



# ARUNA HOTELS LIMITED

55<sup>th</sup>

Annual Report  
2016-2017

# ARUNA HOTELS LIMITED

(CIN-L15421TN1960PLC004255)

## Corporate Information

### BOARD OF DIRECTORS

V.ANBALAGAN (DIN:00059007)	- MANAGING DIRECTOR
R.MURALIDHARAN (DIN: 07092976)	- NON EXECUTIVE DIRECTOR
K.RAJAKUMAR (DIN: 05187894)	- NON EXECUTIVE DIRECTOR
N. SUYAMBU (DIN: 07718798)	- INDEPENDENT DIRECTOR
FREEDAGNANASELVAMKANAGIAH (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  
TRANSFERAGENTS

-HDFC BANK LTD.,  
- M/s.MCS SHARE TRANSFER AGENT LTD,  
-002,GROUND FLOOR, KASHIRAM JAMNADAS  
- BUILDING, NO5P'. DMELLO ROAD,  
- MASJID (EAST), MUMBAI-400009  
- PH: 022-40206022

### REGISTERED OFFICE

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

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## ARUNA HOTELS LIMITED

### NOTICE TO SHAREHOLDERS

Notice is hereby given that the Fifty Fifth Annual General Meeting of the members of ARUNAHOTELS LIMITED, will be held Thursday, 28<sup>th</sup> September 2017 at 09:00 AM at "Youth Hostel" 2nd Avenue, Indira Nagar, Chennai – 600 020, to transact the following business:

#### **ORDINARY BUSINESS:**

##### **Item No.1 ADOPTION OF FINANCIAL STATEMENT**

To receive, consider and adopt the Audited Financial Statements for the financial year ended 31<sup>st</sup> March 2017 together with the report of board of Directors and the Auditors thereon.

##### **Item No.2 RE-APPOINTMENT OF DIRECTOR:**

To consider appointment of Director in place of Mr. RajaKumar Kumaravelayatha Nadar (DIN: 05187894) who retires by rotation as per Section 152 and being eligible offers, himself for re-appointment.

##### **Item No.3.Ratification of Appointment of Statutory Auditor of the Company:**

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

**"RESOLVED THAT** pursuant to the provisions of Section 139 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, the Company hereby ratifies the appointment of M/s. Bala& Co. (FRN: 000318S) as Statutory Auditor of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company to be held in the year 2018 to examine and audit the accounts of the Company for the financial year 2017-18, at such remuneration plus service tax, out-of-pocket, travelling and living expenses, etc., as may be mutually agreed between the Board of Directors of the Company and Statutory Auditor."

#### **SPECIAL BUSINESS:**

##### **Item No. 4 TO INCREASE THE AUTHORISED SHARE CAPITAL**

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

**"RESOLVED THAT** pursuant to the provisions of Section 61 (1)(a) of the Companies Act, 2013 and any other applicable provisions, and the relevant rules framed there under and in accordance with the provisions of the Articles of Association of the Company, the authorized share capital of the company be and is hereby increased from existing Rs. 32,00,00,000 (Thirty two crores) divided into 2,40,00,000 (Two crores forty Lacs) Equity Shares of Rs.10 and Rs.800000/- (Eight lacs ) preference shares of Rs 100 each to Rs.75,00,00,000 (Rupees Seventy Five crores) divided into 67,00,00,000 (Sixty Seven crores ) Equity Shares of Rs. 10 and Rs.800000/- (Eight lacs) preference shares of Rs.100 each .

**RESOLVED FURTHER THAT** the new equity shares shall rank pari passu in all respect with the existing Equity Shares of the Company."

##### **Item No. 5 TO AMEND THE MEMORANDUM OF ASSOCIATION OF THE COMPANY**

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

**"RESOLVED THAT** pursuant to the provision of the section 13 of the Companies Act, 2013, the Memorandum of Association of the Company be and is hereby altered by substituting existing Clause V of the Memorandum of Association thereof by following new clause as Clause V: V. The Authorised Share Capital of the Company is Rs.75,00,00,000/- (Rupees Seventy Five Crores ) divided into 6,70,00,000 (Six crores and Seventy Lacs) Equity Shares of face value of Rs. 10/- (Rupees Ten) each and 8,00,000 preference shares of Rs.100/- each constituting Redeemable preference shares capital of the Company."

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to take all such steps and actions and give such directions and delegate such authorities, as it may in its absolute discretion, deemed appropriate."

##### **Item No. 6 TO ALTER THE ARTICLES OF ASSOCIATION OF THE COMPANY**

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

**"RESOLVED THAT** In order to reflect the increase in authorized share capital of the Company , and in order to confirm to the requirements of the Companies Act, 2013, the consent of the Board is hereby accorded to amend the existing Article 7 of the Articles of Association of the Company with the following :

The Authorised Share Capital of the Company is Rs. 75,00,00,000/- (Rupees Seventy Five Crores) divided into 6,70,00,000 (Six crores and Seventy Lacs) Equity Shares of face value of Rs. 10/- (Rupees Ten) each and 8,00,000 preference shares of Rs.100/- each ."

