



ARUNA HOTELS LIMITED

57th

**Annual Report
2018-2019**

ARUNA HOTELS LIMITED

(CIN-L15421TN1960PLC004255)

Corporate Information

BOARD OF DIRECTORS

| | |
|--|------------------------------|
| M.S.DAVID (DIN:08539011) | - MANAGING DIRECTOR |
| R.MURALIDHARAN (DIN: 07092976) | - NON EXECUTIVE DIRECTOR |
| K.RAJAKUMAR (DIN: 05187894) | - NON EXECUTIVE DIRECTOR |
| N.SUYAMBU (DIN: 07718798) | - INDEPENDENT DIRECTOR |
| FREEDA GNANASELVAM KANAGIAH (DIN: 07350172) | - INDEPENDENT WOMEN DIRECTOR |

MANAGEMENT

| | |
|-------------|---------------------------|
| AJAY SHUKLA | - COMPANY SECRETARY |
| NAGARAJ.P | - CHIEF FINANCIAL OFFICER |

AUDITORS

| | |
|--|-----------------------|
| M/s. BALA & CO , CHENNAI | - STATUTORY AUDITOR |
| M/S. JEEVANJYOTI NAYAK & ASSOCIATES | - SECRETARIAL AUDITOR |

BANKERS

REGISTRAR & SHARE TRANSFER AGENTS

- HDFC BANK LTD.,
- M/s.MCS SHARE TRANSFER AGENT LTD,
- 209-A, C-WING, 2ND FLOOR,
- GOKUL INDUSTRIAL
- ESTATE,SAGBAUG,
- MAROL CO-OP INDUSTRIAL AREA,
- B/H TIMES SQUARE, ANDHERI (E),
- MUMBAI – 400 059
- PH: 022-28516020 / 6021 / 6022 / 6023 (D)
- MOB: 9969569190

REGISTERED OFFICE

- 145,STERLINGROAD,
- NUNGAMBAKKAM, CHENNAI-600034.

CONTENTS

| | |
|---|------|
| 1. Notice to Members | - 3 |
| 2. Directors Report | - 10 |
| 3. Management Discussion and Analysis Report | - 17 |
| 4. MGT-9 (Extract of Annual Return) | - 19 |
| 5. Secretarial Audit Report | - 28 |
| 6. Corporate Governance Report | - 31 |
| 7. Certificate on Corporate Governance Report | - 46 |
| 8. Auditors Report | - 47 |
| 9. Balance Sheet | - 55 |
| 10. Statement of Profit & Loss | - 56 |
| 11. Cash Flow Statement | - 57 |
| 12. Notes to Financial statement | - 60 |
| 13. Significant Accounting Policies | - 69 |

NOTICE TO MEMBERS

Notice is hereby given that the Fifty Seventh Annual General Meeting of the Members of ARUNA HOTELS LIMITED, will be held Monday, September 30, 2019 at 09:00 AM at “Youth Hostel” 2nd Avenue, Indira Nagar, Chennai – 600 020, to transact the following Business:

ORDINARY BUSINESS:

- 1 To consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2019, together with the Report of the Board of Directors and Auditors thereon in this regard, pass the following resolutions as Ordinary Resolution:**
“RESOLVED THAT the audited financial statement of the Company for the financial year ended March 31, 2019 and the reports of the Board of Directors and Auditors thereon laid before this meeting, be and are hereby considered and adopted.”
- 2 To consider appointment of Director in place of Mr.Rajakumar Kumaravelayathandar (DIN: 05187894) who retires by rotation as per Section 152 and being eligible offers, himself for re-appointment as a Director and in this regard, pass the following resolution as an as Ordinary Resolution:**
“RESOLVED THAT pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr.RajakumarKumaravelayathandar (DIN: 05187894), who retires by rotation at this meeting and being eligible has offered herself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation.”

SPECIAL BUSINESS:

- 3 Appointment of Mr M.S.David as Managing Director.**
To consider and, if thought fit to pass with or without modification(s), the following resolution as a Special Resolution:
“RESOLVED THAT pursuant to the provisions of Sections 2(94), 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, (including any statutory modification(s) or re-enactment thereof and guidelines issued by central Government from time being force) approval of the members be and is hereby accorded to the appointment of **Mr M S DAVID** (holding Director Identification Number 08539011) as Managing Director of the Company for a period of 3 Years with effect from 29.8.2019 upon the terms and conditions set out in the Explanatory Statement annexed to the Notice convening this meeting (including remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the period of 3 years from the date of his appointment), with liberty to the Board of Directors of the Company (hereinafter referred to as “the Board” to alter and vary terms and conditions of the said appointment in such manner as may be agreed to between the Board and **Mr M S David**.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take such steps as may be necessary for obtaining necessary approvals - statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto and to sign and execute deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all such other acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this Resolution

By order of the Board
For Aruna Hotels Limited

Date : 29-08-2019
Place : Chennai

M S David
Managing Director
DIN: 08539011

NOTES:

- 1 The relative explanatory statement pursuant to Section 102 of the Companies Act, 2013 (“Act”) in respect of the special business under Item No 3 of the Notice is annexed hereto.
- 2 **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
A person can act as proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten per cent of the total share capital of the Company carrying voting rights. A Member holding more than ten per cent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or Member. Proxies in order to be effective should be deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting. Proxies submitted on behalf of limited companies, societies, partnership firms, etc. must be supported by appropriate resolution/authority, as applicable, issued on behalf of the nominating organization.
- 3 Members/Proxies and Authorised representatives are requested to bring to the Meeting, the attendance slips enclosed herewith duly completed and signed mentioning therein details of their DP ID and Client ID/Folio No. Corporate Members intending to send their authorised representatives to attend the Meeting pursuant to Section 113 of the Act, are requested to send to the Company, a certified copy of the Board Resolution authorising the representative to attend and vote on their behalf at the Meeting.
- 4 In case of Joint Holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- 5 The Company’s Registrar and Share Transfer Agents for its Share Registry Work (Physical and Electronic) are M/s. MCS Share Transfer Agents Ltd, having their office premises at 209-A, C-Wing, 2nd Floor, Gokul Industrial Estate, Sagbaug, Marol Co-op Industrial Area, B/H Times Square, Andheri (E), Mumbai – 400 059. The Register of Members and Transfer Books of the Company will be closed from 24th September 2019 to 30th September 2019 (both days inclusive).
- 6 Pursuant to the provisions of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, transfer and Refund) Rules, 2016 as amended, dividends that are unclaimed for a period of seven years are required to be transferred to the Investors Education and Protection Fund (IEPF) administered by the Central Government. As on date, there are no unclaimed dividends.
- 7 Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their dematerialized accounts. Members holding shares in physical form can submit their PAN details to the Company along with the proof thereof.
- 8 Members holding shares in physical form are requested to advise any change of address and are also to submit their specimen signatures duly attested by their Bank immediately to the Company. Members holding shares electronically in dematerialized form must advise any change of address to their respective Depository Participant.
- 9 Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of Section 72 of the Companies Act, 2013 and Rules thereon. Members desiring to avail this facility may send their nomination in the prescribed Form No. SH - 13 duly filled in to M/s. MCS Share Transfer

ARUNA HOTELS LIMITED

Agents Ltd, at the above mentioned address. Members holding shares in electronic form may contact their respective Depository Participant for availing this facility.

- 10 Members holding shares in physical form requested to intimate any change of bank mandate to M/s. MCS Share Transfer Agents Ltd / to the Company immediately.
- 11 SEBI vide notification No.SEBI/LD-NRO/GN/2018/24 dated June 8, 2018, has amended Regulation 40 of Listing Regulations, mandating transfer of securities to be carried out only in dematerialised form (except in case of transmission or transposition of securities) which shall be effective April 1, 2019. Accordingly requests for transfer of securities of listed entities shall not be processed unless the securities are held dematerialised form with depositories. In view of the same Members holding shares in physical form are requested to consider converting their holdings to dematerialised form to eliminate all risks associated with physical shares and for ease of portfolio management.
- 12 Pursuant to regulation 44 of the SEBI Listing Regulations, 2015, read with Section 108 of the Companies Act, 2013, and the relevant Rules, the Company has entered into an arrangement with CDSL to facilitate the members to exercise their right to vote at the AGM by electronic means. Instructions for exercise of voting rights by electronic means are furnished separately in the Annual Report.
- 13 Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars and Transfer Agents, M/s. MCS Share Transfer Agents Ltd, cannot act on any request received directly from the members holding shares in electronic form for any change in the bank particular or bank mandates. Such changes are to be advised only to the Depository Participant of the members.
- 14 Members are requested to:
- intimate to the Company's Registrar and Transfer Agents, M/s. MCS Share Transfer Agents Ltd, at the abovementioned address, changes, if any, in their registered addresses at an early date, in case of shares held in physical form;
 - intimate to the respective Depository Participant, changes, if any, in their registered addresses at an early date, in case of shares held in dematerialized form;
 - quote their folio numbers/Client ID/DP ID in all correspondence;
 - Consolidate their holdings into one folio in case they hold shares under multiple folios in the identical order of names.
- 15 Re-appointment of Directors:

| Name of the Director | Mr.RajakumarKumaravelayathandar (DIN: 05187894) |
|---|---|
| Date of Birth | 15/05/1962 |
| Age | 57 |
| Qualification | Post Graduate |
| List of companies in which directorship is held as on 31 st March, 2019 | 1 |
| Shareholding as on 31 st March, 2019 | Nil |
| <ul style="list-style-type: none"> • Held individually • Held jointly with others | Nil |

- 16 In terms of Regulations 26(4) and Regulation 36(3) of the of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and the secretarial

standard -2 on "General Meeting, the particulars of Directors seeking to be re-appointed / appointed in this AGM, nature of their expertise in specific functional areas, their other directorships and committee memberships, their shareholding and relationship with other directors of the Company are given In Corporate Governance. So Members are requested to kindly refer the Chapter on Corporate Governance in the Annual Report.

- 17 The Notice of the 57th AGM along with the Annual Report of 2018-19 is being sent by electronic mode to those Members whose email addresses are registered with the Company / Depository Participants, unless any Member has requested for a physical copy of the same. For Members who have not registered their email addresses, a physical copy is being sent by permitted mode. To support the 'Green Initiative' Members who have not registered their email addresses are required to register the same with the Company / Depository. Members may note that this Notice and the Annual Report 2018-19 will also be available on the Company's website viz. www.arunahotels.com .
- 18 Members desiring any information as regards the Accounts are requested to write to the Company Secretary at an early date so as to enable the management to reply at the meeting. For any communication, the Members may also send requests to the Company's investor email id: cs@ahlchennai.com.
- 19 Voting through electronic means
In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time and Regulation 44 of SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015 Regulations, the Company is pleased to offer e-voting facility to its members to exercise their right to vote at the 57th Annual General Meeting (AGM) by electronic means in respect of the businesses to be transacted at the AGM, through the remote e-voting platform provided by M/s. MCS Share Transfer Agents Ltd (MCS).
The Members may cast their votes using an electronic voting system from a place other than the venue of the Meeting ('remote e-voting'). Members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their rights at the meeting. Facility of voting through ballot shall also be made available at the meeting.
- 20 Pursuant to the provisions of Section 47 of the Companies Act, 2013 the preference shareholders of the Company are entitled to vote on all the resolutions as mentioned in the aforesaid Notice.
- 21 NO copies of the Annual Report will be distributed at the venue of the Annual General Meeting. Members are requested to kindly bring their copy of the Annual Report for the Meeting.

The Procedure and instructions for remote e-voting are as under:

Voting through electronic means will commence on 27th September 2019 at 9:00 AM and will end on 29th September 2019 at 5:00 PM. The members will not be able to cast their vote electronically beyond the date and time mentioned above.

- (i) The voting rights of the Members holding shares in physical form or in dematerialized form, in respect of remote e-voting shall be reckoned in proportion to their shares of the paid up equity share as on the cut – off date being 23rd September 2019.
- (ii) Any person who acquires Shares of the Company and become Member of the Company after the dispatch of the AGM Notice and holds shares as on the cut-off date i.e. 23rd September 2019, may obtain the User Id and password in the manner as mentioned below:

- 1 The shareholders should log on to the e-voting website www.evotingindia.com.
- 2 Click on "SHAREHOLDERS" Tab
- 3 Select "ARUNA HOTELS LIMITED" from the drop down box and click "SUBMIT"

4. Now Enter your User ID
 - For CDSL: 16 digits beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - Members holding shares in Physical Form should enter Folio Number registered with the Company.
5. Next enter the Image Verification as displayed and Click on Login.
6. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
7. If you are a first time user follow the steps given below:

| For Members holding shares in Demat Form and Physical Form | |
|---|---|
| PAN | Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders). <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN Field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field (Sl. No. mentioned in your address label can be used as Sequence No. for this purpose). |
| DOB# | Enter the date of birth as recorded in your demat account or in the company records for the said demat account or folio in DD/MM/YYYY format. |
| Dividend bank details# | Enter the dividend bank details as recorded in your demat account or in company records for the said demat account or Folio |

8. After entering these details appropriately, click on “SUBMIT” tab.
9. Members holding shares in physical form will reach directly the Company selection screen. However, Members holding shares in demat form will now reach ‘Set Password’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password Confidential.
10. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
11. Click on the EVSN for Aruna Hotels Limited.
12. On the voting page, you will see Resolution Description and against the same the option “YES / NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
13. Click on the “Resolutions File Link” if you wish to view the entire Resolutions.
14. After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
15. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.

ARUNA HOTELS LIMITED

16. You can also take out print of the voting done by you by clicking on “CLICK HERE TO PRINT” option on the Voting page.
 17. If Demat account holder has forgotten the changed password then enter the User ID and Captcha Code click on Forgot Password & enter the details as prompted by the system.
 18. Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
 19. Institutional shareholders (i.e. other than Individuals, HUF, NRI, etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporate. After receiving the login details they have to link the account (s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favor of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- (iii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.
- (iv) You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- (v) The Scrutinizers shall within a period not exceeding two working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer’s Report of the votes cast in favor or against, if any, forthwith to the Chairman of the Company.
- (vi) Mr. M.Damodaran, Proprietor of Mr M.Damodaran and associates Practicing Company Secretary has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- (vii) The Results shall be declared after remote E voting and physical ballot after the AGM of the Company and the resolutions will be deemed to be passed on the date foam of the Company subject to the receipt of requisite number of votes in favor of the resolution. The Results declared along with the Scrutinizer’s Report shall be placed on the Company’s website and on the website of CSDL and communicated to the Stock Exchanges.
- (viii) Details of persons to be contacted for issues relating to e-voting:
- Mr. MADHUKAR / Mr. SUBODH
MCS SHARE TRANSFER AGENT LTD
Unit: Aruna Hotels Limited
209-A, C-Wing, 2nd Floor, Gokul Industrial Estate,
Sagbaug, Marol Co-op Industrial Area,B/H Times
Square, Andheri (E), Mumbai – 400 059
Ph: 022 – 28516020 / 6021 / 6022 / 6023
(D) Mob: 9969569190
E-mail: mparase@yahoo.com/subodh@mcsregistrar.com
- (ix) Details of Scrutinizer: Mr. M.Damodaran, Practicing Company Secretary
- a) The Scrutinizer’s decision on the validity of the vote shall be final.
 - b) Once the vote on a resolution stated in this notice is cast by shareholder through remote e-voting, the shareholder shall not be allowed to change it subsequently and such e-vote shall be treated as final. The Members who have cast their vote by remote e-voting may also attend the Meeting; however such member shall not be allowed to vote again.
 - c) The Scrutinizer after scrutinizing the votes cast at the Meeting by Poll and through remote e-voting,

- will not later than two (2) days of conclusion of the Meeting, make a consolidated Scrutinizer's Report and submit the same forthwith to the Chairman of the Company or a person authorized by him in writing, who shall countersign the same.
- d) The Results declared along with the consolidated Scrutinizer's Report shall be hosted on the website of the Company (www.arunahotel.com). The Results shall simultaneously be communicated to Bombay Stock Exchange Limited.
 - e) The Resolutions shall be deemed to be passed on the date of the Meeting, i.e. 30.09.2019 subject to receipt of the requisite number of votes in favor of the Resolutions.

ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("Act") forming part of the Notice of the 57th Annual General Meeting of the Company.

The following Explanatory statement sets out all material facts relating to the Special Business under Item No. 3 mentioned in the accompanying Notice dated 29th August, 2019.

Based on the recommendation of Nomination & Remuneration Committee (NRC), the Board of Directors of the Company at its meeting held on 29.08.2019 has, subject to approval of members, appointed Mr M S David (DIN: 08539011) as the Managing Director of the Company for the period of 3 (three) years, pursuant to the provisions of Section 196, 197 and 203 of the Companies Act, 2013 and the Rules made there under read with Schedule V of the Act and the Articles of Association of the Company.

Mr. M S David is the Managing Director of our Company is a veteran with more than 40 years' experience as a Professional in running a Publication, as an able task master and he steered the Publication as an effective running Printing and Publications business. Due to his rich experience he can steer the Aruna Hotels as a successful running venture.

