b>			
Inventories	2.14	28.84	103.76
Trade receivables	2.15	45.64	458.26
Cash and bank balance	2.16	20.90	3.35
Short-term loans and advances	2.17	17.01	17.76
Other current assets	2.18	52.48	423.95
<b>Total</b>		<b>13,198.10</b>	<b>5,595.57</b>
<b>Significant accounting policies</b>	<b>1</b>		
The notes referred to above form an integral part of the financial statements			
This is the Balance Sheet referred to in our report of even date.			

**For U.C Bhandari & Co**  
**Chartered Accountants**

**For and on behalf of the Board of Directors**  
**For Aruna Hotels Ltd**

**Pankaj N Mehta**  
(Partner)  
M. No: 233165  
FRN No: 000440S

**M. Sivaram**  
Managing Director

**Karthick P. Sivaram**  
Executive Director

**Place : Chennai**  
**Date : 25-02-2015**

**ARUNA HOTELS LIMITED**

**Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2014**

Particulars	Note No.	For the year ended	For the year ended
		31 March, 2014	31 March, 2013
		Rs. In Lakhs	Rs. In Lakhs
<b>III. INCOME</b>			
Revenue from operations	2.19	784.66	971.97
Other income	2.20	142.06	436.11
<b>Total Income</b>		<b>926.72</b>	<b>1,408.09</b>
<b>IV. EXPENSES</b>			
Cost of materials consumed	2.21	186.02	189.64
Employee benefits expenses	2.22	373.01	412.40
Finance costs	2.23	1,917.62	296.34
Depreciation and amortisation expense		186.43	149.41
Other expenses	2.24	1,628.04	813.83
		<b>4,291.12</b>	<b>1,861.63</b>
<b>V. Profit / (Loss) before exceptional and extraordinary items and tax</b>		<b>-3,364.40</b>	<b>-453.55</b>
<b>VI. Exceptional Items</b>			
<b>VII. Profit/Loss before Tax</b>		<b>-3,364.40</b>	<b>-453.55</b>
<b>VIII. Tax expense:</b>			
1. Current tax expense			
2. Deferred tax			
<b>IX. Profit / (Loss) for the period from Continuing Operations</b>		<b>-3,364.40</b>	<b>-453.55</b>
<b>X. Profit / (Loss) from Discontinuing Operations</b>			
Tax expenses of Discontinuing Operations		-	-
Profit/(Loss) from Discontinuing Operations after tax		-	-
Profit / (Loss) for the period		-3,364.40	-453.55
<b>XI. Basic Earnings per Equity share</b>		<b>-37.39</b>	<b>-5.04</b>
Diluted Earnings per Equity share			
<b>Significant accounting policies</b>	<b>I</b>		
The notes referred to above form an integral part of the financial statements This is the Statement of profit and loss referred to in our report of even date As per our Report of even date attached			

**For U.C Bhandari & Co**  
Chartered Accountants

**For and on behalf of the Board of Directors**  
**For Aruna Hotel Ltd**

**Pankaj N Mehta**  
(Partner)  
M. No: 233165  
FRN No: 000440S

**M. Sivaram**  
Managing Director

**Karthick P. Sivaram**  
Executive Director

Place : Chennai  
Date : 25-02-2015

**Notes to Financial Statements**

**Note 1 Significant Accounting Policies**

**i. Basis of Accounting**

The financial statement of the company have been prepared in accordance with Generally Accepted Accounting Principle in India ( Indian GAAP). The company has prepared these financial statement to comply in all material aspects with the accounting standards notified under the Companies ( Accounting Standards), Rules 2006. (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention

**ii. Presentation and Disclosure of Financial Statements**

The Company has reclassified the previous year figures in accordance with the requirements applicable for the current year.

**iii. Revenue Recognition**

Revenues and expenses are recognized on the accrual basis with the exception insurance claims, interest on calls in arrears and interest on overdue receivables which are accounted on cash basis sales are net of taxes and duties, trade discounts and rebates.

**iv. Fixed Assets**

Fixed Assets are stated at cost (Net of Cenvat, wherever applicable) less depreciation. Cost includes freight, duties and taxes and other expenses related to acquisitions and installation. Depreciation on Fixed Assets has been provided on the Straight Line Method and at rates and in the manner specified in Schedule XIV to the companies Act, 1956. Intangible Asset constitutes Brand Name acquired for valuable consideration. It is being amortized over a period of 10 years.