##### **Item No. 7 Regularization of Additional Director of Mr. Suyambu Narayanan (DIN 07718798)**

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

**"RESOLVED THAT** pursuant to the Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modifications or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 Mr. Suyambu Narayanan (DIN 07718798), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 10th February, 2017 and who holds office until the date of the AGM in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of the Director, be and is hereby appointed as an Independent

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Director of the Company to hold office for a term of 5 (five) consecutive years commencing from 10th February, 2017, who is not liable to retire by rotation.

**RESOLVED FURTHER THAT** any of the Directors / Company Secretary, be and are hereby severally authorized to file relevant forms with the Registrar of companies, Chennai, and to do such other acts, deeds and things as may be considered necessary in connection with the above appointment”

**By order of the Board  
for ARUNA HOTELS LIMITED**

Date: 12.08.2017  
Place: Chennai

**Vaithyalingam Anbalagan**  
Managing Director  
DIN: 00059007

### NOTES:

1. 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 percent 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.
2. 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.
3. 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.
4. 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 002, ground floor, KashiramJannadas Building 5, P.Demello road, Masjid East Mumbai – 400009. The Register of Members and Transfer Books of the Company will be closed from 22<sup>nd</sup> September 2017 to 28<sup>th</sup> September 2017 (both days inclusive).
5. Pursuant to Section 205A and Section 205C of the Companies Act, 1956, 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.
6. 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.
7. 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.
8. 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 Agents Ltd, at the above mentioned address. Members holding shares in electronic form may contact their respective Depository Participant for availing this facility.
9. 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.
10. 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.
11. 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.
12. Members are requested to:
  - (i) intimate to the Company's Registrar and Transfer Agents, M/s. MCS Share Transfer Agents Ltd, at the above mentioned address, changes, if any, in their registered addresses at an early date, in case of shares held in physical form;
  - (ii) 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;

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- (iii) quote their folio numbers/Client ID/DP ID in all correspondence;  
 (iv) Consolidate their holdings into one folio in case they hold shares under multiple folios in the identical order of names.

### 13. Re-appointment of Directors:

Name of the Director	Mr. RajaKumar Kumaravelayatha Nadar DIN No. 05187894	Mr.Suyambu Narayanan DIN No. 07718798
Date of Birth	15/05/1962	15/06/1956
Age	55	60
Qualification	Post Graduate	Post Graduate
List of companies in which directorship is held as on 31st March, 2016	1	0
Shareholding as on 31 <sup>st</sup> March, 2016		
a) Held individually	0	0
b) Held jointly with others		

14. In terms of Regulations 26(4) and Regulation 36(3) of the 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 below. Members are requested to kindly refer the Chapter on Corporate Governance in the Annual Report.:
15. The Notice of the 55th AGM along with the Annual Report of 2016-17 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 2016-17 will also be available on the Company’s website viz. [www.arunahotels.com](http://www.arunahotels.com).
16. 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](mailto:cs@ahlchennai.com).
17. 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 Regulations, the Company is pleased to offer e-voting facility to its members to exercise their right to vote at the 55th 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.
- The Procedure and instructions for remote e-voting are as under:
- Voting through electronic means will commence on 24<sup>th</sup> September 2017 at 9:00 AM and will end on 27<sup>th</sup> September 2017 at 5:00 PM. The members will not be able to cast their vote electronically beyond the date and time mentioned above.
- 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 21<sup>st</sup> September 2017.
  - 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. 21<sup>st</sup> September 2017, may obtain the User Id and password in the manner as mentioned below:

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- (i) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (ii) Click on “SHAREHOLDERS” Tab
- (iii) Select “ARUNA HOTELS LIMITED” from the drop down box and click “SUBMIT”
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

<b>For Members holding shares in Demat Form and Physical Form</b>	
<b>PAN</b>	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
	• 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)
<b>DOB#</b>	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.
<b>Dividend bank details</b>	Enter the dividend bank details as recorded in your demat account or in company records for the said demat account or Folio

- (viii) After entering these details appropriately, click on “SUBMIT” tab.
- (ix) 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.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for Aruna Hotels Limited.
- (xii) 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.
- (xiii) Click on the “Resolutions File Link” if you wish to view the entire Resolutions.
- (xiv) 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.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on “CLICK HERE TO PRINT” option on the Voting page.
- (xvii) 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.