The Board is of the view that the appointment of Mr. M S David as Managing Director of the Company, from his experience and expertise, successfully meet the challenges and requirements of the Company in a highly competitive market environment.

The details of the proposed remuneration package are detailed below:

1. Salary at rate of Rs.33000/- pm
2. Perquisites - Nil

Termination: The employment may be terminated by either party giving to the other party Two months' notice at any time within the period of 3 Years .

DIRECTORS' REPORT**To the Members,**

The Directors have pleasure in presenting before you the 57th Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31st March, 2019.

FINANCIAL SUMMARY OR HIGHLIGHTS / PERFORMANCE OF THE COMPANY

Rs in lakhs

| Particulars | Financial year ended Mar 31, 2019 | Financial year ended Mar 31, 2018 |
|--|--------------------------------------|--------------------------------------|
| Revenue from Operations | - | - |
| Less: Operating Expenditure | 26.25 | 21.12 |
| Earnings Before Interest, Tax, Depreciation & Amortization (EBITDA) | (26.25) | (21.12) |
| Add: Other income (net) | 82.60 | 434.73 |
| Less: Finance costs | 444.29 | 28.47 |
| Less: Depreciation & amortization expense | 80.11 | 80.63 |
| Less: Other expenses (net) | 361.53 | 1700.86 |
| Profit/ (Loss) before exceptional and Extraordinary items and tax | (829.58) | (1396.36) |
| Exceptional Items | - | - |
| Profit/ (Loss) before Extraordinary items and tax | (829.58) | (1396.36) |
| Extraordinary Items | - | - |
| Profit / (Loss) before tax | (829.58) | (1396.36) |
| Tax expenses | (984.88) | (6.06) |
| Profit / (Loss) after tax | (1814.46) | 1390.30 |

OPERATIONS & PERFORMANCE

Currently Our Company stopped its hotel operations and is presently under the process of renovating the Hotel premises. For this purpose, Our Company has entered into a Memorandum of Agreement with M/s. Transform, proprietorship concern, to act as the Architect cum Project Management Consultant for the renovation and development of the Hotel building, almost civil works (Including internal and external part of the premises), electrical works, fire fighting & fire alarm works, interior works, networking & cctv works and other Works etc, under the Completion stage.

Post completion of the renovation process, Our Hotel shall comprise of around 80 well designed rooms which are expected to be equipped with modern amenities/facilities. Due to renovation of the Hotel, the company was unable to generate any revenue in the year 2018-19. The renovation process is expected to be completed and the further the operations of the Hotel will be commenced by the end of the year.

DIVIDEND

As the Company has incurred loss in the year under review the Directors do not recommend dividend to its shareholders.

TRANSFER TO RESERVES

Due to Loss, the company does not propose to be transferred to the General Reserve.

LISTING WITH STOCK EXCHANGES:

The Company confirms that it has paid the Annual Listing Fees for the year 2019-20 to **Bombay Stock Exchange** where the Company's Shares are listed.

DEMATERIALISATION OF SHARES:

67.73% of the Company's paid up Equity Share Capital is in dematerialized form as on 31st March, 2019 and balance 32.27 % ISIN physical form.

DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to Section 134(5) of the Companies Act, 2013, Directors of your Company hereby state and confirm that:

- 1 In the preparation of the annual accounts for the year ended 31st March, 2019, the applicable accounting standards have been followed and there are no material departures;
- 2 They have selected such accounting policies and applied them consistently and made judgments 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 and of the profit of the Company for the same period ;
- 3 The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- 4 They have prepared the annual accounts on a going concern basis;
- 5 They have laid down internal financial controls that are adequate and were operating effectively.
- 6 They have devised proper systems to ensure compliance with the provisions of all applicable laws and these are adequate and are operating effectively.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

Based on the internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory and secretarial auditors and reviews performed by the management, the Board is of the opinion that the Company’s internal financial controls were adequate and effective during the financial year 2018-19.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

As on 31.03.2019 the composition of the Board of Directors and Key Managerial Personnel of your Company is as under:

| Name | Designation | Category |
|-------------------------------|-------------------------|------------------------------------|
| Vaithyalingam Anbalagan | Managing Director | Executive |
| Muralidharan Ramasamy | Director | Non – Independent, Non – Executive |
| RajakumarKumaruvelayathanadar | Director | Non – Independent, Non – Executive |
| Suyambu Narayanan | Director | Independent, Non – Executive |
| FreedaGnanaselvamKanagiah | Director | Independent, Non – Executive |
| Ajay Shukla | Company Secretary | - |
| Nagaraj P | Chief Financial Officer | - |

NUMBER OF BOARD MEETINGS HELD

The Board of Directors duly met 8 (times) times during the financial year from 1stApril, 2018 to 31st March, 2019.

CORPORATE SOCIAL RESPONSIBILITY

Since the Company is continuously incurring losses, no CSR policy has been devised.

SUBSIDIARY

Company has no subsidiary as on date of this balance sheet.

CORPORATE GOVERNANCE

As per SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015, the Corporate Governance Report with Auditors’ Certificate thereon and Management Discussion and Analysis Report are attached, which form part of this report.

FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS

All new independent Directors inducted into the Board attend an Orientation program. The details of training and familiarization programme of the independent Directors are available on the website of the Company (www.arunahotels.com).

POLICY ON DIRECTORS’ APPOINTMENT AND REMUNERATION AND OTHER DETAILS.

The Company’s policy on Directors’ appointment and remuneration and other matters provided in Section 178(3) of the Act has been disclosed in the corporate governance report, which forms part of the Directors’ report.

POLICY ON VIGIL MECHANISM (WHISTLEBLOWER POLICY)

The Company has formulated and published a POLICY ON VIGIL MECHANISM (WHISTLEBLOWER POLICY) for employees including Directors of the Company to report genuine concerns. The provisions of this policy are in line with the provisions of the Section 177(9) of the Act and the Regulation 22 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (www.arunahotels.com).

OTHER POLICIES

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandates the formulation of certain policies for all listed companies. All our corporate governance policies are available on our website (www.arunahotels.com). The policies are reviewed periodically by the Board and updated based on need and any compliance requirement.

In addition to its Code of Conduct and Ethics, key policies that have been adopted by the Company are as follows:

| Name of the policy | Description | Web Link |
|--|---|--|
| Policy for determining material subsidiaries of the Company | The policy is used to determine the material subsidiaries and material non-listed Indian subsidiaries of the Company and to provide the governance framework for them. | www.arunahotels.com |
| Related Party Transaction Policy | The policy regulates all transactions between the Company and its related parties | www.arunahotels.com |
| Non-Executive Directors Policies | The policy determines the criteria for payments made to Non-executive Directors | www.arunahotels.com |
| Preservation of document / website archival policy | The policy determines the criteria and time period for preservation of records and archival of corporate records from the website of the Company. | www.arunahotels.com |
| Insider Trading Policies | The policy provides the framework in dealing with securities of the Company. The Insider Trading Policies were amended in line with SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018. The key changes include, inter alia, change in the definition of designated persons, maintenance of digital database, internal controls, and policy and procedure for inquiry in case of leak of UPSI. Further policy on determination of legitimate purpose was also adopted by the Board. | www.arunahotels.com |

DECLARATION BY INDEPENDENT DIRECTORS

The Company has received necessary declaration from every independent Director under Section 149(7) of the Companies Act, 2013, that he / she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

COMMITTEES OF THE BOARD

Currently, the Board has three committees: the Audit Committee, the Nomination and Remuneration Committee and the Stakeholders' Relationship Committee. The composition of all committees consists of independent Directors in majority. A detailed note on the composition of the Board and its committees is provided in the Corporate Governance Report section of this Annual Report.

INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

The details in respect of Internal Financial Control and their adequacy are included in the Management Discussion & Analysis Report, which forms part of this report.

AUDITORS:

- **Statutory Auditors:**

In accordance with the provisions of Section 139 of the Companies Act, 2013 and Rules made there under M/s. Bala& Co., (Firm registration No. 000318S), Chartered Accountants, were appointed as statutory auditors of the Company for a period of five consecutive years at the Annual General Meeting held on 30.12.2015, who shall hold office until the conclusion of the 58th annual general meeting to be held for the financial year 2019-20 .

The Auditors report , Submitted by M/s. Bala& Co Chartered Accountants , does not contain any qualification, reservation, adverse remark or disclaimer. The Auditors have not reported any fraud to the Audit Committee or the Board of Directors under Section 143 of the Companies Act, 2013 during the year under review.

- **Internal Auditors**

In accordance with the provisions of Section 138 of the Companies Act, 2013 and Rules made there under M/s. Venkat &Rangaa, (FRN:004597) Chartered Accountants were Re- appointed as the Internal Auditors of the Company for the financial year 2019-20.

- **Secretarial Auditors:**

M/S.JEEVANJYOTI NAYAK, Practicing Company Secretaries were appointed to conduct the secretarial audit of the Company for the year 2018-19, as required under Section 204 of the Companies Act, 2013 and Rules there under. The Secretarial Audit Report in Form MR-3 for the financial year 2018-19 does not contain any qualification, observation, reservation, adverse remark or disclaimer. The Report submitted by Secretarial auditors has been annexed to this report.

MATERIAL CHANGES AND COMMITMENT AFFECTING FINANCIAL POSITIOIN OF THE COMPANY.

No material changes and commitment affecting the financial position of the company occurred from the end of the financial year 2018-19 till the date of this report. Further there was no change in the nature of the Business of the Company.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies

Act, 2013 are given in the notes to the Financial Statements.

CONTRACTS AND ARRANGEMENT WITH RELATED PARTIES

All related party transactions that were entered into by the company during the financial year were at arm's length basis and in the ordinary course of business.

During the transactions entered into with related parties are not considered to be materially significant. The details of transaction with related parties are provided in the accompanied financial statements. The details of transactions entered into during the year under review are provided in Form AOC-2, which is attached" to this Report.

EXTRACT OF ANNUAL RETURN

The details forming part of the Extract of the Annual Return in Form MGT-9 is annexed herewith.

REMUNERATION RATIO OF THE DIRECTORS/ KEY MANAGERIAL PERSONNEL (KMP)/ EMPLOYEES.

The information required pursuant to Section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Companies (Particulars of Employees) Rules, 1975, in respect of employees of the Company and Directors is furnished hereunder:

Rs in lakhs

| S. No | Name | Designation | Remuneration paid FY 2018-19 | Remuneration paid FY 2017-18 |
|-------|-----------------------------|-------------------|---------------------------------|---------------------------------|
| 1. | Mr. Vaithyalingam Anbalagan | Managing Director | - | - |
| 2. | Ajay Shukla | Company Secretary | 6.66 | 4.68 |
| 3. | Nagaraj P | CFO | 3.65 | 3.18 |

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

1. Conservation of Energy

Conservation of energy is of utmost significance for the company. Although the operations of Company are not energy intensive, however, every effort is made to ensure optimum use of energy by using energy- efficient processes and other equipment.

2. Technology Absorption, Adaptation and Innovation

The efforts made towards technology absorption: The Company has not carried out any Technology Absorption. The benefits derived like product improvement, cost reduction, product development or import substitution: Not In case of imported technology (imported during the last three years reconed from the beginning of the financial year): Not applicable.
The expenditure incurred on Research and Development: Not applicable

3. Foreign Exchange Earning and Outgo

There were no foreign exchange inflows or outflows.

DEPOSITS

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company is aware about the anti-sexual harassment policy in line with the requirements of the sexual harassment of women at the Workplace (Prevention, Prohibition & Redressed) Act, 2013. All employees, permanent and contractual, are covered under this policy.

During the Financial Year 2018-19, the Company was under Renovation Process and the working Employees, either regular or contractual is below than 10 no's, so the Company not Constitute any Internal Complaints Committee (ICC) as per the requirement prevention of sexual harassment Policy. Further, the Company management also not received any complaints regarding sexual harassment during the year.

ACKNOWLEDGEMENT

Directors take this opportunity to express their thanks to various departments of the Central and State Government, Bankers, Material Suppliers, Customers and Shareholders for their continued support and guidance. The Directors wish to place on record their appreciation for the dedicated efforts put in by the Employees of the Company at all levels.

For Aruna Hotels Limited

Date : 29.08.2019

Place : Chennai

(M.S.David)
DIN:08539011
Managing Director

(Muralidharan Ramasamy)
DIN: 07092976
Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT OVERVIEW OF THE INDUSTRY

India continued to build its lead as the fastest-growing economy in the world during Financial Year (FY) 2018-19. Travel and tourism industry contributed 9.2% to India's GDP and registered a growth of 6.7% in 2018 (Source: WTTC).

The industry supported 43 million jobs in the country (8.1% of total employment). India offers a diverse portfolio of niche tourism products, including cruises; adventure; medical; wellness; sports; meetings, incentives, conventions and exhibitions (MICE) eco-tourism; films; rural and religious tourism.

The country has been recognized as a destination for spiritual tourism for domestic and international tourists. Besides, the introduction of a new category of visa—the medical visa or M visa—is expected to encourage medical tourism in India. Several other factors promoting tourism, in general and hospitality, in particular are;

- Focus on improving infrastructure, including airports, roads and rail connectivity across the country
- Positive amendments to Coastal Regulation Zones Rules are expected to facilitate development of beach Resorts across the coastline
- Digitization of services, including payment mechanisms
- E-visas offered to nationals of 166 countries is expected to increase foreign travelers
- New avenues of funding Real Estate and Hospitality assets through institutional equity by way of listing Real State Investment Trusts (REIT) and Initial Public Offers (IPOs) of certain hospitality companies
- Introduction of the Insolvency and Bankruptcy Code (IBC) to resolve insolvencies efficiently, which in turn gives rise to opportunities for expansion.

The demand for rooms has outpaced supply of rooms over the past six years and this trend continued in 2018 as well. India's hotel industry is on an upswing on the back of robust prospects in the domestic tourism industry, increasing foreign tourist arrivals, improving forex inflows, high demand for air travel and muted supply growth. These factors corroborated by domestic macroeconomic data suggest the road ahead will bring higher revenues and margins for the hospitality industry in the country. Growth in upscale and budget hotels, in particular is expected to be buoyant with other segments too witnessing healthy momentum.

COMPANY OVERVIEW

Currently Our Company stopped its hotel operations completely and is presently under the process of renovating the Hotel premises. For this purpose, our Company has entered into a Memorandum of Agreement with M/s. Transform, proprietorship concern, to act as the Architect cum Project Management Consultant for the renovation and development of the Hotel building, almost civil works (Including internal and external part of the premises), electrical works, fire fighting & fire alarm works, interior works, networking & cctv works and other Works etc, under the Completion stage.

Post completion of the renovation process, our Hotel shall comprise of around 80 well designed rooms which are expected to be equipped with modern amenities/facilities. Due to renovation of the Hotel, company was unable to generate any revenue in the year 2018-19. The renovation process is expected to be completed and the further the operations of the Hotel will be commenced by the end of the year.

FINANCIALS

Your Company has incurred a loss before tax of Rs (1814.46) during the year for the year 2018-19 as compared to loss before tax of Rs 1390.30 lacs in the previous year 2017-18.

RISK MANAGEMENT**Industry Risk**

General Economic Conditions: The hospitality industry is prone to the impact of changes in global and domestic economies, local market conditions, hotel room supply, international or local demand for hotel rooms and associated services, competition in the industry, government policies and regulations, fluctuation in interest rates and foreign exchange rates and other social factors. Demand for hotels is affected by global economic sentiments; and therefore, any change impacting the other segments/industries/geographies will invariably impact the hotel industry too.

Socio-political Risks: In addition to economic risks, your Company faces risks from the socio-political environment nationally and internationally. It is affected by events like political instability, conflict between nations, threat of terrorist activities, occurrence of infectious diseases, extreme weather conditions and natural calamities. These may affect travel and business activity considerably.

INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has institutionalised an adequate system of internal controls, with documented procedures covering all corporate functions of units. Internal controls provide reasonable assurance regarding the effectiveness and efficiency of operations, the adequacy of safeguards for assets, the reliability of financial controls and compliance with applicable laws and regulations. The internal audit provides a positive assurance, based on the audits of operating units and corporate functions. It converges process framework, risk and control of , covering all critical and important functions inter-alia revenue management,, purchase, finance, human resources and safety.

A framework for each functional area is identified based on risk assessment and control, allowing the unit to identify and mitigate high-risk areas. These policies and procedures are updated periodically and monitored by Internal Auditor.

The Board's and Audit Committee oversee the adequacy of the internal control environment through periodic reviews of audit findings and monitoring implementations of internal audit recommendations through Compliance reports. The Statutory Auditors have opined in their report that there are adequate internal controls over financial reporting at the Company.

HUMAN CAPITAL

The Human Resource Policies and Practices of your company's employees are its most valuable asset who enables the Company to deliver a level of service that is among the highest in the hospitality industry. A combination of talent management strategy combined with a robust and transparent performance management system which leads to an attractive long term compensation philosophy is employed to attract and retain the best available talent.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis Report with regard to projections, estimates and expectations have been made in good faith. The achievement of result is subject to risks, uncertainties and even less than accurate assumptions. Market data and information are gathered from various published and unpublished reports; their accuracy, reliability and completeness cannot be assured.