**v. Borrowing Cost**

Borrowing costs are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are Capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

**vi. Inventory**

Raw materials and stores and spares have been valued at weighted average price. Cost includes Taxes and duties, freight and other direct expenses

**vii. Investments**

Long Term Investments are stated at cost, and Short Term Investments are valued at cost or Net Realizable Value whichever is less.

**viii. Taxation**

There is no need to make provision for income tax, since the company has incurred a Loss during the current financial year. In our opinion the deferred (Asset) appearing in the Balance sheet is adequate. As such no further provision has been made towards deferred tax.

## ARUNA HOTELS LIMITED

### ix. Employee Benefits

Short term Employee benefits, in respect of leave salary and reimburse of medical expenses, the liability has been fully provided on undiscounted basis, in accordance with the schemes in force. The contribution to Provident Fund (defined contribution plan), as per the provisions of the Employee's provident Fund and Miscellaneous Provision Act, 1952, is recognized as expense and remitted to the Provident Fund Commissioner. Expense and income of this year include amounts below Rs.1000/- in relation to earlier years, which are accounted on cash basis.

### x. Foreign Exchange Transaction

Transactions in foreign exchange are accounts at the exchange rates prevailing at the time of Realization/ payment of bills.

### xi. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the company has a legal and constructive obligation as a result of a past event, for which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of the obligation. Contingent Liabilities are disclosed when the company has possible obligation or a present obligation and it is probable that a cash outflow will not be required to settle the obligation.

### xii. Earnings per share

Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
Profit after Taxation (Rs.in Lakhs)	(-)3364.40 lakhs	(-)453.56 Lakhs
Weighted number of equity shares outstanding	8998700	8998700
Basic Earnings per share	(-)37.39	(-)5.04
Diluted Earning per share	(-)37.39	(-)5.04

xii. Confirmation of a balances has not been received from creditors and debtors as on 31/03/2014

xiii. In the absence of adequate profits the remuneration paid to Managing Director is within the limits prescribed as minimum remuneration in Schedule XIII of the Companies Act, 1956.

xiv. The company has made a Circular Resolution in February 2012 in which the company has arrived the amount due to Mr. Kamal Babbar was Rs.1243.72 Lakhs. Which includes the interest, managerial remuneration & advances received from his group company.

There is no amount due to SSI units pending more than 30 days and above Rs. 1Lakh.

xv. The company has revalued the Land, Buildings during the year based on valuation made by the approved valuer D Parthasarathy Associates as on 22/02/2011. The company has taken the estimates and taken in to account the valuation provided by them of land and hotel building. Resultant Appreciation aggregating to Rs.8748.66Lakhs has been added to the gross block of fixed assets and credited to Revaluation reserve. There is an additional charge of depreciation of Rs.39.18Lakhs on revaluation of hotel building and an equivalent amount has withdrawn from revaluation reserve created.

xvi. The term loan from Punjab National Bank availed for refurbishing of the hotel, etc. has been secured by first charge and Mortgage on all immovable and movable properties of the company both present and future, and guaranteed by the Managing Director, Joint Managing Director and Executive Director.

- xvii.** The Board of directors of the company in their meeting resolved to write off the advances and debtors which are not realizable. Therefore the amount of Rs.857.63Lakhs is not recoverable treated as Bad hence written off during the year under consideration and show under other expenses.
- xviii.** The company is in the process of appointing a full time company secretary by the provision of section 383A of the companies Act 1956. In the absence of the company secretary, these financial statements have not been authenticated by a whole time company secretary under section 215 of the companies Act 1956.
- xix.** The minority shareholders have filed a petition vide C.P No.15 of 2014 & C.P No.11 of 2014 under section 235, 237(b), 397, 398, 402, and 403 under the companies act 1956 with company Law Board Chennai. Further, the Minority share holders have filed memorandum of compromise vide C P no16 of 2014 with honorable company law board Chennai. The decision of the above said petitions are awaited. This may materially impact the affairs of the company.
- xx.** The Company and Present Management has filed vide C S No.751/2013 before the Honorable high court, Chennai, challenging the notices issued by Mr. Kamal Babbar for convening the Extraordinary General Meeting of the members of the company and in O.A.No.870/2013 the Hon'ble High court, by order dated 8.11.2013, directed Mr. Kamal Babbar and other shareholders not to implement the resolution of the meeting dated 09.11.2013 until further orders. The said suit is still pending for adjudication before the Hon'ble High Court of Chennai.