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- (xviii) 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 Corporates. 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](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto: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 Scrutinizer 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 form 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  
002, Ground Floor, Kashiram Jamnadas Building,  
5 P D mello Road, Ghadiyal Godi,  
Mumbai - 400 009  
Tel. No.: +91 022 23726252 / 6253 / 6254 / 6255;  
Fax No.: +91 022 23626256;  
E-mail: [mparase@yahoo.com](mailto:mparase@yahoo.com)/[subodh@mcsregistrar.com](mailto: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.arunahotels.com](http://www.arunahotels.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. 28.09.2017 subject to receipt of the requisite number of votes in favor of the resolutions.



## **ARUNA HOTELS LIMITED**

### **ANNEXURE TO THE NOTICE**

#### **STATEMENT PURSUANT TO THE SECTION 102 OF THE COMPANIES ACT, 2013**

##### **ITEM Nos. 4, 5 & 6**

The present authorized capital of the Company is Rs. 32,00,00,000/- (divided into 2,40,00,000 (Two crores forty Lacs) Equity Shares of Rs. 10 and Rs 800000/- (Eight lacs) preference shares of Rs 100 each). The Company is embarked upon expansion /acquisition. In order to expand the capital base, it is now proposed to increase the authorized equity share capital from the existing limit of 32,00,00,000 (Thirty two Crores) to Rs 75,00,00,000 (divided into 6,70,00,000 (Six crores seventy Lacs) Equity Shares of Rs. 10 and Rs 800000/- (Eight lacs) preference shares of Rs 100 each.

The resolution contained in item No.3 seek to increase the Authorized share capital of the Company as aforesaid and to alter the Memorandum and Article of Association of the company as contained in Item, No. 4 & 5 respectively, Consequential to such increase in the authorized share capital of the company as proposed. The proposal requires the consent of the members. The Board of Directors recommends that the proposal be approved.

The Copy Memorandum and Article of Association of the company is available at the corporate office of the Company for inspection during the office hours till the conclusion of the General Meeting.

None of Director, Key Managerial personnel (KMP) and their relatives, is concerned or interested in the said resolution except to the extent of their directorship in the Company.

The Board recommend the Special resolutions set out in the Notice in the interest of the Company.

##### **ITEM No. 7**

The Board at its meeting held on February 10, 2017 appointed Mr. Suyambu Narayanan (DIN 07718798) as additional directors with effect from such Board meeting dates pursuant to Section 161 of the Companies Act, 2013. Hence, he will hold office up to the date of the ensuing \ annual General Meeting.

The Company has received consent in writing to act as directors in Form DIR 2 and intimation in Form DIR - 8 pursuant to Rule 8 of the Companies (Appointment and Qualifications of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of section 164 of the Companies Act, 2013. The Board considers that her association would be of immense benefit to the Company and it is desirable to avail his services as Independent Directors.

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution as set out at Item No.5 of the Notice.

The above resolution does not relate to any other company.

(i) Form DIR-2 (Consent to act as a director of a company) [Pursuant to section 152(5) and rule 8 of Companies (Appointment and Qualification of Directors) Rules, 2014] and (ii) Form DIR-8 (Intimation by Director) [Pursuant to Section 164(2) and rule 14(1) of Companies (Appointment and Qualification of Directors) Rules, 2014] is available for inspection. Accordingly, the Board recommends the ordinary resolution set out at Item No.5 of the Notice for approval by the shareholders.

## ARUNA HOTELS LIMITED

### DIRECTORS' REPORT

**To the Members,**

The Directors have pleasure in presenting before you the 55th Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31st March, 2017.

#### FINANCIAL SUMMARY OR HIGHLIGHTS/PERFORMANCE OF THE COMPANY

Particulars	Financial year ended March 31 <sup>st</sup> ,2017	Financial year ended Mar 31 <sup>st</sup> 2016
	Rs in lakhs	Rs in lakhs
<b>Revenue from Operations</b>	-	-
<b>Less: Operating Expenditure</b>	<b>15.46</b>	<b>30.14</b>
Earnings Before Interest, Tax, Depreciation & Amortization (EBITDA)	(15.46)	(30.14)
<b>Add: Other income (net)</b>	181.05	345.89
<b>Less: Finance costs</b>	5.98	92.65
<b>Less: Depreciation &amp; amortization expense</b>	145.29	147.95
<b>Less: Other expenses (net)</b>	531.45	90.70
Profit/ (Loss) before exceptional and Extraordinary items and tax	(517.13)	(6.54)
Exceptional Items	-	-
Profit/ (Loss) before Extraordinary items and tax	(517.13)	(6.54)
<b>Extraordinary Items</b>	-	-
Profit / (Loss) before tax	(517.13)	(6.54)
Tax expenses	-	-
/ (Loss) after tax	(517.13)	(6.54)
<b>Balance brought from previous year</b>	-	-
<b>Amount available for appropriation</b>	-	-
<b>Amount transferred to General reserve</b>	-	-
<b>Dividend</b>	-	-
<b>Balance carried to balance sheet</b>	-	-

#### OPERATIONS & PERFORMANCE

As the Company's operations have been suspended, the Company was unable to generate any revenue for the year under review. The Board of Directors of the Company is taking all steps to revive the Company's operations. The Board of Directors is in the process of devising an elaborate business plan to restart the operation and seek the members support and co-operation in order to successfully

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implement the business revival plan.