ARUNA HOTELS LIMITED**FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN**

As on financial year ended on 31.03.2019
Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company
(Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

| | | |
|----|---|--|
| 1. | CIN | L15421TN1960PLC004255 |
| 2. | Registration Date | 09/09/1960 |
| 3. | Name of the Company | ARUNA HOTELS LIMITED |
| 4. | Category/Sub-category of the Company | COMPANY LIMITED BY SHARES / INDIAN NON GOVERNMENT COMPANY |
| 5. | Address of the Registered office & contact details | ARUNA CENTRE, 145, STERLING ROAD, NUNGAMBAKKAM, CHENNAI, Tamil Nadu-600034 |
| 6. | Whether listed company | YES |
| 7. | Name, Address & contact details of the Registrar & Transfer Agent, if any. | M/s. MCS Share Transfer Agents Ltd, 209-A, C-Wing, 2 nd Floor, Gokul Industrial Estate, Sagbaug, Marol Co-op Industrial Area, B/H Times Square, Andheri (E), Mumbai – 400 059 Ph: 022 – 28516020 / 6021 / 6022 / 6023 (D), Mob: 9969569190 |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

| S.No. | Name and Description of main products / services | NIC Code of the Product/service | % to total turnover of the company |
|-------|---|---------------------------------|------------------------------------|
| 1. | Hotels and Motels, inns, resorts providing short term lodging facilities; includes accommodation in house boats | 55101 | -- |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

| S.NO. | NAME AND ADDRESS OF THE COMPANY | CIN/ GLN | HOLDING/ SUBSIDIARY/ ASSOCIATE | %OF SHARES HELD | APPLICABLE SECTION |
|-------|---------------------------------|----------|--------------------------------|-----------------|--------------------|
| 1. | NIL | NIL | NIL | NIL | NIL |

ARUNA HOTELS LIMITED

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year [As on 31-March-2019] | | | | No. of Shares held at the end of the year [As on 31-March-2018] | | | | % Change during the year |
|--|--|----------------|----------------|-------------------|--|----------------|----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoter s | | | | | | | | | |
| 1. Indian | | | | | | | | | |
| a) Individual/ HUF | 1672817 | 137365 | 1810182 | 20.1131 | 1260608 | 770990 | 2031598 | 22.5733 | 2.4602 |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp. | 2936148 | 0 | 2936148 | 32.6239 | 2683642 | 31090 | 2714732 | 30.1637 | 2.4602 |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any other | - | - | - | - | - | - | - | - | - |
| Total shareholding of Promoter (A) | 4608965 | 137365 | 4746330 | 52.7370 | 3944250 | 802080 | 4746330 | 52.7370 | 0.00 |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | 252 | 66489 | 66741 | 0.7416 | 0 | 66739 | 66739 | 0.7415 | 0.00 |
| b) Banks / FI | 1756 | 250 | 2006 | 0.0223 | 1756 | 250 | 2006 | 0.0223 | 0.00 |
| c) Central Govt | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | 66133 | 31500 | 97633 | 1.0848 | 94049 | 38140 | 132189 | 1.4688 | 0.3840 |
| g) FIIs | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (specify) | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(1):- | 68141 | 98239 | 166380 | 1.8487 | 95805 | 105129 | 200934 | 2.2326 | 0.3839 |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | 21247 | 105258 | 126505 | 1.4056 | 20531 | 123578 | 144109 | 1.6012 | 0.1956 |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto Rs.2 lakh | 1057686 | 2435115 | 3492801 | 38.8089 | 933242 | 2792237 | 3725479 | 41.3942 | 2.5853 |
| ii) Individual shareholders holding nominal share capital in excess of Rs.2 lakh | 86297 | 0 | 86297 | 0.9589 | 0 | 0 | 0 | 0.00 | 0.9589 |
| c) Others (specify) | - | - | - | - | - | - | - | - | - |
| Non Resident Indians | 52301 | 218236 | 270537 | 3.0060 | 52868 | 19130 | 71998 | 0.80 | 2.2060 |
| Overseas Corporate Bodies | 111050 | 0 | 111050 | 1.2339 | 111050 | 0 | 111050 | 1.2339 | 0.00 |
| Foreign Nationals | - | - | - | - | - | - | - | - | - |
| Clearing Members | - | - | - | - | - | - | - | - | - |
| Trusts | 100 | 0 | 100 | 0.0011 | 100 | 0 | 100 | 0.0011 | - |
| Foreign Bodies - DR | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(2):- | 1328681 | 2758609 | 4087290 | 45.4143 | 1117791 | 2934945 | 4052736 | 45.0304 | 0.3839 |
| Total Public Shareholding (B)=(B)(1)+(B)(2) | 1396822 | 2856848 | 4253670 | 47.2630 | 1213596 | 3040074 | 4253670 | 47.2630 | 0.00 |
| C. Shares held by Custodian for GDRs & ADRs | | | | | | | | | |
| Grand Total (A+B+C) | 6005787 | 2994213 | 9000000 | 100 | 5157846 | 3842154 | 9000000 | 100.00 | 0.00 |

ARUNA HOTELS LIMITED

B) SHAREHOLDING OF PROMOTER-

| S.No | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in shareholding during the year |
|------|---|---|----------------------------------|--|-------------------------------------|----------------------------------|--|--|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | |
| 1. | KAMAL KUMAR BABBAR | 1216500 | 13.52 | - | 1216500 | 13.52 | - | - |
| 2. | KARTHIK PERUMAL | 78893 | 0.88 | - | 2662 | 0.03 | - | (0.85) |
| 3. | S .BALASUBRAMANIAN | - | - | - | 103296 | 1.15 | - | 1.15 |
| 4. | KAAVYASARTATHJAGANNATHAN | - | - | - | 118236 | 1.31 | - | 1.31 |
| 5. | MARUTHAI PILLAI P | 30390 | 0.34 | - | 30390 | 0.34 | - | - |
| 6. | RUKMANI SIVARAM | 25624 | 0.28 | - | 25624 | 0.28 | - | - |
| 7. | AUGUSTIND | 19200 | 0.21 | - | 19200 | 0.21 | - | - |
| 8. | CHANDRAMOHAN R | 19200 | 0.21 | - | 19200 | 0.21 | - | - |
| 9. | GEETHA PERIASAMY | 17180 | 0.19 | - | 17180 | 0.19 | - | - |
| 10. | ANITA KUMARAN | 15000 | 0.17 | - | 118296 | 1.31 | - | 1.14 |
| 11. | ARUN PILLAI M | 11844 | 0.13 | - | 11844 | 0.13 | - | - |
| 12. | CHANDRAKANT | 11683 | 0.13 | - | 11683 | 0.13 | - | - |
| 13. | CHITHAN V | 10050 | 0.11 | - | 68350 | 0.76 | - | 0.65 |
| 14. | JAYANTHI NATARAJAN | 12200 | 0.14 | - | 12200 | 0.14 | - | - |
| 15. | VIJAYALAKSHMI CHANDRAMOHAN | 7770 | 0.09 | - | 7770 | 0.09 | - | - |
| 16. | JAYANTHI S | 6514 | 0.07 | - | 6514 | 0.07 | - | - |
| 17. | SENTHILNATHAN M | 5530 | 0.06 | - | 5530 | 0.06 | - | - |
| 18. | SIVARAM M | 6105 | 0.07 | - | 6105 | 0.07 | - | - |
| 19. | SIVABAGYAM M | 3700 | 0.04 | - | 3700 | 0.04 | - | - |
| 20. | CHANDRAMOHAN P | 3200 | 0.04 | - | 3200 | 0.04 | - | - |
| 21. | RAVICHANDRAN C L | 802 | 0.01 | - | 802 | 0.01 | - | - |
| 22. | GANESAN M | 1900 | 0.02 | - | 1900 | 0.02 | - | - |
| 23. | SUBASRI REALITY PRIVATE LIMITED | 1464123 | 16.27 | - | 1685539 | 18.73 | - | 2.46 |
| 24. | YESSIR HOLDING & INVESTMENT PRIVATE LIMITED | 372412 | 4.14 | - | 372412 | 4.14 | - | - |
| 25. | GAY TRAVELS PRIVATE LIMITED | 591506 | 6.57 | - | 591506 | 6.57 | - | - |
| 26. | SOVERIEGN MEDIA MARKETING PRIVATE LIMITED | 195718 | 2.17 | - | 195718 | 2.17 | - | - |
| 27. | SRI DEVI AGENCIES PRIVATE LIMITED | 29880 | 0.33 | - | 29880 | 0.33 | - | - |
| 28. | RANI PRINTERS PRIVATE LIMITED | 61093 | 0.68 | - | 61093 | 0.68 | - | - |
| | Total | 4746330 | 52.74 | - | 4746330 | 52.74 | | |

C) CHANGE IN PROMOTERS' SHAREHOLDING (please specify, if there is no change)

| SN | Particulars | Date | Reason | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----|------------------------------|------------|-----------|---|----------------------------------|---|----------------------------------|
| | | | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1. | At the beginning of the year | 01.04.2018 | | 4746330 | 52.74 | 4746330 | 52.74 |
| | Changes during the year | | No change | | | | |
| | At the end of the year | 31.03.2019 | | 4746330 | 52.74 | 4746330 | 52.74 |

ARUNA HOTELS LIMITED

D) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

| SN | For Each of the Top 10 Shareholders | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|-----|--|------|---|----------------------------------|---|----------------------------------|
| | | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1. | EURO AMERICAN HOLDINGS LTD | | | | | |
| | At the beginning of the year | | 96050 | 1.0672 | 96050 | 1.0672 |
| | At the end of the year | | 96050 | 1.0672 | 96050 | 1.0672 |
| 2. | MANIAND MONEY LIMITED | | | | | |
| | At the beginning of the year | | 50440 | 0.5604 | 50440 | 0.5604 |
| | At the end of the year | | 50440 | 0.5604 | 50440 | 0.5604 |
| 3. | UNIT TRUST OF INDIA | | | | | |
| | At the beginning of the year | | 49305 | 0.5478 | 49305 | 0.5478 |
| | At the end of the year | | 49305 | 0.5478 | 49305 | 0.5478 |
| 4. | UNITED INDIA INSURANCE COMPANY LIMITED | | | | | |
| | At the beginning of the year | | 64100 | 0.7122 | 64100 | 0.7122 |
| | 24-08-2018 | Sale | (7903) | 0.0878 | (7903) | 0.0878 |
| | 31-08-2018 | Sale | (7816) | 0.0868 | (7816) | 0.0868 |
| | 07-09-2018 | Sale | (11833) | 0.1314 | (11833) | 0.1314 |
| | 14-09-2018 | Sale | (514) | 0.0058 | (514) | 0.0058 |
| | At the end of the year | | 36034 | 0.4004 | 36034 | 0.4004 |
| 5. | Y Gokul | | | | | |
| | At the beginning of the year | | 33873 | 0.3764 | 33873 | 0.3764 |
| | At the end of the year | | 33873 | 0.3764 | 33873 | 0.3764 |
| 6. | GENERAL INSURANCE CORPORATION OF INDIA | | | | | |
| | At the beginning of the year | | 27900 | 0.31 | 27900 | 0.31 |
| | At the end of the year | | 27900 | 0.31 | 27900 | 0.31 |
| 7. | SRIDHARAN R | | | | | |
| | At the beginning of the year | | 26641 | 0.296 | 26641 | 0.296 |
| | At the end of the year | | 26641 | 0.296 | 26641 | 0.296 |
| 8. | GAJENDRASINGH DHUKESINGH CHAWAN | | | | | |
| | At the beginning of the year | | 25783 | 0.286 | 25783 | 0.286 |
| | At the end of the year | | 25783 | 0.286 | 25783 | 0.286 |
| 9. | MADHAVRAO BALWANT PATIL/HIRABAI MADHAVRAO PATIL | | | | | |
| | At the beginning of the year | | 20000 | 0.2222 | 20000 | 0.2222 |
| | At the end of the year | | 20000 | 0.2222 | 20000 | 0.2222 |
| 10. | THE ORIENTAL INSURANCE COMPANY LIMITED | | | | | |

| SN | For Each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----|-------------------------------------|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | 19629 | 0.2181 | 19629 | 0.2181 |
| | At the end of the year | 19629 | 0.2181 | 19629 | 0.2181 |

E) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

| SN | Shareholding of each Directors and each Key Managerial Personnel | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1. | VAITHYALINGAMANBALAGAN | | | | |
| | At the beginning of the year | NIL | NIL | NIL | NIL |
| | At the end of the year | NIL | NIL | NIL | NIL |
| 2. | RAJKUMARKUMARUVELAYATHANADAR | | | | |
| | At the beginning of the year | NIL | NIL | NIL | NIL |
| | At the end of the year | NIL | NIL | NIL | NIL |
| 3. | MURALIDHARANRAMASAMY | | | | |
| | At the beginning of the year | NIL | NIL | NIL | NIL |
| | At the end of the year | NIL | NIL | NIL | NIL |
| 4. | FREEDA GANASELVAMKANAGIAH | | | | |
| | At the beginning of the year | NIL | NIL | NIL | NIL |
| | At the end of the year | NIL | NIL | NIL | NIL |
| 5. | SUYAMBHU NARAYANAN | | | | |
| | At the beginning of the year | NIL | NIL | NIL | NIL |
| | At the end of the year | NIL | NIL | NIL | NIL |
| 6. | AJAY SHUKLA | | | | |
| | At the beginning of the year | NIL | NIL | NIL | NIL |
| | At the end of the year | NIL | NIL | NIL | NIL |
| 7. | NAGARAJ.P | | | | |
| | At the beginning of the year | NIL | NIL | NIL | NIL |
| | At the end of the year | NIL | NIL | NIL | NIL |

ARUNA HOTELS LIMITED

V. INDEBTEDNESS

-Indebtedness of the Company including interest outstanding/accrued but not due for payment.

Rs.in lakhs

| | Secured Loans excluding deposits(in lakh) | Unsecured Loans (in lakh) | Deposits (in lakh) | Total Indebtedness (in lakh) |
|--|---|---------------------------------|-----------------------|---------------------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | - | 1443.05 | - | 1443.05 |
| ii) Interest due but not paid | | | | |
| iii) Interest accrued but not due | | | | |
| Total (i+ii+iii) | | | | |
| Change in Indebtedness during the financial year | | | | |
| * Addition | 2729.35 | 3581.45 | - | 6310.80 |
| * Reduction | | | | |
| Net Change | | | | |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 2729.35 | 5024.50 | - | 7753.85 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | 2729.35 | 5024.50 | - | 7753.85 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Rs in Lakhs

| SN. | Particulars of Remuneration | Name of Managing Director | Total Amount |
|-----|---|---------------------------|---------------|
| | | VAITHYALINGAM ANBALAGAN | |
| | Gross salary | - | - |
| 1. | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | - | - |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - |
| | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | - | - |
| 2. | Stock Option | - | - |
| 3. | Sweat Equity | - | - |
| 4. | Commission - as% of profit - others, specify... | - | - |
| 5. | Others, please specify | - | - |
| | Total (A) | - | - |
| | Ceiling as per the Act | Upto 60,00,000 | Upto60,00,000 |

B. Remuneration to other directors

Rs in Lakhs

| SN. | Particulars of Remuneration | Amount | |
|-----|--|--------|-------|
| | | | TOTAL |
| 1. | Independent Directors | | |
| | Fee for attending board committee meetings | Nil | Nil |
| | Commission | Nil | Nil |
| | Others, please specify | Nil | Nil |
| | Total (1) | Nil | Nil |
| 2. | Other Non-Executive Directors | | |
| | Fee for attending board committee meetings | Nil | Nil |
| | Commission | Nil | Nil |
| | Others, please specify (salary with other allowance & Consultant Fees) | Nil | Nil |
| | Total (2) | Nil | Nil |
| | Total (B)=(1+2) | Nil | Nil |
| | Total Managerial Remuneration | Nil | Nil |
| | Overall Ceiling as per the Act | Nil | Nil |

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Rs in Lakhs

| SN | Particulars of Remuneration | Key Managerial Personnel | | | |
|----|---|--------------------------|-------------|-------------|--------------|
| | | CEO | CS | CFO | Total |
| 1. | Gross salary | - | 6.66 | 3.65 | 10.31 |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | - | - | - | - |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - | - | - |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - | - |
| 2. | Stock Option | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - |
| 4. | Commission | - | - | - | - |
| | - as % of profit | - | - | - | - |
| | others, specify... | - | - | - | - |
| 5. | Others, please specify | - | - | - | - |
| | Total | - | 6.66 | 3.65 | 10.31 |

ARUNA HOTELS LIMITED**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

| Type | Section of the Companies Act | Brief Description | Details of Penalty / Punishment/ Compounding fees imposed | Authority [RD/ NCLT/ COURT] | Appeal made, if any (give Details) |
|-------------------------------------|------------------------------|-------------------|---|-----------------------------|------------------------------------|
| A. COMPANY | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |
| B. DIRECTORS | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |

(M.S.DAVID)

(MURALIDHARAN RAMASAMY)

Date : 29.08.2019
Place: ChennaiDIN: 08539011
Managing DirectorDIN: 07092976
Director

FORM NO. AOC 2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

- (a) Name(s) of the related party and nature of relationship: NA
- (b) Nature of contracts/arrangements/transactions: NA
- (c) Duration of the contracts/arrangements/transactions: NA
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: NA
- (e) Justification for entering into such contracts or arrangements or transactions: NA
- (f) Date of approval by the Board: NA
- (g) Amount paid as advances, if any: NA
- (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: NA

2. Details of material contracts or arrangement or transactions at arm's length basis

- (a) Name(s) of the related party and nature of relationship: NA
- (b) Nature of contracts/arrangements/transactions: NA
- (c) Duration of the contracts/arrangements/transactions: NA
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: NA
- (e) Date(s) of approval by the Board, if any: NA
- (f) Amount paid as advances, if any: Nil

FOR AND ON BEHALF OF THE BOARD
ARUNA HOTELS LIMITED

Place: Chennai
Date: 29-08-2019

M S David
Managing Director
DIN:08539011

FORM MR-3

SECRETARIAL AUDIT REPORT

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies
(Appointment and Remuneration Personnel) Rules, 2014]

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2019

To,

The Members,

ARUNA HOTELS LIMITED

CIN: L15421TN1960PLC004255

Aruna Centre, 145, Sterling Road,

Nungambakkam,

Chennai -600 034.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. ARUNA HOTELS LIMITED (hereinafter called “the company”). The Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion there on.