**xxi. Related party transactions:**

Managerial Remuneration – Rs.51.15 Lakhs

- M. Sivaram – Rs.33.60 Lakhs
- Karthik.P – Rs.17.55 Lakhs

Share application money pending allotment (as on 31.03.2014) – Rs.2168.77 Lakhs

- A.Periyasamy – Rs. 240.67 Lakhs
- Geetha Maruthai pillai – Rs. 385.25 Lakhs
- Chandini Babbar – Rs. 299.12 Lakhs
- Kamal Babbar – Rs.1243.72 Lakhs

Unsecured Loans: Rs.486.52 Lakhs

- M.Sivaram – Rs.26.10 Lakhs
- Kamal Babbar – Rs.460.42 Lakhs
- Lease Advance – Rs.25 Lakhs

**Interest provided:**

During the year the management has measured the liabilities, which includes unsecured loans, advance share capital & short term borrowings. The total interest provision has been made on the above mentioned borrowings at the rates prescribed in the agreements made with parties. This includes both the interest for current year & Earlier years from when the amount is received by the company. The liability of interest for earlier years has been accounted to the tune of Rs.1282.67 Lakhs as at date of Balance sheet.

## ARUNA HOTELS LIMITED

### xxii. Segment Reporting:

The company has business in two segments and the revenue from both is taken on consolidated basis in the financials, the bifurcations are show on individual segment as below:

Hotel & Restaurant Business : 784.66 Lakhs

Rental Income : 142.21 Lakhs

xxiii. The company has provided interest on various liabilities (which includes – Unsecured Loans, liabilities arise due to supplies or commitments of managements as per the agreements & understanding entered with the lenders & investors. The company has provided interest on share application monies pending allotment due to long pendency of allotment as per the agreement, Memorandum of Understanding & Circular resolution passed between the companies & investors.

xxiv. The company's hotel operations are discontinues from 31.03.2014 & advance booking monies are payable.

xxv. The company has passed the board resolution dated 25/05/2015 that the shares will not be allotted and the amount will be refunded with agreed rate of interest to the following investors:

- A.PERIYASAMY Rs.240.67 Lakhs
- GEETHA MARUTHAI PILLAI Rs.385.25 Lakhs
- CHANDINI BABBAR Rs.299.12 Lakhs

xxvi. Preference shares, which have fallen due for redemption long ago could not be redeemed due to inadequate profits and non issuance of additional share and not created preference share redemption reserve due to inadequate profits.

**For U.C Bhandari & Co**  
**Chartered Accountants**

**For and on behalf of the board of Directors**

**Pankaj N Mehta**  
**(Partner)**

**M. Sivaram**  
**Managing Director**

**Karthick P. Sivaram**  
**Executive Director**

**FRN No: 000440S**

**M. No: 233165**

**Place : Chennai**

**Date : 25-02-2015**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31.3.2014**

Particulars	As at 31 March, 2014	As at 31 March, 2013
	Rs. In Lakhs	Rs. In Lakhs
<b>NOTE 2.01</b>		
1. SHAREHOLDER'S FUND		
2. Authorised Capital		
24,000,000 Equity shares of Rs.10 each with voting rights	2,400.00	2,400.00
800,000 Cumulative Redeemable Preference Shares of Rs.100 each	80.00	80.00
	2,480.00	2,480.00
<b>Issued, Subscribed and fully paid up</b>		
9,000,000 Equity shares of Rs.10 each fully paid up with voting rights (including 6,90,000 shares of Rs.10/- each allotted as Bonus share Above Shares includes 6,90,000 shares of Rs.10/- each allotted as Bonus shares issued for consideration other than each)	900.00	900.00
Less:- Calls in arrears	2.13	2.13
<b>Total Paid up Equity Shares</b>	897.87	897.87
60,000 14% Redeemable Cumulative Taxable Preference Share of Rs.100/- each	60.00	60.00
50,000 17.5% Redeemable Cumulative Preference Taxable Preference Shares of Rs.100/- each	50.00	50.00
200,000 16.5% Redeemable Cumulative Taxable Shares of Rs.100/- each	200.00	200.00
<b>Total Paid up Preference Share</b>	310.00	310.00
<b>Total Paid up Share Capital</b>	1,207.87	1,207.87