### 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 2017-18 to Bombay Stock Exchange where the Company's Shares are listed. However, the trading in the shares has been suspended. Necessary steps are being taken to get the suspension revoked.

### DEMATERIALISATION OF SHARES:

49.8% of the Company's paid up Equity Share Capital is in dematerialized form as on 31st March, 2017 and balance 50.2% is in physical form.

### DIRECTORS RESPONSIBILITY STATEMENT:

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

- a) in the preparation of the annual accounts for the year ended 31st March, 2017, the applicable accounting standards have been followed and there are no material departures;
- b) 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 loss of the Company for the same period ;
- c) 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;
- d) they have prepared the annual accounts on a going concern basis;
- e) They have laid down internal financial controls that are adequate and were operating effectively.
- f) 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 2016-17.

### DIRECTORS AND KEY MANAGERIAL PERSONNEL

As on 31.03.2017 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

## ARUNA HOTELS LIMITED

<b>RajakumarKumaruvelayathanadar</b>	Director	Non – Independent, Non – Executive
<b>SundaresanVairakan</b>	Director	Independent, Non – Executive (ceased from the Directorship on 10.02.2017)
<b>Suyambu Narayanan</b>	Additional Director	Independent, Non – Executive (Appointed as director on 10.02.2017)
<b>FreedaGnanaselvamKanagiah</b>	Director	Independent, Women Non – Executive
<b>BalajiGandla</b>	Company Secretary	-
<b>Nagaraj P</b>	Chief Financial Officer	-

### NUMBER OF BOARD MEETINGS HELD

The Board of Directors duly met 6 (times) times during the financial year from 1st April, 2016 to 31st March, 2017.

### 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 along with Certificate of Corporate Governance 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](http://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.

### WHISTLEBLOWER POLICY (POLICY ON VIGIL MECHANISM)

The Company has formulated and published a Whistle Blower Policy to provide Vigil Mechanism 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](http://www.arunahotels.com)).

### OTHER POLICIES

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandates the formulation of certain policies for all

## ARUNA HOTELS LIMITED

listed companies. All our corporate governance policies are available on our website ([www.arunahotels.com](http://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
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.
Related Party Transaction Policy	The policy regulates all transactions between the Company and its related parties
Non-Executive Directors Policies	The policy determines the criteria for payments made to Non-executive Directors
Preservation of Documents	The policy determines the criteria and time period for preservation of records and archives.

### 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:

#### i) 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 30th December, 2015, who shall hold office until the conclusion of the annual general meeting to be held for the financial year 2019-20.

#### ii) 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 appointed as the Internal Auditors of the Company for the financial year 2016-17.

#### iii) Secretarial Auditors:

M/S. JEEVANJYOTI NAYAK, Practicing Company Secretaries were appointed to conduct the secretarial audit of the Company for the year 2016-17, as required under Section 204 of the Companies Act, 2013 and Rules there under. The Report submitted by Secretarial auditors has been annexed to this report.

## ARUNA HOTELS LIMITED

### MATERIAL CHANGES AND COMMITMENT AFFECTING FINANCIAL POSITION OF THE COMPANY

No material changes and commitment affecting the financial position of the company occurred from the end of the financial year 2016-17 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. In view of this disclosure in form AOC-2 has not been provided.

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

### 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:

S. No	Name	Designation	Remuneration paid FY 2016-17 in lakhs	Remuneration paid FY 2015-16 in lakhs
1.	Mr. Vaithyalingham Anbalagan	Managing Director	1.5	1.5
2.	Balaji Gandla	Company Secretary	2.10	0.35
3.	Nagaraj P	CFO	2.88	1.2

## **ARUNA HOTELS LIMITED**

### **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 has in place an anti-sexual harassment policy in line with the requirements of the sexual harassment of women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. All employees, permanent and contractual, are covered under this policy. The Company includes awareness training regarding prevention of sexual harassment in its employee's induction program and has placed the policy on the Company's intranet. Further, the Company has circulated this policy to all its employees. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. No complaints regarding sexual harassment were received 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: 12.08.2017**  
**Place: Chennai**

**(Vaithyalingam Anbalagan)**  
**DIN: 00059007**  
**Managing Director**

**(Muralidharan Ramasamy)**  
**DIN: 07092976**  
**Director**

## **Director's Reply to Auditor's Observation**

With respect to the Auditor's Qualifications, the Board would like to inform you as follows:

1. The Board of Directors is trying its best to meet all the compliances required to re-list the company in the stock exchange at earliest, as soon as the Company will be re-listed we will issue the shares to all the parties whose sum is shown under advance towards share capital. This serves as our response to point no. (i) in the Auditor's Report.
2. The Board of Directors is taking all steps to revive the operations of the Company. The Board of Directors has been successful in getting additional funds as Share Capital which are very much required to settle the old and long pending dues of the Company. As such, the Board of Directors is in the process of working out an elaborate Business Plan to restart the operations at the earliest and to ensure that the operations remain profitable. The Board of Directors requests the support and patronage of all the shareholders in this regard to accomplish this mission. This serves as our response to point no. (vi) in the Auditors Report.
3. Point Nos (ii) to (v) and (vii) The Board of Directors is taking immediate steps to rectify / sort out or close the issues identified in the Auditors Report and is hopeful of doing the same before the next AGM. The Board of Directors has already taken steps to correct the statutory lapses. Old pending Statutory Dues, to the extent ascertainable, are in the process of settlement with the authorities and already Sales Tax, Luxury Tax and Service Tax Outstanding's have been paid. The pending litigations are being responded to with the help of legal team. The dues of the employees have been finalized and settled. All these actions have been initiated by the Board of Directors and we are very much hopeful of closing all the points on or before the next AGM.

## **Director's Reply to Secretarial Auditor's Observation**

1. Board of Director has already taken all necessary steps to revoke the Suspension on Securities listed at BSE. The Revocation matter is under process with BSE official at final Stage. The Board of Directors and we are very much hopeful of closing this issue on or before the next AGM.

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **ECONOMIC OVERVIEW OF THE INDUSTRY**

In the last few years, the structure of the Hotels and Tourism industry has been changing and the development have been phenomenal especially on the mid-size segment.. India is a large market for travel and tourism. It offers a diverse portfolio of niche tourism products - cruises, adventure, medical, wellness, sports, MICE, eco-tourism, film, rural and religious tourism. India has been recognized as a destination for spiritual tourism for domestic and international tourists.

India continues to be among the fastest growing of the G20 countries with a projected GDP growth of 7.2% in 2017. One of the positive factors contributing to this is the roll out of GST which aims to transform the multiple taxes into a uniform tax code. Other positive factors contributing to this growth are the potential young working population, rise



## ARUNA HOTELS LIMITED

of India as an entrepreneurial hub and government push towards a digital economy. (Source: IMF: Recent Developments and prospects, April 2017).

In India, the total contribution of Travel & Tourism to GDP for 2016 was INR 14,018.5 billion (USD 208.9 billion), which represents 9.6% of India's GDP. Over this period, the total contribution of Travel & Tourism to employment, including jobs indirectly supported by the industry was 9.3% of total employment (over 40 million jobs). Visitor exports generated INR 1,529.3 billion (USD 22.8 billion), which represents 5.4% of total exports for 2016. Travel & Tourism investment in 2016 was INR 2,284.9 billion, which represents 5.7% of the total investment of (USD 34.0 billion). (Source: World Travel & Tourism Council).

In FY 2016/17 foreign tourist arrivals were 92.25 lakh which represents a growth of 12% over 2015/16 foreign tourist arrivals which were 82.46 lakh. In 2016, foreign tourist arrivals on e-visas more than doubled from 4,45,300 to 10,79,696, partially on account of the e-visa facility extended to 161 countries from 113 previously. (Source: Ministry of Tourism, Government of India).

Tourism in India has significant potential considering the rich cultural and historical heritage, variety in ecology, terrains and places of natural beauty spread across the country. India is projected to be the fastest growing nation in the wellness tourism sector in the next five years, clocking over 20% gains annually through 2017, according to a study conducted by SRI International.

### MARKET OVERVIEW

Your Company has been going through tough weather since the suspension of operations and Company's Business in the year 2014. The Board of Director has been on the move to revive the Company's business operation. They have implemented many significant business plans to revive the Company's business.

On the whole, the Company's business is slowly picking up under the Board of Director and it shall be able to be at par with its market competitors in the near future.

### FINANCIALS AND PROFIT / LOSS BEFORE TAX:

Your Company has incurred a loss before tax of Rs. 517.13 lacs during the year for the year 2016 -17 as compared to loss before tax of Rs.6.54 lacs in the previous year.

### RISK MANAGEMENT

#### Risks and Concerns

**Economic Risks:** Hotel business in general is sensitive to fluctuations in the economy. The hotel sector may be unfavorably affected by changes in global and domestic economies, changes in local market conditions, excess room supply, reduced international or local demand for hotel rooms and associated services, competition in the industry, government policies and regulations, fluctuations in interest rates and foreign exchange rates and other natural and social factors. Since demand for hotels is affected by world economic growth, a global recession could lead to a downturn in the hotel industry.