Based on our verification of the Company’s books, papers, minutes books, forms and returns filed and other records maintained by the company (“Books and paper”) and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in my opinion, the company has, during the audit period covered by our audit, that is to say, from April 01,2018 to March 31,2019 (hereinafter referred to as “Audit period”), complied with the statutory provisions listed hereunder and also that the Company has proper Board – processes and compliance – mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minutes’ books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2019, according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made there under to the extent notified by Ministry of Corporate affairs;
2. The Securities Contracts (Regulation) Act, 1956 (“SCRA”) and the rules made there under;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (“SEBI Act”):-
 - a The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations,2015;
 - c The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2015;
 - d The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements)Regulations, 2015;
 - e The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

We have also examined compliance with the applicable clauses/Regulations of the following:

- (i) The Listing Agreement entered into by the Company with the BSE Limited under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; with effect from December 01, 2015.
- (ii) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India (made mandatory with effect from July 01, 2015).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with Executive Director, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors in respect the Board Meetings and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meetings.

Resolution have been approved by Majority dissenting members if any, views are captured and recorded as part of the minutes.

We further report that there are systems and processes in the company, commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the period under review, no specific events/actions having a major bearing on the Company's affair in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc referred to the above have taken place except to the following:

1. The shareholders of the Company at 56th AGM of the Company had approved the special Resolution to raise/avail unsecured loan, in one more tranches, from Promoters ("Lender") aggregating upto Rs.50 Crores with an option to convert the entire loan amount into equity shares of the Company on such price, terms and conditions as may be stipulated in the financing documents/agreements to be entered between the Company and the Lender.

For JeevanJyotiNayak& Associates

Company Secretaries

Jeevan JyotiNayak

(Managing Partner)

Place : Chennai

Date : 05.08.2019

ACS No. : 39653

C P No. : 17143

This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

ANNEXURE – A

To,

The Members,
ARUNA HOTELS LIMITED
CIN: L15421TN1960PLC004255
Aruna Centre, 145, Sterling Road,
Nungambakkam,
Chennai -600 034.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial and other records is the responsibility of the management of the Company. Our responsibility is to express an opinion on the relevant records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the relevant records and compliances. The verification was done on test basis to verify that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial and tax records and books of accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For JeevanJyotiNayak& Associates
Company Secretaries

Jeevan JyotiNayak
(Managing Partner)

Place : Chennai
Date : 05-08-2019

ACS No. : 39653
C P No. : 17143

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company is committed to adopt the best Corporate Governance practices to manage the affairs of the Company in an ethical, accountable, transparent and fair way, with the blend of both legal and management practices, to imbed the same in the decision making process of the Company, and to communicate the same accurately and timely, in such a way that both stakeholders' expectations and legal standards are not only met, but the Company surpasses them.

The Company has complied with the requirements of Corporate Governance as mandated by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as detailed below for the year ending March 31, 2019:

1. BOARD OF DIRECTORS

COMPOSITION

The Board of Directors comprises Executive, Non-Executive as well as Independent Directors. The Board as on March 31, 2019 comprises of 5 directors five Directors, out of which two (40%) are Non – Executive Independent Directors (which includes One of the Independent Directors is a Woman Director), two (40%) are Non – Executive Non – Independent Directors and One (20%) is Managing Director. The composition of the Board is in conformity with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") as well as the Companies Act, 2013 ("the Act").

The Directors do not have any relationships inter-se with each other. The Company has obtained Certificate from Company Secretary in Practice that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by SEBI, Ministry of Corporate Affairs or any such statutory authority.

None of the Directors are members in more than 10 Committees or act as Chairperson of more than 5 Committees across all listed companies in which they are directors. All Directors have made disclosures about committee positions they occupy in other listed companies.

BOARD MEETING

Eight meetings of the Board of Directors were held during the financial year 2018-19 on May 29, 2018, July 30, 2018, August 17, 2018, November 12, 2018, December 11, 2018 , December 24,2018, January 28, 2019 and February 12,2019 . The time gap between any two Board Meeting did not exceed one hundred twenty days.

The attendance of each Director at the meeting of the Board of Directors and the last Annual General Meeting of the Company and Directorships and Committee positions held by the Directors in other companies are given below:

ARUNA HOTELS LIMITED

| Name of the Director | Category | Number of Board Meetings During the year | | Whether Attended last AGM held on (Y/N) | Number of Directorships in other public companies | Committee positions held */** | |
|---|-------------------------------|--|----------|---|---|-------------------------------|----------|
| | | Held | Attended | | | Member | Chairman |
| Mr. MuralidharanRamasamy (Chairperson)DIN: 07092976 | Non-Executive Non-Independent | 8 | 8 | Y | - | 1 | 0 |
| Mr. Vaithyalingam Anbalagan (Managing Director) DIN: 00059007 | Executive Non – Independent | 8 | 8 | Y | 1 | 0 | 0 |
| Mr.RajakumarKumaruvelayathanadar (Director) DIN: 05187894 | Non-Executive Non-Independent | 8 | 8 | Y | - | 2 | 1 |
| Mrs.FreedaGnanaselvamKanagiah (Director) DIN: 07350172 | Non-Executive Independent | 8 | 8 | Y | - | 2 | 1 |
| Mr. Suyambhu Narayanan (Director) DIN : 07718798 | Non-Executive Independent | 8 | 8 | Y | - | 2 | 1 |

The names and categories of the Directors on the Board, their attendance at Board meetings held during the year and the number of Directorships and committee Chairpersonships / memberships held by them in other public companies as on March 31, 2019 as given above. Other Directorships do not include Directorships of private limited companies, Section 8 companies and of companies incorporated outside India. Chairpersonships / memberships of Board committees shall include only Audit committee, and Stakeholders' relationship committee public limited companies

Code of Conduct

The Board of Directors of the Company has laid down a Code of Conduct for all members of the Board of Directors and Senior Management of the Company which also incorporates the duties of Independent Directors as laid down in the Companies Act, 2013. The Code of Conduct is available on the Company's website. All members of the Board of Directors and Senior Management have affirmed compliance with the Code of Conduct as on March 31, 2019.

Directors' Shareholding

The Directors of the Company do not hold any shares in the Company. No stock options as on date have been granted to the Directors of the Company.

CEO / CFO Certification

Mr. M.S.David Managing Director, and Mr. Nagaraj P, Chief Financial Officer of the Company, have certified to

the Board on the requirements of the SEBI Listing Regulations with regard to financial statements for the year ended March 31, 2019 and the Certificate forms part of this Report.

BOARD PROCESS

The Board Agenda items inter-alia include review of financial results, audit reports, budgets, minutes of meetings, appointment of key managerial personnel, regulatory and statutory reports, compliance reports pertaining to all laws applicable to the Company. The Board has accepted all the recommendations of the Committees of the Board made during the year under review.

INDEPENDENT DIRECTORS MEETING

Independent Directors of the Company met once during the financial year on March 30 2019 in line with the requirements under Schedule IV to the Companies Act, 2013 (Code for Independent Directors) and Regulation 25(3) of the Listing Regulations. None of the Non-Independent Directors and members of the Management were present at the meeting.

Independent Directors at their meeting transacted the following:-

- a) Reviewed the performance of Non-Independent Directors and the Board as a whole;
- b) Reviewed the performance of the Chairman of the Company, taking into consideration, the views of Managing Director and Non-Executive Directors; and
- c) Assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform its Duties.

The terms and conditions of appointment of Independent Directors and details of familiarization programmes imparted to Independent Directors of the Company are available on the Company's website: www.arunahotels.com.

The Independent Directors have submitted declarations that they meet the criteria of independence as provided in Regulation 16(1)(b) of the SEBI Listing Regulations and that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence.

The evaluation of Independent Directors was done by the entire Board of Directors which included performance of the directors and fulfillment of the independence criteria as specified in Listing Regulations and their independence from the management. The Board of Directors has confirmed that, in their opinion, the Independent Directors fulfill the conditions specified in the SEBI Listing Regulations and are independent of the management.

REMUNERATION

No sitting fees or remuneration is paid to the Non-Executive Directors and Independent Directors of the Company for attending the meetings of the Board and Committees, during financial year 2018-19.

MEMBERSHIP TERM

The Board constantly evaluates the contribution of the members and periodically shares updates with the shareholders about re-appointments consistent with applicable statutes. The current law in India mandates the retirement of two-third of the non-independent Directors (who are liable to retire by rotation) every year, and qualifies the retiring members for re-appointment. Executive Directors are appointed by the shareholders for a maximum period of five years, but are eligible for re-appointment upon completion of their term. An independent Director shall hold office for a term of up to five consecutive years on the Board of the Company and will be eligible for re-appointment on the passing of a resolution by the Company.

2. BOARD COMMITTEES

Currently, the Board has three committees: Audit Committee, Nomination and Remuneration Committee and Stakeholders’ Relationship Committee. All committees consist majority of independent Directors.

The non-executive Chairperson of the Board, in consultation with the Company Secretary and the committee chairperson, determines the frequency and duration of the committee meetings. Recommendations of the committees are submitted to the entire Board for approval. The quorum for meetings is either two members or one-third of the total number of members of the committee, whichever is higher.

AUDIT COMMITTEE

The Audit Committee comprises of three Directors which includes two Independent Directors and one Non-Executive Director. All members of the Audit Committee are financially literate and possess accounting and related financial management expertise. The Company Secretary acts as the Secretary to the Committee.

Seven (7) meetings of the Audit Committee were held during the financial year 2018-19 on May 29, 2018, July 30, 2018, November 12, 2018, December 11, 2018, December 24,2018, January 28, 2019 and February 12,2019 . The time gap between any two Audit Committee Meeting did not exceed one hundred twenty days.

The composition of the Committee and details of the attendance of the members at the Committee Meetings are as follows:

| Name | Category | Number of meetings during the financial year 2018 – 19 | |
|----------------------------------|--------------------------|--|----------|
| | | Held | Attended |
| Mr. Suyambu Narayanan | Chairman | 7 | 7 |
| Mrs. Freeda Gnanaselvam Kanagiah | Independent Director | 7 | 7 |
| Mr. Muralidharan Ramasamy | Non – Executive Director | 7 | 7 |

The Audit Committee has powers to investigate any activity within its terms of reference, seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.

The terms of reference of the Audit Committee were Revised by the Board of Directors in its Meeting held on 24.12.2018, as per the requirement, Section 177 and any other applicable provisions of the Companies Act, 2013, and the rules and regulations made there under, Regulation 18 read with Part C of Schedule II and any other applicable provisions of the SEBI Listing Regulations, 2015 are broadly as under:

- (1) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (2) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - (a) matters required to be included in the director's responsibility statement to be included in the Board's Report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - (b) changes, if any, in accounting policies and practices and reasons for the same;
 - (c) major accounting entries involving estimates based on the exercise of judgment by management;
 - (d) significant adjustments made in the financial statements arising out of audit findings;
 - (e) compliance with listing and other legal requirements relating to financial statements;
 - (f) disclosure of any related party transactions;
 - (g) modified opinion(s) in the draft audit report;
- (3) reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- (4) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- (5) recommendation for appointment, remuneration and terms of appointment of auditors of the Company, including their replacement or removal;
- (6) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (7) reviewing and monitoring with the management, independence and performance, of statutory and internal auditors, adequacy of the internal control systems, and effectiveness of audit process;
- (8) evaluation of internal financial controls and risk management systems;
- (9) reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (10) discussion with internal auditors of any significant findings and follow up there on;
- (11) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- (12) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

- (13) approval or any subsequent modification of transactions of the Company with related parties;
- (14) reviewing of related party transactions entered into by the Company pursuant to omnibus approval(s), on quarterly basis
- (15) scrutiny of inter-corporate loans and investments;
- (16) valuation of undertakings or assets of the Company, wherever it is necessary;
- (17) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (18) Reviewing the financial statements, in particular the investments, if any made by the unlisted subsidiary company(ies)
- (19) to review the functioning of the whistle blower mechanism/vigil mechanism;
- (20) approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
- (21) reviewing mandatorily the following information:
 - (a) The Management Discussion and Analysis of financial condition and results of operations;
 - (b) Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
 - (c) Management letters/letters of internal control weaknesses issued by the statutory auditors;
 - (d) Internal audit reports relating to internal control weaknesses;
 - (e) appointment, removal and terms of remuneration of the Chief internal auditor / internal auditor(s); and
 - (f) Statement of deviation:
 - i) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI Listing Regulations; and
 - ii) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the SEBI Listing Regulations.
- (22) Carrying out any other function as is mandated by the Board from time to time and/or enforced by any statutory/ regulatory requirement, as may be applicable.
- (23) Review its Terms of Reference on an annual basis and recommend any changes to the Board;
- (24) In terms of the Insider Trading Code adopted by the Company, the Committee shall consider the following matters: –
 - (i) To approve policies/framework in relation to the implementation of the Insider Trading Code and to supervise implementation of the Insider Trading Code.
 - (ii) To note and take on record the status reports detailing the dealings by Designated Persons in Securities of the Company, as submitted by the Compliance Officer on a quarterly basis.
 - (iii) To provide directions on any penal action to be initiated, in case of any violation of the Prohibition of Insider Trading Regulations by any person.
- (25) To investigate into any matter in relation to the role/terms of reference and to obtain external professional advice, if necessary and shall have full access to the information contained in the records of the Company;
- (26) To seek information from employees and secure attendance of outsiders, if necessary; and
- (27) To call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the Company.”

The Chief Financial Officer, Statutory Auditors and Internal Auditors are present at the meetings. Respective functional executives, as it considers appropriate (particularly the head of the finance function) heads are also invited

to attend the Audit Committee meeting to respond to queries and observations pertaining to their functions, arising out of the audit reports.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee comprises of three Directors which includes two Independent Directors and one Non-Executive Director.

During the year, the Nomination and Remuneration Committee met (4) Four times on May 29, 2018, July 30, 2018, December 11, 2018 and February 12, 2019. The composition of the Committee and details of the attendance of the members at the Committee

The composition of the nomination and remuneration committee and the details of meetings attended by its members are given below:

| Name | Category | Number of meetings during the financial year 2018-19 | |
|--|--------------------------|--|----------|
| | | Held | Attended |
| Mrs. FreedaGnanaselvamKanagiah (Chairperson) | Chairman | 4 | 4 |
| Mr. Suyambhu Narayanan | Independent Director | 4 | 4 |
| Mr. RajakumarKumarvelayathanadar | Non – Executive Director | 4 | 4 |

The terms of reference of the Nomination and Remuneration Committee were Revised by the Board of Directors in its Meeting held on 24.12.2018 , as per the requirement of the provisions of Section 178 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof, for the time being in force, the “Companies Act, 2013”), including the rules framed thereunder, and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘SEBI Listing Regulations’)

1. To formulate the criteria for determining qualifications, positive attributes and independence of a director;
2. To devise a policy on Board diversity;
3. To identify persons who are qualified to become Director in accordance with the criteria laid down and recommend to the Board, their appointment/removal;
4. To identify persons who may be appointed in Senior Management in accordance with the criteria laid down and recommend to the Board, their appointment /removal;
5. To formulate and recommend to the Board policies relating to the remuneration for:
 - a. Directors;
 - b. Key Managerial Personnel; and
 - c. Other Employees of the Company;
6. To formulate criteria for performance evaluation of independent directors and the Board and to carry out evaluation of every director’s performance;
7. To recommend remuneration payable to Managing Directors and Whole-time Directors;
8. To recommend the sitting fees payable, if any to Non-Executive Directors;
9. To review and recommend nature of services rendered by any director in other capacity and requisite qualification thereof;
10. To discharge the roles envisaged under the SEBI (Share Based Employee Benefits) Regulations, 2014;

11. Determine whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
12. Review its Terms of Reference on an annual basis and recommend any changes to the Board;
13. To carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory/regulatory requirement, as may be applicable.”