**Note:** Preference Shares, which have fallen due for redemption long ago could not be redeemed due to inadequate profits and non issuance of additional shares and not created preference share redemption reserve due to inadequate profits.

The 17.5% Redeemable cumulative taxable preference shares are redeemable at par any time after the date of issue but before the expiry of ten years from the date of issue. Earliest redemption month is July 2003.

The 16.5% Redeemable cumulative taxable preference shares are redeemable at par any time after the date of issue but before the expiry of 15 months from the date of issue. Earliest redemption month is march 97.

(d) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Fresh Issue	Bonus Issue	Closing Balance
Equity shares with voting rights Year ended 31 March, 2014				
-Number of shares	9,000,000	-	-	9,000,000
-Amount (Rs)	897.87	-	-	897.87
Year ended 31 March, 2013				
-Number of shares	9,000,000	-	-	9,000,000
-Amount (Rs)	897.87	-	-	897.87



**ARUNA HOTELS LIMITED**

- (e) There are no special rights or preferences and restrictions attached to any class of shares, and also there are no restrictions including restriction on dividend and repayment of capital if any.
- (f) Details of shares held by the holding company, the ultimate holding company, Their subsidiaries and associates: Nil
- (g) **Details of Shares held each shareholder holding more than 5% shares:**

Class of shares / Name of shareholder	As at 31 March, 2014		As at 31 March, 2013	
	No of shares held	% holding	No of shares Held	% holding
Equity shares with voting rights				
Mr. P.Sivaram	523,012	5.81	523,012	5.81
Mr. Kamal Babbar	1,200,000	13.33	1,200,000	13.33
M/s. Hitkari Fivest P.Ltd	618,308	6.87	618,308	6.87
	9,000,000	26.01	9,000,000	26.01

- (h) As at 31 March, 2014 Nil shares (as at March, 2013 Nil shares) were reserved for issuance towards outstanding employee Stock options granted / available for grant, towards outstanding share warrants and towards convertible securities.
- (i) Aggregate number and class of shares allotted as fully paid up pursuant to contract (s) without payment being received in cash, bonus shares and shares bought back for the period of 5 years immediately preceding the Balance Sheet date as at 31 March 2014. is Nil (as at 31<sup>st</sup> March 2013 is Nil)
- (j) Calls unpaid as at 31<sup>st</sup> March 2014 is Rs.2,13,000 (as at 31<sup>st</sup> March 2013 is Rs.2,13,000)
- (k) For forfeited shares as at 31<sup>st</sup> March 2014 is Nil (as at 31<sup>st</sup> March is Nil)

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31.3.2014**

Particulars	As at 31 March, 2014	As at 31 March, 2013
	Amount Rs. In Lakhs	
<b>Note 2.02 Reserves and surplus</b>		
<b>Capital Reserve</b>		
Opening balance	0.72	0.72
Closing balance	0.72	0.72
<b>Capital Redemption Reserve</b>		
Opening balance	4.00	4.00
Closing balance	4.00	4.00
<b>Securities Premium Reserve</b>		
Opening balance	1,652.16	1,652.16
Closing balance	1,652.16	1,652.16
<b>Preference Share Redemption Reserve</b>		
Opening balance	30.25	30.25
Closing balance	30.25	30.25
<b>Revaluation Reserve</b>		
Revaluation Reserve on Land and Building	8,748.66	-
Less: Depreciation on Revaluation Reserve	39.18	-
Balance Revaluation Reserve carried forward to next year	8,709.48	
<b>Surplus / Deficit) in Statement of Profit and Loss</b>		
Opening balance	-1,446.45	-992.90
Profit for the year	-3,364.40	-453.55
Closing balance	-4,810.85	-1,446.45
	5,585.76	240.68
<b>Note 2.03 Share application money pending allotment</b>		
a. Share application money received pending allotment	2,168.77	
<b>Note: 2.04 Long-term borrowings</b>		
Term loans from banks-Secured	943.13	1,428.76
Loans from Related Parties - Unsecured	486.52	7.93
Loans from others - Unsecured	338.14	1,499.06
Liability under Hire Purchase Scheme	-	-
Security Deposits	187.05	186.10
	1,954.83	3,121.86
<b>Note 2.05 Long-term provisions</b>		
Provision for Employee Benefits	37.09	54.55
	37.09	54.55
a. Provision for gratuity & Leave Encashment is arrived based on actuarial valuation and entire liability is considered as long term provision.		