## ARUNA HOTELS LIMITED

**Socio-Political Risks:** The Hotel industry faces risk from volatile socio-political environment, internationally as well as within the country. India, being one of the fastest growing economies of the world in the recent past, continues to attract investments. However, any adverse events such as political instability, conflict between nations, terrorist attacks or spread of any epidemic or security threats to any countries may affect the level of travel and business activity.

**Security Risks:** The Hotel industry demands peace at all times to flourish. The biggest villain in South East Asia has been terrorism supplemented by political instability. Subsequent to the Mumbai terror attacks in November 2008, the hotel industry has invested substantially on security and intelligence. The security concerns have been duly addressed instilling confidence in the customer by providing international standards of safety.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company's Internal Auditors carry out audit of the transactions of the Company periodically, in order to ensure that recording and reporting are adequate and proper. The Internal Audit also verifies whether internal controls and checks & balances in the systems are adequate, proper and up to date. Corrective actions for any weaknesses in the system that may be disclosed by the Audits are taken.

The Audit Committee of the Board reviews the important observations of the Internal Audit and suggests corrective actions for the management to implement. The Internal Audit team also assesses the risks facing the Company, steps taken to mitigate the risks and holds discussions with the management on the subject in order to create awareness of the risks and to take appropriate actions for reducing the impact and frequency of occurrence of the risks.

The Audit Committee of the Company meets periodically to review and recommend quarterly, half – yearly and annual financial statements of the Company. The Committee also holds discussions with the internal auditors, statutory auditors and the management on the matters relating to internal controls, auditing and financial reporting. The Committee also reviews with the statutory auditors, the scope and results of the audits.

### HUMAN CAPITAL

The term human capital formation means, “The process of acquiring and increasing the number of persons who have the skills, education and experience which are critical for the development of the Company.” Modern technology is becoming more and more complex. With the growth of science, machinery and equipment are becoming more sophisticated. Their efficient operation requires skill and technical knowledge. Therefore capital development is very significant. Therefore, your Company endeavors to take a more strategic and supportive approach to recruiting and retention to find and retain the new breed of evolving 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 31.03.2017****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, NUNGAMBAK-KAM, 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, 002, ground floor, KashiramJamnadas Building 5, P.Demello Road, Masjid East, Mumbai-400009 Ph: 022-40206022/23/24 Fax: 022-40206021

**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-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter s</b>									
(1) Indian									
a) Individual/ HUF	1231358	800240	2031598	22.5733	1231358	800240	2031598	22.5733	0.00
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	2063294	651438	2714732	30.1637	2063294	651438	2714732	30.1637	0.00
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)	3294652	1451678	4746330	52.7370	3294652	1451678	4746330	52.7370	0.00
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds	-	66739	66739	0.7415	-	66739	66739	0.7415	-
b) Banks / FI	1756	250	2006	0.0223	1756	250	2006	0.0223	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	94049	38140	132189	1.4688	94049	38140	132189	1.4688	-
g) FII's	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	95805	105129	200934	2.2326	95805	105129	200934	2.2326	-
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	21659	123578	145237	1.6137	20831	123578	144409	1.6045	-0.0092
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 2 lakh	794029	2819211	3613240	40.1471	800578	2814782	3615360	40.17	0.0236
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	108069	-	108069	1.2008	108069	0	108069	1.2008	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians	56370	18770	75140	0.8349	54818	18930	73748	0.8194	-0.0155
Overseas Corporate Bodies	111050	-	111050	1.2339	111050	-	111050	1.2339	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - DR	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	1091177	2961559	4052736	45.0304	1095446	2957290	4052736	45.0304	-
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	1186982	3066688	4253670	47.2630	1191251	3062419	4253670	47.263	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	4481634	4518366	9000000	100	4485903	4514097	9000000	100	-