Nomination and Remuneration Policy

Nomination and Remuneration policy of the Company is designed to create a high performance culture. The Company believes that the remuneration should be sufficient to attract, motivate and retain non –executive talent. The Remuneration policy of the Company has been displayed on the website of the Company.

The details of remuneration paid to Directors are given below:

| Name of the Director | Salary | Sitting fee | Commission | ESOPs | Others |
|---|--------|-------------|------------|-------|--------|
| Mr. MuralidharanRamasamy (Director) | - | - | - | - | - |
| Mr.VaithyalingamAnbalagan (Managing Director) | | | | | |
| Mr.RajakumarKumaruvelayathanadar (Director) | - | - | - | - | - |
| Mr. Suyambhu Narayanan (Director) | - | - | - | - | - |
| Mrs.FreedaGnanaselvamKanagiah (Director) | - | - | - | - | - |

STAKEHOLDERS’ RELATIONSHIP COMMITTEE

The stakeholders’ relationship committee comprises of three Directors which includes two Independent Directors and one Non-Executive Director.

During the year, the stakeholders’ relationship committee met (5) Five times on May 29, 2018, July 30, 2018, November 12, 2018 December 13, 2018 and February 12, 2019. The composition of the Committee and details of the attendance of the members at the Committee

The composition of the Stakeholders’ Relationship Committee and the details of meetings attended by its members are given below:

| Name | Category | Number of meetings during the financial year 2018-19 | |
|-----------------------------------|----------------------|--|----------|
| | | Held | Attended |
| Mr. RajakumarKumaruvelayathanadar | Chairman | 5 | 5 |
| Mrs. FreedaGnanaselvamKanagiah | Independent Director | 5 | 5 |
| Mr. Mr. Suyambhu Narayanan | Independent Director | 5 | 5 |

The terms of reference of the Stakeholders’ Relationship Committee were Revised by the Board of Directors in its

Meeting held on 24.12.2018, as per the requirement of the provisions of Section 178 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof, for the time being in force, the “Companies Act, 2013”), including the rules framed thereunder, and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘SEBI Listing Regulations’)

1. To oversee and review all matters connected with the transfer of the Company’s securities and to approve allotment, transfer / transmission of securities;
2. To consider, resolve and monitor redressal of investors’ complaints/ grievances like non-transfer of securities, non-receipt of annual report, non-receipt of dividends, etc.;
3. To approve issue of duplicate share certificates and new certificates on split/consolidation/renewal;
4. To oversee the performance of the Company’s Registrar and Share Transfer Agent(s);
5. To recommend methods to upgrade the standards of services to investors;
6. Review its Terms of Reference on an annual basis and recommend any changes to the Board; and
7. To carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory/ regulatory requirement, as may be applicable.”

The following are the details of investor complaints received and redressed during the year

| Opening balance | Complaints received | Complaints redressed | Closing Balance |
|-----------------|---------------------|----------------------|-----------------|
| NIL | NIL | NIL | NIL |

• SHAREHOLDERS DISCLOSURES REGARDING THE APPOINTMENT OR RE-APPOINTMENT OF DIRECTORS

As per the provisions of the Companies Act, 2013, Mr. Rajakumar Kumaravelayathanadar will retire in the ensuing AGM and being eligible, seek re-appointment. The Board recommends his re-appointment.

COMMUNICATION TO THE SHAREHOLDERS

The quarterly report, along with additional information and official news releases, are posted on our website (www.arunahotels.com). The reports contain select financial data extracted from the audited financial statements. Moreover, the quarterly / annual results and official news releases are generally published in MakkalKural and Trinity Mirror newspapers. Quarterly and annual financial statements, along with segmental information, are also posted on our website (www.arunahotels.com).

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

As required by Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the Auditors’ certificate on corporate governance is annexed to the Board’s report.

In addition to the certificate by the auditors, the Practicing Company Secretary has also issued a certificate on corporate governance as part of the secretarial audit.

VIGIL MECHANISM

The Company has in place a Vigil Mechanism (Whistle Blower Policy) for directors and employees to report genuine concerns. The policy provides for adequate safeguards against victimization of directors or employees or any other person who avails the mechanism and also provides for direct access to the Chairman of the Audit Committee in

appropriate or exceptional cases. The Vigil Mechanism is available on the Company’s website. During the year, no personnel had been denied access to the Audit Committee.

RELATED PARTY TRANSACTIONS

The Company has formulated a Policy for Related Party Transactions and on dealing with such transactions which is available on the website of the Company .All related party transactions are entered into after obtaining prior approval approval of the Audit Committee.

There have been no materially significant related party transactions that would have potential conflict with the interests of the Company. All Related Party Transactions are approved by the Members of the Company.

GENERAL BODY MEETINGS

The details of the last three Annual and / or Extraordinary General Meetings are as follows:

| Year Ended | Date & Time | Venue | Special resolutions passed |
|-------------------|---------------------------|---|---|
| Mar 2016 | 26.09.2016, 09:00 a.m. | Youth Hostel, 2 nd Avenue, Indira Nagar, Chennai – 600020 | - |
| Mar 2017 | 28.09.2017, 9:00 am | Youth Hostel, 2 nd Avenue, Indira Nagar, Chennai – 600020 | <ul style="list-style-type: none"> • To increase the Authorised share capital • To amend the memorandum of association of the company • To alter the articles of association of the company • Regularization of additional director of Mr. Suyambu narayanan (din 07718798) |
| Mar 2018 | 20.09.2018 | Youth Hostel, 2 nd Avenue, Indira Nagar, Chennai – 600020 | 1. Rasing the funds by the Company through Unsecured Loan |

REMOTE E-VOTING AND BALLOT VOTING AT THE AGM

To allow the shareholders to vote on the resolutions proposed at the AGM, the Company has arranged for a remote e-voting facility. The Company has engaged CDSL to provide e – voting facility to all the members. Members whose names appear on the register of members as on 23.09.2019 shall be eligible to participate in the e-voting. The facility for voting through ballot will also be made available at the AGM, and the members who have not already cast their vote by remote e-voting can exercise their vote at the AGM.

INVESTOR GRIEVANCE AND SHARE TRANSFER

We have a Board – level stakeholders’ relationship committee to examine and redress complaints by shareholders and investors. The status of complaints and share transfers is reported to the entire Board. For shares transferred in physical form, the Company provides adequate notice to the seller before registering the transfer of shares. The

ARUNA HOTELS LIMITED

stakeholders' relationship committee will meet as often as required to approve share transfers. For matters regarding shares transferred in physical form, share certificates, dividends, and change of address, shareholders should communicate with, MCS Share Transfer Agent Limited our Registrar and Share Transfer Agent.

Share transactions are simpler and faster in electronic form. After a confirmation of a sale / purchase transaction from the broker, shareholders should approach the depository participant with a request to debit or credit the account for the transaction. The depository participant will immediately arrange to complete the transaction by updating the account. There is no need for a separate communication to the Company to register the transfer.

Stock Market Data:

The monthly high and low share prices of equity shares of the company traded at The Bombay Stock Exchange Limited, Mumbai from April 1, 2018 to March 31, 2019 are given below:

(Prices in Rupees)

| Bombay stock Exchange (2018-19) | | | |
|--|-------------|------------|---------------|
| Months | High | Low | Volume |
| Apr-18 | 20.99 | 13.20 | 25821 |
| May-18 | 32.70 | 22.00 | 40439 |
| Jun-18 | 26.10 | 14.55 | 19458 |
| Jul-18 | 14.55 | 12.96 | 7228 |
| Aug-18 | 22.31 | 12.83 | 43167 |
| Sep-18 | 25.15 | 20.10 | 14889 |
| Oct-18 | 20.20 | 18.05 | 61 |
| Nov-18 | 18.05 | 10.90 | 21820 |
| Dec-18 | 10.90 | 9.56 | 9944 |
| Jan-19 | 10.65 | 7.5 | 14698 |
| Feb-19 | 8.19 | 6.83 | 5720 |
| Mar-19 | 8.70 | 7.51 | 5522 |

ARUNA HOTELS LIMITED

Distribution of Shareholding as at 31st March 2019

| No. of shares Held | No. of Shareholders | Folio | % of Shares | % of Holdings |
|---------------------------|----------------------------|--------------|--------------------|----------------------|
| Upto 500 | 2851203 | 23579 | 31.68 | 96.41 |
| 501-1000 | 485688 | 675 | 5.40 | 2.76 |
| 1001-2000 | 122806 | 86 | 1.36 | 0.35 |
| 2001-3000 | 74177 | 31 | 0.82 | 0.13 |
| 3001-4000 | 49265 | 14 | 0.55 | 0.06 |
| 4001-5000 | 69314 | 15 | 0.77 | 0.06 |
| 5001-10000 | 111410 | 16 | 1.24 | 0.07 |
| 10001 - 50000 | 573641 | 28 | 6.37 | 0.11 |
| 50001-100000 | 275933 | 4 | 3.07 | 0.02 |
| And above 100000 | 4386563 | 8 | 48.74 | 0.03 |
| Total | 9000000 | 24456 | 100.00 | 100.00 |

Shareholders holding more than 1% of the Equity Share Capital

| Srl.No. | Name | Shares | %ge |
|----------------|---|---------------|------------|
| 1 | SUBASRI REALTY PRIVATE LIMITED | 1685539 | 18.72 |
| 2 | KAMAL BABBAR | 1216500 | 13.51 |
| 3 | GAY TRAVELS PRIVATE LIMITED | 591506 | 6.57 |
| 4 | YESSIR HOLDINGS AND INVESTMENTS PVT LTD | 372412 | 4.13 |
| 5 | SOVEREIGN MEDIA MARKETING PRIVATE LIMITED | 195718 | 2.17 |
| 6 | ANITA KUMARAN | 118296 | 1.31 |
| 7 | KAAVYA SHARATH JAGANNATHAN | 118236 | 1.31 |
| 8 | S. BALASUBRAMANIAN | 103296 | 1.14 |
| 9 | EURO AMERICAN HOLDINGS LTD | 96050 | 1.06 |

ARUNA HOTELS LIMITED

GENERAL SHAREHOLDER INFORMATION

| SL. No | Particulars | Information for Shareholders |
|--------|--|--|
| A | 57 th Annual General Meeting | |
| | Date and Time | 30.09.2019 at 9.00 AM |
| | Venue | Youth Hostel, 2 nd Avenue Indira Nagar Chennai-600020. |
| B | Financial calendar for the Year 2019-20 | |
| | 58 th Annual General Meeting | September 2020 |
| | Board Meeting :- | |
| | Results of the quarter ended 30 th June 2019 | Second Week of August 2019 |
| | Results of the quarter ended 30 th September 2019 | Second Week of November 2019 |
| | Results of the quarter ended 31 st December 2019 | Second Week of February 2019 |
| | Results of the quarter ended 31 st March 2020 | Second Week of May 2020 |
| C | Date of Book Closure | 24-09-2019 to 30-09-2019 |
| 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 | The Company's shares are Listed on the Bombay Stock Exchange |
| F | Stock Code | Trading Symbol at BSE -500016, Demat ISIN Number in NSDL and CDSL -INE 957C01019 |
| G | Registrar Of Transfer Agent | M/s MCS Share Transfer Agent Ltd 209-A, C-Wing, 2 nd Floor, Gokul Industrial Estate, Sagbaug, Marol Co-op Industrial Area,B/H Times Square, Andheri (E), Mumbai – 400 059 Ph: 022 – 28516020 / 6021 / 6022 / 6023 (D) Mob: 9969569190 |
| H | Share Transfer System | The Physical share transfer are processed a unless the transfer documents are found invalid, the transfers are effected and the share certificate s are returned to the transferee's with in a maximum period of 30 days . Those shareholders who want to demat their shares may handover their share certificate(s) to the Depository participants with whom they have demat account, and the DP will forward it to the RTA for confirmation . Al Demat request are processed and if found correct, requisite confirmation given within 21 days of receipt. |

CHIEF EXECUTIVE OFFICER (CEO) / CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

We M S DAVID MANAGING DIRECTOR, and NAGARAJ P, CFO of ARUNA HOTELS LIMITED, to the best of our knowledge and belief hereby certify that:

- (a). We have reviewed financial statements and the cash flow statement for the year and that to the best of my knowledge and belief:
1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b). There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or volatile of the Company's code of conduct.
- (c). We accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and We have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d). We have indicated to the auditors and the Audit Committee:
1. Significant changes in internal control over financial reporting during the year;
 2. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 3. Instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Date : 29.08.2019

Place : Chennai

M S DAVID
DIN : 08539011
Managing Director

NAGARAJ P
Chief Financial Officer

DECLARATION BY THE MANAGING DIRECTOR UNDER PART D OF SCHEDULE V OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 REGARDING ADHERENCE TO THE CODE OF CONDUCT.

In accordance with para D of Schedule V of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, I hereby confirm that, all the Directors and the Senior Management personnel of the Company have affirmed compliance with their respective Codes of Conduct, as applicable to them, for the financial year ended March 31, 2019.

For Aruna Hotels Limited

Place: Chennai
Date: 29.08.2019

M S DAVID
DIN: 08539011
Managing Director

**Certificate from Company Secretary in Practice
CERTIFICATE**

(Pursuant to clause 10 of Part C of Schedule V of LODR)

To the Members of ARUNA HOTELS LIMITED

In pursuance of sub clause (i) of clause 10 of Part C of Schedule V of The Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015; (LODR) in respect of Aruna Hotels Limited (CIN: L15421TN1960PLC004255) .

I hereby certify that: On the basis of the written representation/declaration received from the directors and taken on record by the Board of Directors, as on March 31, 2019, none of the directors on the board of the company has been debarred or disqualified from being appointed or continuing as director of companies by the SEBI / Ministry of Corporate Affairs or any such statutory authority.

ACS:38249/CP No:14321
SD

Place : Chennai
Date: 05.04.2019

J.JOTHI
J Jothi & Associates
Company Secretaries

**PRACTICING COMPANY SECRETARY'S CERTIFICATE ON
CORPORATE GOVERNANCE**

To,
The Members,
Aruna Hotels Limited

We have examined the compliance of conditions of Corporate Governance by M/s. Aruna Hotels Limited (“the Company”) for the year ended March 31, 2019, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations – 2015”).

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 stipulated in the SEBI Listing Regulations – 2015.

Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the 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 provided and explanations given to me, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of the Listing Regulations –2015, as applicable, during the year ended March 31, 2019.

We further state that such compliance is neither an assurance as to the future viability of the Company nor as to the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Jeevan Jyoti Nayak & Associates
Company Secretaries

Jeevan JyotiNayak
(Managing Partner)
ACS No. : 39653
C P No. : 17143

Place: Chennai
Date: 05-08-2019

**INDEPENDENT AUDITOR’S REPORT
TO THE MEMBERS OF ARUNA HOTELS LIMITED**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Aruna Hotels Limited (“the Company”), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as “the financial statements”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (“Ind AS”) and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the loss, changes in equity and its cash flows for the year ended on that date.