**ARUNA HOTELS LIMITED**

Particulars	As at 31 March, 2014	As at 31 March, 2013
	Amount Rs. In Lakhs	
<b>Note 2.06 Short-term borrowings</b>		
Short Term Borrowings from others (Unsecured)	284.03	93.36
Short Term Borrowings (Secured)	64.64	123.61
	<b>348.68</b>	<b>216.96</b>
<b>Note 2.07 Trade Payables</b>		
Dues to Micro and small creditors	-	-
Other Suppliers	40.58	22.73
	<b>40.58</b>	<b>22.73</b>
<b>Note 2.08 Other Current Liabilities</b>		
Statutory Liabilities	645.26	487.01
Current Maturities of Long Term Loans	-	-
Other Payables (Consist mainly of Wages, Salaries, Audit Fees and Other Expenses)	1,088.31	129.78
	<b>1,733.57</b>	<b>616.79</b>
<b>Note 2.09 Short-term Provisions</b>		
Provision for Employee Benefits	120.96	114.14
Provision for tax-Net	-	-
	<b>120.96</b>	<b>114.14</b>

**Note 2.10 Fixed assets - Tangible, Intangible and Capital work - in - progress**

			Gross Block		Accumulated depreciation			Eliminated on disposal of assets	Depreciation on Revaluation	As at 31 Mar, 2014	As at 31 Mar, 2014	As at 31 March 2013
	As at 1 April, 2013	Additions	Deleted	Revaluation	As at 31 Mar, 2014	As at 1 April, 2013	Depreciation for the year					
<b>(All Amount Rs. in Lakhs)</b>												
<b>Tangible assets</b>												
Land	772.52	-	-	7575.48	8348.00	-	-	-	-	-	8348.00	772.52
Building	2287.62	-	-	1173.18	3460.80	702.95	76.41	-	39.18	818.54	2642.26	1584.67
Plant & Machinery	1790.47	0.59	-	-	1791.06	840.66	94.57	-	-	935.22	855.84	949.82
Office Equipments	126.85	1.79	-	-	128.64	70.52	6.76	-	-	77.28	51.36	56.33
Furniture and Fittings	431.49	0.07	-	-	431.56	428.64	2.92	-	-	431.56	-	2.85
Vehicles	44.97	6.66	41.22	-	10.41	36.90	1.39	36.10	-	2.19	8.22	8.07
Computers	1.91	0.54	-	-	2.45	-	0.38	-	-	0.38	2.07	-
<b>Total</b>	<b>5455.83</b>	<b>9.65</b>	<b>41.22</b>	<b>8748.66</b>	<b>14172.93</b>	<b>2079.67</b>	<b>182.43</b>	<b>36.10</b>	<b>39.18</b>	<b>2265.18</b>	<b>11907.75</b>	<b>3374.25</b>
<b>Intangible Assets</b>												
Intangible Trade Mark	38.00	-	-	-	38.00	32.00	4.00	-	-	36.00	2.00	6.00
Capital work - in - progress	82.44	-	-	-	82.44	-	-	-	-	-	82.44	82.44
	5576.27	9.65	41.22		14293.37	2111.67	186.43	36.10		2301.18	11992.19	3462.69