## 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	-	78893	0.88	-	-
3.	ADITYAN. B. S	309888	3.44	-	309888	3.44	-	-
4.	RAGHAVAN SIVARAM	68558	0.76	-	68558	0.76	-	-
5.	SATHYA SIVARAM	61769	0.69	-	61769	0.69	-	-
6.	SUBBIAH T N	42300	0.47	-	42300	0.47	-	-
7.	MARUTHAI PILLAI P	30390	0.34	-	30390	0.34	-	-
8.	RUKMANI SIVARAM	25624	0.28	-	25624	0.28	-	-
9.	AUGUSTIN D	19200	0.21	-	19200	0.21	-	-
10.	CHANDRAMOHAN R	19200	0.21	-	19200	0.21	-	-
11.	GEETHA PERIASAMY	17180	0.19	-	17180	0.19	-	-
12.	ANITA KUMARAN	15000	0.17	-	15000	0.16	-	-
13.	MALA JAYARAM	14940	0.17	-	14940	0.17	-	-
14.	S SWARNA	14858	0.17	-	14858	0.17	-	-
15.	ARUN PILLAI M	11844	0.13	-	11844	0.13	-	-
16.	CHANDRAKANT	11683	0.13	-	11683	0.13	-	-
17.	CHITHAN V	10050	0.11	-	10050	0.11	-	-
18.	SIVAKAMI SUBBIAH	10000	0.11	-	10000	0.11	-	-
19.	JAYANTHI NATARAJAN	12200	0.14	-	12200	0.14	-	-
20.	VIJAYALAKSHMI CHANDRAMOHAN	7770	0.09	-	7770	0.09	-	-
21.	JAYANTHI S	6514	0.07	-	6514	0.07	-	-
22.	YAMINI SUBBIAH	6000	0.07	-	6000	0.07	-	-
23.	SENTHILNATHAN M	5530	0.06	-	5530	0.06	-	-
24.	SIVARAM M	6105	0.07	-	6105	0.07	-	-
25.	SIVABAGYAM M	3700	0.04	-	3700	0.0411	-	-
26.	CHANDRAMOHAN P	3200	0.04	-	3200	0.04	-	-
27.	RAVICHANDRAN C L	802	0.01	-	802	0.01	-	-
28.	GANESAN M	1900	0.02	-	1900	0.02	-	-
29.	SUBASRI REALITY PRIVATE LIMITED	1464123	16.27	-	1464123	16.27	-	-
30.	YESSIR HOLDING & INVESTMENT PRIVATE LIMITED	372412	4.14	-	372412	4.14	-	-
31.	GAY TRAVELS PRIVATE LIMITED	591506	6.57	-	591506	6.57	-	-
32.	SOVERIEGN MEDIA MARKETING PRIVATE LIMITED	195718	2.17	-	195718	2.17	-	-
33.	SRI DEVI AGENCIES PRIVATE LIMITED	29880	0.33	-	29880	0.33	-	-
34.	RANI PRINTERS PRIVATE LIMITED	61093	0.68	-	61093	0.68	-	-
	<b>Total</b>	<b>4746330</b>	<b>52.74</b>	-	<b>4746330</b>	<b>52.74</b>		

**ARUNA HOTELS LIMITED**

**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
I.	At the beginning of the year	01.04.2016		4746330	52.74	4746330	52.74
	Changes during the year		No change				
	At the end of the year	31.03.2017		4746330	52.74	4746330	52.74

**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
	Date wise Increase / (Decrease) in Promoters Shareholding during the year specifying the reasons for increase / decrease e.g. allotment /transfer / bonus/ sweat equity etc.:	-	-	-	-
	At the end of the year	96050	1.0672	96050	1.0672
2	UNITED INDIA INSURANCE COMPANY LIMITED				
	At the beginning of the year	64100	0.7122	64100	0.7122
	Date wise Increase / (Decrease) in Promoters Shareholding during the year specifying the reasons for increase / decrease e.g. allotment /transfer / bonus/ sweat equity etc.:	-	-	-	-
	At the end of the year	64100	0.7122	64100	0.7122
3	MANI AND MONEY LIMITED				
	At the beginning of the year	50440	0.5604	50440	0.5604
	Date wise Increase / (Decrease) in Promoters Shareholding during the year specifying the reasons for increase / decrease e.g. allotment /transfer / bonus/ sweat equity etc.:	-	-	-	-
	At the end of the year	50440	0.5604	50440	0.5604
4	UNIT TRUST OF INDIA				
	At the beginning of the year	49305	0.5478	49305	0.5478
	Date wise Increase / (Decrease) in Promoters Shareholding during the year specifying the reasons for increase / decrease e.g. allotment /transfer / bonus/ sweat equity etc.:	-	-	-	-
	At the end of the year	49305	0.5478	49305	0.5478
5	GENERAL INSURANCE CORPORATION OF INDIA				
	At the beginning of the year	27900	0.31	27900	0.31