Basis of Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Sr. No. | Key Audit Matter | Auditor’s Response |
|---------|--|--|
| 1. | <p>Going Concern Principle</p> <p>The company is currently not operating and hence no operating income has been recorded since FY 15-16. The management and those charged with governance informed us that renovation work will be finished soon and the hotel will be reopened.</p> | <p>Principal Audit Procedures</p> <p>We assessed the Company’s renovation process through the bills of vendors provided to us and the certificate provided by the architect on the status of the work completed. As per the discussion with the management, the hotel will start its operations most likely in FY 2019-20.</p> |

| Sr. No. | Key Audit Matter | Auditor's Response |
|---------|---|--|
| 2. | Redemption of Preference Shares The company had issued preference share in earlier years and were not redeemed in the year in which it had to been redeemed, because it had no profits, nor could it make any fresh issue of shares. No liability has been provided for Preference Share Dividend. | Principal Audit Procedures During audit, we verified the details of preference shareholders. The management informed us that the Company is willing to repay the principal amount due to each preference shareholder (without any dividend) and the Company has sent out letters to preference shareholders in this regard for their acceptance in December'2018. |
| 3. | Litigations The Company is involved in civil litigation and taxation litigation: Direct and indirect taxation. | Principal Audit Procedures During audit, we have verified all the documents related to various litigations. Details of each case has been provided under Note no. 17 of notes to accounts. |

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based, on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the result of our work, and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

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

Report on Other Legal and Regulatory Requirements

- 1 As required by Section 143(3) of the Act, based on our audit we report that:
 - a We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c The Balance Sheet, the Statement of Profit and Loss, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
 - d In our opinion, the aforesaid financial statements comply with Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e On the basis of the written representations received from the directors of the Company as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
 - f With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.
 - g With respect to other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - 1 The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
 - 2 The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - 3 There has been no transfer of amounts to the Investor Education and Protection Fund by the Company.
- 2 As required by the Companies (Auditor’s Report) Order, 2016 (“the Order”) issued by the Central Government in terms of Section 143(11) of the Act, we give in “Annexure B” a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Bala& Co.,
Chartered Accountants
(FRN No: 000318S)

Sriram Visvanathan
Partner
M.No: 216203
Place: Chennai
Date: 21.05.2019

“Annexure A” to the Independent Auditor’s Report

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements section of our report to the Members of Aruna Hotels Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Aruna Hotels Limited (“the Company”) as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in

accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Bala& Co.,
Chartered Accountants
(FRN No: 000318S)

Sriram Visvanathan
Partner
M.No: 216203
Place: Chennai
Date: 21.05.2019

“Annexure B” to the Independent Auditor’s Report

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of Aruna Hotels Limited of even date)

- 1 In respect of the Company’s fixed assets:
 - (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets have been physically verified by the management during the year and no discrepancies have been noted in respect of assets added during the year.
 - (c) As a part of the ongoing renovation process of the Hotel, during the year, the company has shown the additions to fixed assets under Capital Work in Process. The details have been shown under the Fixed Assets schedule in the financial statements.
 - (d) The management has confirmed that the title deeds of immovable properties are held in the name of the company.
- 2 During the Financial Year 2018-19, the company does not have any physical inventories. Accordingly, reporting under clause 3(ii) of the Order is not applicable to the Company.
- 3 In our opinion and according to the information and explanations given to us, the Company has not granted loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clauses (iii) of the Order are not applicable.
- 4 In our opinion and according to the information and explanations given to us, the provisions of section 185 and 186 of the Act with respect to the loans and investments made are not applicable to the company.
- 5 The company has not accepted deposits during the year and does not have any unclaimed deposits as on March 31, 2019 and therefore, the provisions of the clause 3(v) of the Order are not applicable to the Company.
- 6 To the best of our knowledge and belief, the Central Government has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Companies Act, 2013 in respect of services carried out by the Company. Accordingly, the provisions of clause (vi) are not applicable.
- 7
 - (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Income-tax, Service tax, Goods and Services tax and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax, Service tax, Goods and Services tax and other material statutory dues were in arrears as at 31 March 2019, for a period of more than six months from the date they became payable.
 - (b) According to the information and explanations given to us, there are no dues of Income-tax or Sales tax or Service tax or Goods and Services tax or duty of Customs or duty of Excise or Value added tax which have not been deposited by the Company on account of disputes, except for the following:

| Name of the Statute | Nature of the Dues | Amount (in Crores) | Period | Forum where dispute is Pending |
|-----------------------|--------------------|---|--|--------------------------------|
| The Finance Act, 1994 | Service Tax | 2.59 Following points may be noted in this regard: Payment of an amount of Rs 1,81,60,816/- has already been made by the assessee. The company has approached the Service Tax Settlement Commission to get waiver of the penalties & pending dues upto FY 2013-14 imposed by the Service Tax authorities | FY 2008 – 2009 upto 2013 – 2014 | Settlement Commission |

ARUNA HOTELS LIMITED

| Name of the Statute | Nature of the Dues | Amount (in Crores) | Period | Forum where dispute is Pending |
|----------------------------|---------------------------|---------------------------|-----------------|---------------------------------------|
| The Income Tax Act 1961 | Income Tax | NIL (Loss adjusted) | FY 2012 – 13 | Commissioner of Income Tax (Appeals) |
| The Income Tax Act 1961 | Income Tax | NIL (Loss adjusted) | FY 2011 – 12 | Remanded back to ITO |

- 8 Based on the audit procedures and on the information and explanations given by the Management, we are of the opinion that there has been no default in repayment of dues to Financial Institutions or Banks during the current year.
- 9 Based on the audit procedures and on the information and explanations given by the Management, the moneys raised by way of initial public offer or further public offer (including debt instruments) and term loans, where ever applicable, were applied for the purposes for which those are raised. In our opinion and according to information and explanations given to us, term loans taken by the company during the period under audit were used for the purposes for which they were taken.
- 10 No fraud on or by the company or by its officers or employees has been noticed or reported during the year covered by our audit.
- 11 According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not provided for managerial remuneration. Hence, this clause is not applicable.
- 12 The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.
- 13 According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- 14 According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- 15 According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected to its directors and hence provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.
- 16 The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and hence this clause is not applicable.

For M/s Bala& Co.,
Chartered Accountants
FRN No: 000318S

Sriram Visvanathan
Partner
M.No: 216203
Place: Chennai
Date: 21.05.2019

ARUNA HOTELS LIMITED

BALANCE SHEET AS AT MARCH 31 2019

(Rs in Lakhs)

| Particulars | Note No. | As at March 31, 2019 | As at March 31, 2018 |
|--|----------|----------------------|----------------------|
| ASSETS | | | |
| Non-current Assets | | | |
| (a) Property, plant and equipment | 1 | 10,198.00 | 10,372.30 |
| (b) Capital work-in-progress | 1 | 1,193.96 | 388.91 |
| (c) Financial assets | | | |
| (i) Security Deposits | 2 | 14.15 | 14.15 |
| (d) Other Non Current Assets | 2 | 360.69 | - |
| (e) Deferred tax assets | 3 | - | 6.06 |
| Total Non-current Assets | | 11,766.80 | 10,781.42 |
| Current Assets | | | |
| (a) Financial assets | | | |
| (i) Cash and cash equivalents | 4 | 231.15 | 12.91 |
| (b) Other current assets | 5 | 153.93 | 33.69 |
| Total Current Assets | | 385.08 | 46.60 |
| Total Assets | | 12,151.88 | 10,828.02 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| (a) Share capital | 6 | 1,210.00 | 1,210.00 |
| (b) Other equity | 7 | 1,386.29 | 3,294.94 |
| Total Equity | | 2,596.29 | 4,504.94 |
| Liabilities | | | |
| Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 8 | 7,753.85 | 1,443.05 |
| (b) Deferred tax liabilities | 3 | 978.82 | - |
| Total Non-current Liabilities | | 8,732.67 | 1,443.05 |
| Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Trade payables | 9 | 31.38 | 15.77 |
| (ii) Other current financial liabilities | 9 | 423.55 | 4,755.25 |
| (b) Other current liabilities | 10 | 367.99 | 109.01 |
| Total Current Liabilities | | 822.92 | 4,880.03 |
| Total Liabilities | | 9,555.59 | 6,323.08 |
| Total Equity and Liabilities | | 12,151.88 | 10,828.02 |

The accompanying notes form an integral part of the financial statement

As per our report of even date attached
For Bala & Co

Chartered Accountants

Firm Registration No.: 000318S

For and on behalf of the Board of Directors
of Aruna Hotels Limited

Sriram Visvanathan
Partner
M.No: 216203

Vaithyalingam Anbalagan
Managing Director
DIN : 00059007

Muralidharan Ramasamy
Director
DIN; 07092976

Place: Chennai
Date: 21.05.2019

Nagaraj P.
CFO

Ajay Shukla
Company Secretary

ARUNA HOTELS LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31 2019

(Rs in Lakhs except EPS)

| Particulars | Note No. | For the year ended | |
|--|----------|--------------------|-------------------|
| | | March 31,2019 | March 31,2018 |
| INCOME | | | |
| Revenue from operations | 11 | - | - |
| Other Income | | | |
| Rental Income | 11 | 7.71 | 8.09 |
| Creditors/Liability Written Back | 11 | 63.05 | 419.50 |
| Other Income | 11 | 11.84 | 7.14 |
| Total Income | | 82.60 | 434.73 |
| EXPENSES | | | |
| Employee benefits expense | 12 | 26.25 | 21.12 |
| Depreciation | 13 | 80.11 | 80.63 |
| Other expenses | 14 | 361.53 | 1,700.86 |
| Finance costs | 15 | 444.29 | 28.47 |
| Total expenses | | 912.18 | 1,831.09 |
| Profit before tax | | (829.58) | (1,396.36) |
| Tax Expense: | | | |
| (1) Current tax | | - | - |
| (2) Deferred tax (asset)/liability | 3 | 984.88 | (6.06) |
| Total tax | | 984.88 | (6.06) |
| Profit for the year | | (1,814.46) | (1,390.30) |
| Other Comprehensive Income for the year, net of tax | | - | - |
| Total Comprehensive Income for the year (Comprising Profit and Other Comprehensive Income for the year) | | (1,814.46) | (1,390.30) |
| Earnings per equity share | | | |
| (1) Basic | | (20.16) | (15.45) |
| (2) Diluted | | (20.16) | (15.45) |

The accompanying notes form an integral part of the Financial Statement.

As per our report of even date attached

For Bala & Co

Chartered Accountants

Firm Registration No.: 000318S

For and on behalf of the Board of Directors
of Aruna Hotels Limited

Sriram Visvanathan

Partner

M.No: 216203

Vaithyalingam Anbalagan

Managing Director

DIN : 00059007

Muralidharan Ramasamy

Director

DIN: 07092976

Place: Chennai

Date: 21.05.2019

Nagaraj P.

CFO

Ajay Shukla

Company Secretary

ARUNA HOTELS LIMITED

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2019

| Particulars | For the year ended on | |
|--|-----------------------|-------------------|
| | March 31, 2019 | March 31, 2018 |
| Profit before taxation | (829.58) | (1,396.36) |
| Adjustments for: | | |
| Depreciation | 80.11 | 80.63 |
| Interest received | (9.05) | (0.43) |
| IT Refund interest adjusted against earlier demand | - | 21.99 |
| Loss/(Gain) on sale of assets | - | 507.03 |
| Interest expense | 444.02 | 28.47 |
| Operating cash flow before changes in working capital | (314.51) | (758.67) |
| Adjustments for changes in: | | |
| Inventories | - | 28.63 |
| Other current assets | (120.23) | (4.64) |
| Short term provisions | - | (17.62) |
| Other current liabilities | 258.98 | (2.70) |
| Trade payables | 15.61 | (296.18) |
| Cash generated from operations | (160.15) | (1,051.18) |
| Income taxes paid | - | - |
| Net cash from operating activities-A | (160.15) | (1,051.18) |
| Cash flows from investing activities | | |
| Change in Capital work in progress | (805.05) | (241.17) |
| Proceeds from sale of assets | - | 93.22 |
| Interest received | 9.05 | 0.43 |
| Net cash used in investing activities-B | (796.01) | (147.52) |
| Cash flows from Financing activities | | |
| (Repayment) of share application money | - | (4,757.67) |
| Proceeds from calls in arrears | - | 2.13 |
| Increase/(Decrease) in other current financial liability | 423.55 | - |
| Proceeds/(Repayment) from long term borrowings | 6,310.80 | 404.32 |
| Decrease/(Increase) in non-current assets | (360.69) | 818.38 |
| Interest paid | (444.02) | (28.47) |
| Net cash used in Financing activities-C | 5,929.65 | (3,561.32) |
| Net increase in cash and cash equivalents - (A+B+C) | 4,973.49 | (4,760.03) |
| Cash and cash equivalents at the beginning of year | (4,742.34) | 17.69 |
| Cash and cash equivalents at the end of year | 231.15 | (4,742.34) |
| Cash and cash equivalents consists of: | | |
| Cash in hand | 0.22 | 0.07 |
| Balances with banks | | |
| in current deposits | 218.85 | (4,754.39) |
| in fixed deposits | 12.07 | 11.98 |
| | 231.15 | (4,742.34) |

The accompanying notes form an integral part of the financial statement
As per our report of even date attached

For Bala & Co
Chartered Accountants
Firm Registration No.: 000318S

For and on behalf of the Board of Directors
of Aruna Hotels Limited

Sriram Visvanathan
Partner
M.No: 216203

Vaithyalingam Anbalagan
Managing Director
DIN : 00059007

Muralidharan Ramasamy
Director
DIN; 07092976

PPlace: Chennai
Date: 21.05.2019

Nagaraj P.
CFO

Ajay Shukla
Company Secretary

Summary statement of changes in equity

a. Equity share Capital

| Particulars | Note No. | Equity Shares of Rs 10/- each (Nos.) | Amount (in Rs.) | 14% Redeemable Cumulative Taxable Preference Share of Rs. 100/- each (Nos.) | Amount (in Rs.) | 17% Redeemable Cumulative Taxable Preference Share of Rs. 100/- each (Nos.) | Amount (in Rs.) | 16.5% Redeemable Cumulative Taxable Preference Shares of Rs. 100/- each (Nos.) | Amount (in Rs.) |
|--|----------|--------------------------------------|-----------------|---|-----------------|---|-----------------|--|-----------------|
| Balance as at April 1, 2017 | | 9,000,000 | 89,787,000 | 60,000 | 6,000,000 | 50,000 | 5,000,000 | 200,000 | 20,000,000 |
| “Changes in equity for the year ended on March 31, 2018: Received call in arrears” | | - | 213,000 | - | - | - | - | - | - |
| Balance as at March 31, 2018 | 6 | 9,000,000 | 90,000,000 | 60,000 | 6,000,000 | 50,000 | 5,000,000 | 200,000 | 20,000,000 |
| Changes in equity for the year ended on March 31, 2019 | | - | - | - | - | - | - | - | - |
| Balance as at March 31, 2019 | | 9,000,000 | 90,000,000 | 60,000 | 6,000,000 | 50,000 | 5,000,000 | 200,000 | 20,000,000 |

b. Other Equity

(Rs in Lakhs)

| Particulars | Reserves and surplus | | | | Other Comprehensive Income | Share Application pending allotment money | Total |
|--|----------------------------|----------------------------|-------------------------------------|-------------------|----------------------------|---|-------------------|
| | Capital Redemption Reserve | Securities Premium Reserve | Preference share Redemption Reserve | Retained Earnings | | | |
| Balance as at April 1, 2017 | 4.00 | 1,652.16 | 30.25 | (5,450.04) | 8,521.09 | 4,757.67 | 9,515.13 |
| Proceed/(Repayment) during the year | - | - | - | - | - | (4,757.67) | (4,757.67) |
| Profit/(Loss) for the year | - | - | - | (1,390.30) | - | - | (1,390.30) |
| Accumulated Depreciation | - | - | - | - | - | - | - |
| IT refund for previous year | - | - | - | 21.99 | - | - | 21.99 |
| Other Comprehensive Income | - | - | - | - | - | - | - |
| Depreciation on revaluation reserve | - | - | - | - | (94.20) | - | (94.20) |
| Revaluation Reserve | - | - | - | - | - | - | - |
| Total Comprehensive Income for the year | - | - | - | (1,368.32) | (94.20) | (4,757.67) | (6,220.19) |
| Balance as at March 31, 2018 | 4.00 | 1,652.16 | 30.25 | (6,818.36) | 8,426.89 | - | 3,294.94 |
| Proceed/(Repayment) during the year | - | - | - | - | - | - | - |
| Profit/(Loss) for the year | - | - | - | (1,814.46) | - | - | (1,814.46) |
| Accumulated Depreciation | - | - | - | - | - | - | - |
| IT refund for previous year | - | - | - | - | - | - | - |
| Other Comprehensive Income | - | - | - | - | - | - | - |
| Depreciation on revaluation reserve | - | - | - | - | (94.20) | - | (94.20) |
| Total Comprehensive Income for the year | - | - | - | (1,814.46) | (94.20) | - | (1,908.65) |
| Balance as at March 31, 2019 | 4.00 | 1,652.16 | 30.25 | (8,632.82) | 8,332.70 | - | 1,386.29 |