**ARUNA HOTELS LIMITED**

Particulars	As at 31 March, 2014	As at 31 March, 2013
	Amount Rs. In Lakhs	
<b>Note 2.11 Non Current Investments</b>		
<b>Non - Trade Investments</b>		
<b>Equity Instruments - Fully Paid up</b>		
Unquoted		
1510 Equity Shares of Aruna Foods Ltd of Rs. 10/- each fully paid up	0.15	0.15
7 Year National Savings Certificates	1.80	1.80
	<b>1.95</b>	<b>1.95</b>
<b>Note:-</b> 7 Year National Savings Certificate 1995 has been lodged with the Sales Tax Authorities - Kerala as Sales Tax Deposit		
<b>Note 2.12 Deferred Tax Asset</b>		
Deferred tax liability	-	-
Fixed assets: Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting	-	-
<b>Gross deferred tax liability</b>	-	-
Deferred tax asset	774.28	774.28
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	-	-
<b>Gross deferred tax asset</b>	<b>774.28</b>	<b>774.28</b>
<b>Net deferred tax liability</b>	<b>(774.28)</b>	<b>(774.28)</b>
<b>Note 2.13 Long Term Loans and Advances</b>		
Capital Advances - Unsecured - Considered Good	214.56	229.33
Security Deposits - Unsecured - Considered Good	42.75	78.56
Other Loans and Advances : Advances to employees and others	7.50	36.36
Deferred Revenue Expenses	0.00	5.31
	<b>264.81</b>	<b>349.57</b>
<b>Note 2.14 Inventories</b>		
(At lower of cost and net realisable value)		
Raw materials	-	36.95
Stores, Spares, Chemicals and Others	28.84	66.81
Finished goods	-	-
Stock-in-trade	-	-
	<b>28.84</b>	<b>103.76</b>
<b>Note 2.15 Trade receivables (unsecured, considered good)</b>		
Trade receivables outstanding for a period exceeding six months	45.64	458.26
Less : Provision for doubtful trade receivables	0.00	0.00
	<b>45.64</b>	<b>458.26</b>

**ARUNA HOTELS LIMITED**

Particulars	As at 31 March, 2014	As at 31 March, 2013
	Amount Rs. In Lakhs	
<b>Note 2.16 Cash and bank balance</b>		
<b>a. Cash and cash equivalents Balance with banks:</b>		
in current accounts	11.90	(6.32)
Cash on hand	0.71	1.37
	<b>12.60</b>	<b>(4.95)</b>
<b>b. Other bank balances</b>		
- In Deposit Account	8.29	8.29
	<b>8.29</b>	<b>8.29</b>
<b>Total</b>	<b>20.90</b>	<b>3.35</b>
<b>Note 2.17 Short-term loans and advances</b>		
Unsecured, considered good (Advance to Landlord, Suppliers, Tax Advance and Security Deposit)	17.01	17.76
- Tax payments pending adjustments (net)	-	-
	<b>17.01</b>	<b>17.76</b>
<b>Note 2.18 Other current assets</b>		
Prepaid Expenses	0.00	104.84
Other Current Assets	52.48	319.10
	<b>52.48</b>	<b>423.95</b>
<b>Note 2.19 Révenue from operations</b>		
Sale of services	784.66	971.97
	<b>784.66</b>	<b>971.97</b>
<b>Note 2.20 Other income</b>		
Other Non Operating Income	142.06	436.11
	<b>142.06</b>	<b>436.11</b>
<b>Note 2.21 Cost of materials consumed</b>		
Opening stock	-	-
Cost of material Consumed	186.02	189.64
	<b>186.02</b>	<b>189.64</b>
Less : Closing stock		
<b>Cost of material consumed</b>	<b>186.02</b>	<b>189.64</b>
<b>Note 2.22 Employee benefits expenses</b>		
Salaries, Wages, and Bonus (excluding Directors)	296.74	306.27
Salaries and Perquisites to Directors	51.15	91.77
Contributions to provident and other funds	25.12	14.35
	<b>373.01</b>	<b>412.40</b>