The accompanying notes form an integral part of the financial statement

As per our report of even date attached

For Bala & Co

Chartered Accountants

Firm Registration No.: 000318S

For and on behalf of the Board of Directors of Aruna Hotels Limited

Vaithalingam Anbalagan

Managing Director

DIN : 00059007

Muralidharan Ramasamy

Director

DIN : 07092976

Sriram Visvanathan

Partner

Membership No: 216203

Place : Chennai Date : 21.05.2019

Nagaraj P

CFO

Ajay Shukla

Company Secretary

Notes to the Financial statement as at March 31, 2019

1. Property, plant and equipment

(Rs in lakhs)

| Asset Category | Freehold Land | Plant & Machinery | Office Equipments | Building | Vehicles | Computers/ Laptops | Total | Capital work in progress |
|--------------------------|---------------|-------------------|-------------------|----------|----------|--------------------|------------|--------------------------|
| Gross Block | | | | | | | | |
| At April 1, 2017 | 8,348.00 | 1,791.07 | 128.64 | 3,460.80 | 24.16 | 2.73 | 13,755.41 | 147.66 |
| Additions | - | - | - | - | - | - | - | 323.69 |
| Disposals | - | 1,791.07 | (128.64) | - | - | - | (1,919.71) | (82.44) |
| Reserve | - | - | - | - | - | - | - | - |
| At March 31, 2018 | 8,348.00 | - | - | 3,460.80 | 24.16 | 2.73 | 11,835.69 | 388.91 |
| Additions | - | - | - | - | - | - | - | 805.05 |
| Disposals | - | - | - | - | - | - | - | - |
| Reserve | - | - | - | - | - | - | - | - |
| At March 31, 2019 | 8,348.00 | - | - | 3,460.80 | 24.16 | 2.73 | 11,835.69 | 1,193.96 |
| Accumulated Depreciation | - | - | - | - | - | - | - | - |
| At April 1, 2017 | - | 1,197.70 | 121.69 | 1,276.20 | 10.31 | 2.02 | 2,607.95 | - |
| Additions | - | - | - | 76.79 | 3.22 | 0.62 | 80.63 | - |
| Disposals | - | 1,197.70 | (121.69) | - | - | - | (1,319.39) | - |
| Reserve | - | - | - | 94.20 | - | - | 94.20 | - |
| At March 31, 2018 | - | - | - | 1,447.18 | 13.53 | 2.64 | 1,463.39 | - |
| Additions | - | - | - | 76.79 | 3.22 | 0.10 | 80.11 | - |
| Disposals | - | - | - | - | - | - | - | - |
| Reserve | - | - | - | 94.20 | - | - | 94.20 | - |
| At March 31, 2019 | - | - | - | 1,618.16 | 16.76 | 2.73 | 1,637.70 | - |
| Net Block | | | | | | | | |
| At April 1, 2017 | 8,348.00 | 593.37 | 6.95 | 2,184.60 | 13.85 | 0.72 | 11,147.45 | 147.66 |
| At March 31, 2018 | 8,348.00 | - | - | 2,013.62 | 10.62 | 0.10 | 10,372.30 | 388.91 |
| At March 31, 2019 | 8,348.00 | - | - | 1,842.64 | 7.40 | - | 10,198.00 | 1,193.96 |

ARUNA HOTELS LIMITED

2. Financial Assets-Non Current

(Rs in Lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| Security Deposit | | |
| MES Deposit | 14.14 | 14.14 |
| BSNL Deposit | 0.01 | 0.01 |
| Total | 14.15 | 14.15 |
| Other Non-Current Assets | | |
| Yessir Holdings and Investments Private Limited* | 360.69 | - |
| | 360.69 | |

*A petition was filed for a matter of Arbitration Award dated 28.04.2014 by M/s Southern Agrifurane Industries Private Limited (Petitioner) against M/s Yessir Holdings and Investments Private Limited (1st Respondent), M/s Aruna Hotels Limited (2nd Respondent) and Hon'ble Mr Justice K.P. Sivasubramanian(3rd Respondent) in the High Court of Madras (O.P No. 387 of 2014). The Petitioner and 2nd Respondent have agreed to a memorandum of compromise as on 23rd January 2019. As per the memorandum of compromise, M/s Aruna Hotels Limited will pay Rs 4,44,76,575/- in eight equal installment of Rs 55,59,572/- to M/s Southern Agrifurane Industries Limited (Installment payment commenced from 21.01.2019 till 21.08.2019). Out of the total amount paid, Rs 3,60,69,041/- is paid by M/s Aruna Hotels Limited on behalf of M/s Yessir Holdings Investments Private Limited, which will be later recovered from M/s Yessir Holdings and Investments Private Limited together with interest in accordance with law.

3. Deferred tax asset/Deferred tax liability

(Rs in Lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| Opening Balance | 6.06 | - |
| Difference in WDV as per Companies Act and Income Tax Act | (149.73) | 6.06 |
| Difference in WDV as per Companies Act and Income Tax Act (For FY 2015-16 to FY 2017-18)(As calculated under restated financials per the SEBI Guidelines for the Rights Issue) | (835.15) | |
| Deferred tax asset/(liability) charged through profit & loss account | (984.88) | 6.06 |
| Closing Balance of deferred tax asset/(liability) | (978.82) | 6.06 |

4. Financial Assets-Current

(Rs in Lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|----------------------------------|----------------------|----------------------|
| Cash and Cash Equivalents | | |
| Cash on hand | 0.22 | 0.07 |
| Balance with banks | | |
| -in current accounts | 218.85 | 0.86 |
| -in fixed deposits* | 12.07 | 11.98 |
| Total | 231.15 | 12.91 |

ARUNA HOTELS LIMITED

| | | |
|---|--|--|
| *Deposits in PNB A/c are Lien Marked against Court Case | | |
|---|--|--|

5. Other Current Assets

(Rs in Lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|----------------------|----------------------|----------------------|
| TDS Receivable | 2.47 | 1.84 |
| GST Input Credit | 137.88 | 31.86 |
| Other Current Assets | 13.58 | - |
| Total | 153.93 | 33.69 |

6. Equity Share Capital

(Rs in lakhs)

| Particulars | As at March 31, 2019 | | As at March 31, 2018 | |
|--|----------------------|-----------------|----------------------|-----------------|
| | Nos. | Amount | Nos. | Amount |
| Authorised | | | | |
| Equity Share of Rs 10 each | 6,70,00,000 | 6,700.00 | 6,70,00,000 | 6,700.00 |
| Cumulative Redeemable Preference Shares of Rs 100 | 8,00,000 | 800.00 | 8,00,000 | 800.00 |
| Total | 6,78,00,000 | 7,500.00 | 6,78,00,000 | 7,500.00 |
| Issued, subscribed & fully paid up | | | | |
| 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 | 90,00,000 | 900.00 | 90,00,000 | 900.00 |
| Less: Calls in arrears | | | | |
| Total paid up equity shares | 90,00,000 | 900.00 | 90,00,000 | 900.00 |
| 14% Redeemable Cumulative Taxable Preference Share of Rs. 100/- each | 60,000 | 60.00 | 60,000 | 60.00 |
| 17.5% Redeemable Cumulative Preference Taxable Preference Shares of Rs. 100/- each | 50,000 | 50.00 | 50,000 | 50.00 |
| 16.5% Redeemable Cumulative Taxable Preference Shares of Rs. 100/- each | 2,00,000 | 200.00 | 2,00,000 | 200.00 |
| Total paid up preference shares | 3,10,000 | 310.00 | 3,10,000 | 310.00 |
| Total paid up share capital | | 1,210.00 | | 1,210.00 |
| The Movement of equity shares is as below: | | | | |
| Shares outstanding at the beginning of the year | 90,00,000 | 900.00 | 90,00,000 | 900.00 |
| Shares issued during the year | - | - | - | - |
| Shares outstanding at the end of the year | 90,00,000 | 900.00 | 90,00,000 | 900.00 |

Notes:

- i. 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
- ii. 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.
- iii. The 16.5% Redeemable cumulative taxable preference shares are redeemable at par any time after the date of issue but before the expiry of 15months from the date of issue. Earliest redemption month is March 97.
- iv. 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.
- v. Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates: Nil

ARUNA HOTELS LIMITED

Details of equity shareholders holding more than 5% shares in the company

| Name of the equity shareholder | As at March 31, 2019 | | As at March 31, 2018 | |
|---------------------------------|------------------------|------------------|------------------------|------------------|
| | No. of the shares held | % of the holding | No. of the shares held | % of the holding |
| Mr. Kamal Babbar | 12,16,500 | 13.5% | 12,16,500 | 13.5% |
| Subasri Reality Private Limited | 16,85,539 | 18.7% | 14,64,123 | 16.3% |
| Gay Travels Private Limited | 5,91,506 | 6.6% | 5,91,506 | 6.6% |

For the year immediately preceding the balance sheet date:

- i. Nil shares were reserved for issuance towards outstanding employee stock options granted / available for grant, towards outstanding share warrants and towards convertible securities.
- ii. 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 year immediately preceding the Balance Sheet date is Nil.
- iii. Forfeited share is Nil.

7. Other Equity

(Rs in lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| Capital Redemption Reserve | | |
| Opening Balance | 4.00 | 4.00 |
| Add: Transfer during the year | - | - |
| Closing Balance | 4.00 | 4.00 |
| Securities Premium Reserve | | |
| Opening Balance | 1,652.16 | 1,652.16 |
| Add: Transfer during the year | - | - |
| Closing Balance | 1,652.16 | 1,652.16 |
| Preference Share Redemption Reserve | | |
| Opening Balance | 30.25 | 30.25 |
| Add: Transfer during the year | - | - |
| Closing Balance | 30.25 | 30.25 |
| Revaluation Reserve | | |
| Opening Balance | 8,426.89 | 8,521.09 |
| Less: Depreciation on Revaluation Reserve | (94.20) | (94.20) |
| Closing Balance | 8,332.70 | 8,426.89 |
| Surplus / (Deficit) in Statement of Profit and Loss | | |
| Opening Balance | (6,818.36) | (5,450.04) |
| Depreciation Accumulated | - | - |
| Transfers to Reserves | - | 21.99 |
| Profit / (Loss) for the year | (1,814.46) | (1,390.30) |
| Closing balance | (8,632.82) | (6,818.36) |
| Total Other Equity | 1,386.29 | 3,294.94 |

8. Financial liabilities-Non-current

(Rs in Lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| Borrowings | | |
| Term Loan from Banks-Secured* (Net of Loan Processing Fee of Rs 2065000/-) | 2,729.35 | - |
| Loans from related parties-Unsecured | 5,024.50 | 1,443.05 |
| Total | 7753.85 | 1,443.05 |

ARUNA HOTELS LIMITED

9. Financial liabilities-Current

(Rs in Lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---------------------------------|----------------------|----------------------|
| Sundry Creditors | 31.38 | 15.77 |
| HDFC C/A -10970330000397* | - | 4,755.25 |
| Term loan-current | 250.00 | |
| Interest accrued yet to be paid | 173.55 | - |
| Total | 454.93 | 4,771.02 |

10. Other current liabilities

(Rs in Lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|-----------------------|----------------------|----------------------|
| Statutory Liabilities | 8.28 | 3.09 |
| Other Payables | 359.71 | 105.91 |
| Total | 367.99 | 109.01 |

11. Income

(Rs in Lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|----------------------------------|----------------------|----------------------|
| Sale of services | - | - |
| Rental Income | 7.71 | 8.09 |
| Creditors/Liability Written Back | 63.05 | 419.50 |
| Other Income | 11.84 | 7.14 |
| Total Income | 82.60 | 434.73 |

12. Employee benefit expenses

(Rs in Lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| Salaries, Wages, and Bonus (excluding Directors) | 25.74 | 21.12 |
| Exgratia | 0.51 | - |
| Total | 26.25 | 21.12 |

13. Depreciation & amortization expense

(Rs in Lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| Depreciation on property, plant and equipment | 80.11 | 80.63 |
| Total | 80.11 | 80.63 |

14. Other expenses

(Rs in Lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| Power and Fuel Expenses | | |
| - Electricity charges | 59.72 | 46.40 |
| Repairs and Maintenance | | |
| - Building | - | 1.81 |
| - Others | 0.43 | 0.72 |
| Annual Maintenance Charges | 1.36 | - |
| Duties & Taxes | - | 12.44 |
| Reversal of liabilities earlier written off | 187.09 | - |
| Insurance | 1.46 | 0.86 |
| Interest & Penalties | - | 0.19 |
| Meeting expenses | 0.04 | 0.40 |

ARUNA HOTELS LIMITED

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| Advertisement expenses | 2.75 | 0.59 |
| Postage | 17.36 | - |
| Printing & Stationery | 2.36 | - |
| Annual Connectivity charges | 1.38 | - |
| Share E voting charges | 0.64 | - |
| AGM Expenses | 1.10 | - |
| Office and Miscellaneous expenses | 1.69 | 19.64 |
| Consulting Charges | 0.25 | - |
| Security Expenses | 7.21 | - |
| Freight, conveyance and travelling expenses | 9.27 | 8.83 |
| Loss on sale of assets | - | 507.03 |
| Write off of Old Asset Accounts (other than Fixed Assets) | - | 864.81 |
| Inventories written off | - | 28.63 |
| Capital work in progress written off | - | 82.44 |
| Fee and taxes | 27.32 | 75.85 |
| Professional charges | 37.59 | 47.29 |
| Payment to auditors | 2.50 | 2.95 |
| Total | 361.53 | 1,700.86 |

15. Finance costs

(Rs in Lakhs)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|-------------------------|----------------------|----------------------|
| Interest on term loan | 203.07 | 28.16 |
| Bank charges | 0.28 | 0.31 |
| Interest paid to others | 240.94 | - |
| Total | 444.29 | 28.47 |

16. Related party disclosures

| S.No | Nature of Relationship | 31-Mar-19 | 31-Mar-18 |
|-------------------------------|--|---------------------------------|---|
| A | Other related parties | - | - |
| 1 | Joint Venture | - | - |
| 2 | Company with common directors | - | - |
| 3 | Key Management Personnel | R.Muralidharan Director | R.Muralidharan Director |
| | | Rajakumar Director | Rajakumar Director |
| | | Anabalagan .v Managing Director | Anabalagan .v Managing Director |
| | | Freeda Ganaselvam Director | Freeda Ganaselvam Director |
| | | N.Suyumbhu Director | N.Suyumbhu Director |
| | | - | Balaji Gandla Company secretary (Till 19.06.2017) |
| | | Nagaraj P , CFO | Nagaraj P , CFO |
| Ajay Shukla Company secretary | Ajay Shukla Company secretary (w.e.f 20.06.2017) | | |

ARUNA HOTELS LIMITED

| | | | |
|---|---|--|---|
| 4 | Shareholder of the company | Gay Travels Private Limited (Promoter) | Gay Travels Private Limited (Promoter) |
| | | Kamal Babbar (Promoter) | Kamal Babbar (Promoter) |
| | | Rani Printers Private Limited (Promoter) | Rani Printers Private Limited (Promoter) |
| | | Subasri Realty Private Limited (Promoter) | Subasri Realty Private Limited (Promoter) |
| 5 | Company with Common Shareholder /promoter | Sivanthi farms private limited | - |
| | | India cabs Private Limited | - |
| | | The indian Newspaper society | - |
| | | Educational Trustee co Private Limited | - |
| | | The India Cements Limited | - |
| | | Metronation Chennai Television Private Limited | - |
| | | Rani Syndicate Private Limited | - |
| | | Daily thanthi Private Limited | - |
| | | Subasri Realty Private Limited | - |
| | | Gay Travels Private Limited | - |
| | | Rukmani Publications Private Limited | - |
| | | Malar Publications Private Limited | - |

B. Related Party transactions and balances-summary

| Transaction during the year ended | Nature of the Relationship | As at March 31, 2019 | As at March 31, 2018 |
|--|--|----------------------|----------------------|
| Remuneration to Key Management Personnel | Key Management Personnel | 10.31 | 7.14 |
| Remuneration Payable | Key Management Personnel | 0.79 | - |
| Trade Payables | Shareholder of the company | 7.41 | 8.16 |
| Borrowings | Key Management Personnel | - | - |
| Borrowings | Shareholder of the company | - | 268.75 |
| Borrowings | Shareholder of the company | 2,446.17 | 320.72 |
| Borrowings | Shareholder of the company | 500.00 | - |
| Borrowings | Company with common shareholder/promoter | 797.34 | 853.58 |
| Borrowings | Company with common shareholder/promoter | 1,281.00 | - |
| Interest accrued yet to be paid | Shareholder of the company | 55.13 | - |
| Interest accrued yet to be paid | Company with common shareholder/promoter | 104.73 | - |
| Total | | 5,202.88 | 1,458.35 |

C. Significant related party transactions and balances

| Transaction during the year ended | Nature of Relationship | As at March 31, 2019 | As at March 31, 2018 |
|---|--|----------------------|----------------------|
| Remuneration to Key Management Personnel | | | |
| CFO | Key Management Personnel | 3.65 | 3.31 |
| Company Secretary | Key Management Personnel | 6.66 | 3.83 |
| Remuneration Payable | | | |
| CFO | Key Management Personnel | 0.28 | - |
| Company Secretary | Key Management Personnel | 0.51 | - |
| Trade Payables | | | |
| GAY TRAVELS PRIVATE LIMITED | Shareholder of the company | 7.41 | 8.16 |
| Borrowings | | | |
| KAMAL BABBAR | Shareholder of the company | - | 268.75 |
| GAY TRAVELS PRIVATE LIMITED | Shareholder of the company | 2,446.17 | 320.72 |
| RANI PRINETRS PRIVATE LIMITED | Shareholder of the company | 500.00 | - |
| MALAR PUBLICATIONS PRIVATE LIMITED | Company with common shareholder/promoter | 797.34 | 853.58 |
| SUBASRI REALTY PRIVATE LIMITED | Company with common shareholder/promoter | 1,281.00 | - |
| Interest accrued yet to be paid | | | |
| GAY TRAVELS PRIVATE LIMITED | Shareholder of the company | 55.13 | - |
| MALAR PUBLICATIONS PRIVATE LIMITED | Company with common shareholder/promoter | 104.73 | - |
| Total | | 5,202.88 | 1,458.35 |

17. Contingent liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arise from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. As on 31st March 2019, there were following contingent liabilities of the company.

Taxation

Direct Tax

In FY 2015-16 & FY 2016-17, following notices and demand were issued to the company:

Income Tax notice received for AY 2012-13 & AY 2013-14. Outstanding dues being Rs 2,73,32,590/- for AY 2012-13 and Rs 2,38,31,782/- for AY 2013-14 against which appeal has been filed and outcome is pending. Since the losses available for set off are more than the income proposed to be added by the Department, even if the company loses the appeal there would be no tax liability.

Indirect Tax

The company has received show cause notice from Service Tax Department for FY 2008-09 to FY 2013-14. While the normal taxes due have been paid with interest, the company has approached Service Tax Settlement Commission to get waiver of the penalties and pending dues upto FY 2013-14 imposed by the Service Tax Authorities. The total liability was for Rs 2.59 Crores out of which Rs 2.20 Crores have been paid. The outcome of the case is still pending.

Civil

A civil suit (C.S. No. 637 of 2002) has been filed on September 17, 2002 against the Company & three others by one Kothari International Trading Limited (CIN: U51101TN1995PLC029759) before the Hon'ble High Court of Judicature at Madras. The said suit has been filed by the plaintiff against Soundararajan & Co. Private Limited (CIN: U74999TN1948PTC002382) for selling the land and multistoried buildings and other structures thereon situated at Door No. 144 & 145, Sterling Road, Nungambakkam Chennai 600034 to the extent of 7 grounds to the Company which were allegedly mortgaged to the plaintiff by Soundararajan & Co. Private Limited and as on the date of filing the suit, the principal sum of Rs. 2,41,00,000/- remained unpaid to the plaintiff by Soundararajan & Co. Private Limited and Anusha International Limited (CIN: U18209TN1993PLC025056). Under the said suit, the plaintiff has prayed an amount of Rs. 2,41,00,000/- along with interest @ 18% p.a. from the date of filing the suit till the date of payment and to pass a decree by directing the sale of the scheduled property. The matter is currently pending before the Hon'ble High Court of Judicature at Madras for final disposal.

A labour dispute (ID No. 261 of 2007) is pending against the Company before the Labour Court, Chennai which has been filed by one Mr. N. Babu under the Industrial Disputes Act, 1947, who was working as a house keeper from 1998 to May 2004 in the Hotel. In the said labour dispute, Mr. Babu has prayed inter alia that he be reinstated in the Hotel with previous salary, work continuity and all other allowances as may be applicable to the Hotel. The matter is currently pending before the Labour Court, Chennai.

A Company Petition (CP/597/(IB)/CB/2017) was filed under section 9 of the I&B Code by one Mr. N. Subramanian against the Company before the NCLT, Chennai Bench for claiming an arrears of salary dues since the year 1998 till his retirement in 2013. As per the demand notice dated June 29, 2017 issued under section 8(1) of the I&B Code, an amount of Rs. 1,87,75,631/- has been claimed by Mr. Subramanian from the Company. By an order dated November 17, 2017, the NCLT had admitted the petition and ordered inter alia the commencement of corporate insolvency resolution process of the Company and appointed Mr. Venkatramanrao Nagarajan as the Insolvency Resolution Professional. Being aggrieved by the said order passed by NCLT, Subasri Realty Private Limited had, as shareholder of the Company, filed an appeal (Company Appeal (AT) Insolvency No. 290 of 2017) before the NCLAT, New Delhi. By an order dated July 16, 2018, NCLAT has set aside the NCLT's order dated November 17, 2017 on the ground that there is an existence of dispute about arrears of salary. The said Mr. Subramanian has filed a civil appeal (C.A. No. 000187 of 2019) under section 62 of I&B Code before the Hon'ble Supreme Court of India challenging the final judgment and order passed by the Ld. NCLAT in CA (AT) (Insolvency) No. 290 of 2017 dated July 16, 2018. The matter is currently pending before the Hon'ble Supreme Court of India.

18. Preference Shares Disclosures:

The company had issued preference share in earlier years and were not redeemed in the year in which it has to been redeemed, because the Company had no profits, nor could it make any fresh issue of shares. The financial statement of the company still shows preference shares as part of equity.

| | |
|---|--|
| <p>- For Bala & Co Chartered Accountants Firm Registration No.: 000318S</p> | <p>For and on behalf of the Board</p> |
| <p>Sriram visvanthan Partner Membership No : 216203</p> | <p>Vaithyalingam Anbalagan Managing Director DIN : 00059007</p> |
| <p>Place : Chennai Date : 21.05.2019</p> | <p>Muralidharan Ramasamy Director DIN : 07092976</p> <p style="text-align: center;">Nagaraj P. CFO</p> <p style="text-align: right;">Ajay Shukla Company Secretary</p> |

SIGNIFICANT ACCOUNTING POLICIES**1.1 Company Overview**

The Company was incorporated on 09th September 1960. The registered office of the company is located at 145, Sterling Road, Chennai, Tamil Nadu- 600034. The principal activities of the company are to carry out business of developing, owning, acquiring, renovating, operating, managing and promoting hotels, restaurants etc.

The Company is a public limited company incorporated and domiciled in India. The Company has its primarily listing on the BSE Ltd.

The financial statements are approved for issue by the Company's Board of Directors on 21.05.2019.

1.2 Basis of preparation of financial

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS), under the historical cost convention on the accrual basis, the provisions of Companies Act 2013('the Act')(to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued there after.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

As the quarter and year figures are taken from the source and rounded to the nearest digits, the figures reported for the previous quarter might not always added up to the year figures reported in this statement.

1.3 Use of estimates and judgements

The preparation of the financial statements in conformity with Ind AS requires the management to make judgements, estimates and assumptions. These judgements, estimates and assumptions affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent liabilities and assets at the end of the financial statements and reported amounts of revenues and expenses during the period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these financial statements have been disclosed in Note 1.4. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and if material, their effects are disclosed in the notes to the financial statements.

1.4 Critical accounting estimates

Information about significant judgements and key sources of estimation made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

- Recognition of Deferred Tax Assets: The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgement is required in assessing the impact of any legal or economic limits.

- Useful lives of depreciable/ amortizable assets (tangible and intangible): Management reviews its estimate of the useful lives of depreciable/ amortizable assets at each reporting date, based on

the expected utility of the assets. Uncertainties in these estimates relate to actual normal wear and tear that may change the utility of plant and equipment.

- Provisions and Contingencies: The assessments undertaken in recognizing provisions and contingencies have been made in accordance with Indian Accounting Standards (Ind AS) 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent events is applied best judgement by management regarding the probability of exposure to potential loss.

1.5 Going Concern Assumption

The company halted its operations in FY 2014-15. Since FY 15-16 the company is under the process of renovation and is likely to commence its operations in FY 2019-20 as per Management plans which we have reviewed, the company will be able to generate cash flows from their operations in near future. Hence the financials have been prepared using the Going Concern Assumption.

1.6 Functional currency & presentation currency

The financial statements are presented in Indian Rupees (INR) which is the functional and presentation currency of the Company and all values are rounded off to the lakhs with two decimals, except where otherwise indicated.

1.7 Current vs. Non-current classification of Assets and Liability

The Company present assets and liabilities in the Balance Sheet based on current/ non-current classification. An asset is classified as current when it is:

- Expected to be realized or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All the other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There are no unconditional rights to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current. Deferred Tax Assets and Liabilities are classified as non-current assets and liabilities respectively.

1.8 Recent accounting pronouncements

Ind AS 116 Leases: On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116, will replace the existing standard, Ind AS 17 Leases, and related interpretations. The standard sets out the principles for the recognition, measurement and presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date of adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019.

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatment: On March 30, 2019 Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax base, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition-1) Full retrospective approach-Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8-Accounting policies, Changes in Accounting Estimates and Errors, without using hindsight and 2) Retrospectively with cumulative effect of initially applying appendix C recognized by adjusting equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019.

Amendment to Ind AS 12-Income taxes: On March 30, 2019 Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognize the income tax consequences of dividend in profits or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019.

Amendment to Ind AS 19-plan amendment, curtailment or settlement-On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement, and
- to recognize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019.

None of these amendments are expected to have any material effect on the company's financial statements.

A summary of the significant accounting policies applied in the preparation of the financial statements are as given below. These accounting policies have been applied consistently to all the periods presented in the financial statements

2.1 Cash and cash equivalent

Cash and cash equivalents in the Balance Sheet comprise of cash at banks, cash in hand & short term deposits with an original maturity of three months or less, which are subject to an insignificant risk of change in value.

2.2 Income Tax

Income Tax comprises current and deferred tax. It is recognized in the Statement of Profit and Loss except to the extent that it relates to an item recognized directly in equity or in Other Comprehensive Income.

Deferred Tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes (i.e., tax base).

Deferred tax relating to items recognized outside the Statement of Profit and Loss is recognized either in Other Comprehensive Income (OCI) or in equity. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

2.3 Property, Plant and equipment

On transition to IND AS, the Company has elected to continue with the carrying value of all of its property plant and equipment recognised as at April 1, 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property plant and equipment. For the purpose of Proforma Ind AS financial information for the financial year ended March 31, 2016 the Company has provided the depreciation based on the estimated useful life of respective years and as the change in estimated useful life is considered as change in estimate, accordingly there is no impact of this roll back.

Capital work in progress is stated at cost less impairment. Plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construc-

tion projects if the recognition criteria are met. Freehold land is not depreciated.

Depreciation on Plant, Property and Equipment

The depreciable amount of PP&E (being the gross carrying value less the estimated residual value) is depreciated on a systematic basis over its useful life.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

| Fixed Assets | Useful life considered March, 2019 | Useful life considered March, 2018 |
|-------------------|------------------------------------|------------------------------------|
| Plant & Machinery | 15 Years | 15 Years |
| Building | 30 Years | 30 Years |
| Office Equipment | NA | 5 Years |
| Vehicles | NA | 8 Years |
| Computers | 6 Years | 6 Years |
| Laptop | 3 Years | 3 Years |

The Company, based on management estimates, depreciates certain items of building, plant and equipment over estimated useful lives which are lower than the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. Further the Company has considered the change in useful life as change in estimates.

As the Company is undergoing renovation, based on management estimates and valuation certificates provided to us, there were no impairment in the value of Land and Building when compared to their value in the books. Thus no provision for impairment has been provided.

De-recognition

An item of PPE is de-recognised at the time of its disposal or when it is assessed that no future economic benefit would accrue from it. The gain/ loss arising out of such disposal/retirement is taken to statement of profit or loss.

The following assets have been revalued in FY 2013-14:

(Rs in Lakhs)

| Name of the Assets | Carrying Value before revaluation as on 31.3.2019 | Carrying Value after revaluation as on 31.03.2019 |
|--------------------|---|---|
| Land | 772.52 | 8384.00 |
| Building | 1085.38 | 1842.64 |

2.4 Revenue recognition

The Company derives revenue primarily from rendering services related to hotel, restaurant, banquets etc. by providing accommodation and food to the guests.

Effective 1 April 2018, the company adopted Ind AS 115 'Revenue from Contracts with customers' using the modified retrospective method. Under the modified retrospective method, an entity applies Ind AS 115 only for contracts that are not completed on or before 30 June 2018.

To determine whether to recognize revenue, the Company follows a 5-step process:

- Identifying the contract with a customer
- Identifying the performance obligations
- Determining the transaction price
- Allocating the transaction price to performance obligations
- Recognizing revenue when/as performance obligation(s) are satisfied

Identifying the performance obligations

Under Ind AS 115, the Company must evaluate the separability of the promised goods or services based on whether they are 'distinct'. A promised good or service is 'distinct' if both: The customer benefits from item either on its own or together with other readily available resources, and

It is 'separately identifiable' (i.e. the Company does not provide a significant service integrating, modifying or customizing it)

Determining the transaction pricing

Under Ind AS 115, the Company shall consider the terms of the contract and its customary business practices to determine the transaction price. The transaction price excludes amounts collected on the behalf of the third parties. The consideration promised include fixed amounts, variable amounts or both.

Where the Company has a right to consideration from a customer in an amount that corresponds directly with the value of the customer of the performance completed to date, the Company recognizes revenue in the amount to which it has right to invoice.

Allocating the transaction price to performance obligations

The transaction price is allocated to the separately identifiable performance obligations on the basis of their standalone selling price (in case of room rent where the customer pays a fixed rate per room for all the services provided). For services that are not provided separately, the standalone selling price is estimated using the adjusted market assessment approach.

Recognizing revenue when/as performance obligation(s) are satisfied

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is recognized either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

Sales tax/ value added tax (VAT)/Goods & Service Tax (GST) is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

Rooms, Restaurant, Banquets and Other Services

Income from guest accommodation is recognized on a day to day basis after the guest checks into the Hotels and are stated net of allowances. Incomes from other services are recognized as and when services are rendered. Sales are stated exclusive of Service Tax, Value Added Taxes (VAT), Goods & Service Tax (GST) and Luxury Tax. Difference of revenue over the billed as at the year-end is carried in financial statement as unbilled revenue separately.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, sale of food and beverage are recognized at the points of serving these items to the guests. Sales are stated exclusive of Sales Tax/VAT/GST. Revenue is measured at the fair value of the consideration received or receivable.

Other revenues

Other revenue majorly comprises of rental income, scrap revenue which is recognized when the right to receive the income is established as per the terms of contract.

Interest Income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable (provided that it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably).

2.5 Employee Benefits

Short-term employee benefits

A liability is recognized for benefits accruing to employees in respect of salaries, wages, performance incentives, medical benefits and other short term benefits in the period the related service is rendered, at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Defined Benefit Plans and Defined Contribution Plans

As informed by the management, the number of employees are less than 10, hence no adjustment has been done w.r.t. defined benefit plans and defined contribution plans as per the provisions of AS-15 in the financial statements.

2.6 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial

liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets on initial recognition. Such financial assets are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in other comprehensive income.

Trade receivables

Trade receivables are initially recognised at fair value. Subsequently, these assets are held at amortised cost net of any expected credit losses. Loss allowance on trade receivables is measured at an amount equal to life time expected losses i.e., expected cash shortfall based on the management decision.

Impairment of financial assets

A financial asset is regarded as credit impaired when one or more events that may have a detrimental effect on estimated future cash flows of the asset have occurred. The company applies the expected credit loss model for recognizing impairment loss on financial assets (i.e. the shortfall between the contractual cash flows that are due and all the cash flows (discounted) that the company expects to receive).

De-recognition of financial assets

The company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Statement of profit and loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a company entity are recognised at the pro-

ceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalized as a part of cost of an asset is included in the “Finance Costs”.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company’s obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.7 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value being higher of value in use and net selling price. Value in use is computed at net present value of cash flow expected over the balance useful lives of the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (Cash Generating Units – CGU).

An impairment loss is recognized as an expense in the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in earlier accounting period is reversed if there has been an improvement in recoverable amount.

2.8 Provisions, Contingent Assets and Contingent Liabilities

Provisions:

The company recognizes a provision when there is a present obligation to transfer economic benefits as a result of past events, it is probable (more likely than not) that such a transfer will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the

obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is certain that reimbursements will be received and the amount of the receivable can be measured reliably.

Contingent Assets:

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits. Contingent Assets are not recognized though are disclosed, where an inflow of economic benefits is probable.

Contingent Liabilities:

Contingent liability is a possible obligation arising from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events but is not recognized because it is not possible that an outflow of resources embodying economic benefit will be required to settle the obligations or reliable estimate of the amount of the obligations cannot be made. The Company discloses contingent liabilities in note no. 17 of Notes to Accounts.

2.9 Earning per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effect of all potentially dilutive equity shares.

ARUNA HOTELS LIMITED

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]

CIN : L15421TN1960PLC004255
Name of the Company : Aruna Hotels Limited
Registered office : 145, Sterling Road, Nungambakkam,
Chennai – 600034
Name of the member(s) :
Registered Address :
E-mail Id :
Folio No/Client Id :
DP ID :

I/We, being the member (s) holding _____ 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: _____

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the on Monday 30.09.2019 at 9.00 AM at Youth Hostel, 2nd Avenue, Adayar, Chennai-600 020 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 Annual financial statements of the Company as on March 31 st , 2019 | | | |
| 2 | Appointment of a Director in place of Mr.RajakumarKumara velayathandar (DIN: 05187894) who retires by rotation | | | |
| 3 | Appointment of Mr M S.David as Managing Director. | | | |

Signed this _____ day of _____ 2019

Signature of Proxy holder(s)

Signature of shareholder

Affix Revenue
Stamp of not
less than Rs.0.15/-

Note: 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.

ARUNA HOTELS LIMITED

(CIN - L15421TN1960PLC004255)

REGD. OFF: 145, STERLING ROAD, CHENNAI – 600034

ATTENDANCE SLIP

| | |
|-----------|--|
| 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 30th September 2019 at Youth Hostel, 2nd Avenue, Indira Nagar, Adyar, Chennai-20

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)

ROUTE MAP AGM VENUE

VENUE: YOUTH HOSTEL 2nd Avenue, INDIRA NAGAR, CHENNAI- 600 020