**ARUNA HOTELS LIMITED**

Particulars	As at 31 March, 2014	As at 31 March, 2013
	Amount Rs. In Lakhs	
<b>Note 2.23 Finance costs</b>		
Interest on term loan	159.11	136.07
Interest on Others	1,755.89	158.25
Bank charges (including bank charges on BG and LC)	2.62	2.03
	<b>1,917.62</b>	<b>296.34</b>
<b>Note 2.24 Other expenses</b>		
Power and Fuel Expenses	103.08	110.04
-Electricity Charges	55.22	36.25
-Diesel Charges	15.60	15.49
Repairs and Maintenance		
-Building	35.93	6.39
-Others	33.70	39.43
Rates and Taxes	133.84	12.34
Insurance	7.67	5.62
Selling and Distribution Expenses	5.77	7.10
Directors Sitting Fees	0.82	1.93
Directors Travelling Expenses	19.15	-
Office and Miscellaneous expenses	323.50	211.72
Freight and Transport, Hire Charges	32.46	11.34
Advances and Receivable Written off	857.63	353.76
<b>Payments to the Auditors</b>		
-As Auditor	2.25	2.00
- Tax Audit and Certification Fees	1.00	0.40
-Service Tax	0.40	-
	<b>1,628.04</b>	<b>813.83</b>

**ARUNA HOTELS LIMITED**

**ATTENDANCE SLIP**

**ARUNA HOTELS LIMITED  
(CIN-L15421TN1960PLC004255)**

**REGD. OFF: 145, STERLING ROAD, CHENNAI-600034**

DP ID.	
CLIENT ID	

FOLIO NO.	
NO. OF SHARES	

Name & Address of Shareholder / Proxy holder

-----  
-----  
-----

I certify that I am a registered Shareholder / Proxy for the registered Shareholder of the Company. I hereby record my presence at the Annual General Meeting of the Company held on 9<sup>th</sup> September 2015, at Youth Hostel, 2<sup>nd</sup> Avenue, Indira Nagar, Adyar, Chennai-600 020.

\_\_\_\_\_  
NOTE: Name of the Member/Proxy

\_\_\_\_\_  
Member's/Proxy's Signature

(Shareholder attending the meeting in person or by proxy is requested to complete the attendance slip and handover at the entrance of the Meeting Hall)

**ARUNA HOTELS LIMITED**

**ARUNA HOTELS LIMITED  
(CIN-L15421TN1960PLC004255)**

**REGD. OFF: 145, STERLING ROAD, CHENNAI-600034**

*Form No. MGT-11*

**Proxy form**

*[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies  
(Management and Administration) Rules, 2014]*

52<sup>nd</sup> Annual General Meeting – 9<sup>th</sup> September 2015

Name of the member (s) :  
Registered address :  
E-mail Id :  
Folio No/Client Id :  
DP ID :

I/We, being the member (s) of ..... shares of the above named company, hereby appoint

1. Name : .....

Address :

E-mail Id :

Signature : ....., or failing him

2. Name : .....

Address :

E-mail Id :

Signature : ....., or failing him

3. Name : .....

Address :

E-mail Id :

Signature : .....



**ARUNA HOTELS LIMITED**

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 52nd Annual general meeting of the company, to be held on the \_\_\_ day of \_\_\_\_\_ At \_\_\_\_\_ at..... and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution No	Resolution	Vote (please mentioned No. of shares)		
		For	Against	Abstain
1.	Adoption of Balance Sheet & Profit and Loss A/C at 31 <sup>st</sup> March 2014			
2.	To appoint a director in place of Mr. S.Kalyanam			
3.	To appoint a director in place of Mr. C.L. Ravichandran			
4.	To appoint M/s. U.C. Bhandari & Co. Chartered Accountants as the Auditors			
5.	To appoint a director Dr. Muthiah Senthil Nathan			
6.	To appoint a director Mr. Sankaranarayanan Subramanian			
7.	To appoint a director Mr. Natesa Pillai Subramanian			
8.	To appoint a director Mr. Venkatesa Iyer Viswanathan			
9.	To appoint a director Mr. Raghavan Sivaram			
10.	To appoint a director Mr. Kasirajan Rangaswamy			
11.	To appoint a director Mr. Shameer Ahamed			

Signed this..... day of..... 2015

\_\_\_\_\_  
Signature of Proxy holder(s)

\_\_\_\_\_  
Signature of Shareholder

Affix Revenue  
Stamp  
Rs.0.15

**Notes:**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. It is optional to indicate Your preference. If you leave the for, against or abstain column blank against any or all resolutions, you proxy will be entitled vote in to the manner as he/she may deem appropriate.