**ARUNA HOTELS 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
	Date wise Increase / (Decrease) in Promoters Shareholding during the year specifying the reasons for increase / decrease e.g. allotment /transfer / bonus/ sweat equity etc.:	-	-	-	-
	At the end of the year	27900	0.31	27900	0.31
6	THE ORIENTAL INSURANCE COMPANY LIMITED				
	At the beginning of the year	19629	0.2181	19629	0.2181
	Date wise Increase / (Decrease) in Promoters Shareholding during the year specifying the reasons for increase / decrease e.g. allotment /transfer / bonus/ sweat equity etc.:	-	-	-	-
	At the end of the year	19629	0.2181	19629	0.2181
7	MADHAVRAO BALWANT PATIL				
	At the beginning of the year	20000	0.2222	20000	0.2222
	Date wise Increase / (Decrease) in Promoters Shareholding during the year specifying the reasons for increase / decrease e.g. allotment /transfer / bonus/ sweat equity etc.:	-	-	-	-
	At the end of the year	20000	0.2222	20000	0.2222
8	R N RUBESH				
	At the beginning of the year	18338	0.2037	18338	0.2037
	Date wise Increase / (Decrease) in Promoters Shareholding during the year specifying the reasons for increase / decrease e.g. allotment /transfer / bonus/ sweat equity etc.:	-	-	-	-
	At the end of the year	18338	0.2037	18338	0.2037
9	MAHENDRA D				
	At the beginning of the year	16500	0.1833	16500	0.1833
	Date wise Increase / (Decrease) in Promoters Shareholding during the year specifying the reasons for increase / decrease e.g. allotment /transfer / bonus/ sweat equity etc.:	-	-	-	-
	At the end of the year	16500	0.1833	16500	0.1833
10	P KALYANA SUNDARAM				
	At the beginning of the year	15760	0.1751	15760	0.1751
	Date wise Increase / (Decrease) in Promoters Shareholding during the year specifying the reasons for increase / decrease e.g. allotment /transfer / bonus/ sweat equity etc.:	-	-	-	-
	At the end of the year	15760	0.1751	15760	0.1751
11.	ARUNA S KAMATH				
	At the beginning of the year	15230	0.1692	15230	0.1692

**ARUNA HOTELS 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
	Date wise Increase / (Decrease) in Promoters Shareholding during the year specifying the reasons for increase / decrease e.g. allotment /transfer / bonus/ sweat equity etc.:	-	-	-	-
	At the end of the year	15230	0.1692	15230	0.1692

**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.	Vaithyalingam Anbalagan				
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / (Decrease) in Promoters Shareholding during the year specifying the reasons for increase / decrease e.g. allotment /transfer / bonus/ sweat equity etc.:	-	-	-	-
	At the end of the year	NIL	NIL	NIL	NIL
2	RajaKumar Kumaruvelayatha Nadar				
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / (Decrease) in Promoters Shareholding during the year specifying the reasons for increase / decrease e.g. allotment /transfer / bonus/ sweat equity etc.:	-	-	-	-
	At the end of the year	NIL	NIL	NIL	NIL
3	Muralidharan Ramasamy				
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / (Decrease) in Promoters Shareholding during the year specifying the reasons for increase / decrease e.g. allotment /transfer / bonus/ sweat equity etc.:	-	-	-	-
	At the end of the year	NIL	NIL	NIL	NIL
4	Freedra Ganaselvam Kanagiah				
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / (Decrease) in Promoters Shareholding during the year specifying the reasons for increase / decrease e.g. allotment /transfer / bonus/ sweat equity etc.:	-	-	-	-
	At the end of the year	NIL	NIL	NIL	NIL
5	Suyambhu Narayanan				
	At the beginning of the year	NIL	NIL	NIL	NIL



## ARUNA HOTELS LIMITED

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
	Date wise Increase / (Decrease) in Promoters Shareholding during the year specifying the reasons for increase / decrease e.g. allotment /transfer / bonus/ sweat equity etc.:	-	-	-	-
	At the end of the year	NIL	NIL	NIL	NIL
6	NAGARAJ.P				
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / (Decrease) in Promoters Shareholding during the year specifying the reasons for increase / decrease e.g. allotment /transfer / bonus/ sweat equity etc.:	-	-	-	-
	At the end of the year	NIL	NIL	NIL	NIL

**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	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount		1391.30	173.41	1564.71
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)				
Change in Indebtedness during the financial year				
* Addition	200.00	-		200.00
* Reduction		552.57	173.41	725.98
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount	200.00	838.73	-	1038.73
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	200.00	838.73	-	1038.73

**ARUNA HOTELS LIMITED**

**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
		VAITHYALINGAMANBALAGAN	
1	Gross salary	1.5	1.5
	(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)	1.5	1.5
	Ceiling as per the Act	Upto 30,00,000	Upto 30,00,000

**B. Remuneration to other directors**

Rs in Lakhs

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

**ARUNA HOTELS LIMITED**

**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	-	2.10	2.88	
	(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	-			
	<b>Total</b>	-	<b>2.10</b>	<b>2.88</b>	

**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)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

(VAITHYALINGAM ANBALAGAN)

(MURALIDHARAN RAMASAMY)

Date : 12.08.2017  
Place: Chennai

DIN: 00059007  
Managing Director

DIN: 07092976  
Director

## ARUNA HOTELS LIMITED

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 31<sup>ST</sup> MARCH, 2017**

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 my 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, 2017 to March 31, 2017 (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, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) 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;
- (v) 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, 1992 and 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) 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; and
- (ii) The Secretarial Standards issued by the Institute of Company Secretaries of India.

## ARUNA HOTELS LIMITED

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

- (a) The Company's Equity Shares have been continuously suspended from Trading by the Bombay Stock Exchange during the period under review.

### **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.

Resolutions have been approved by Majority while dissenting member's 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.

For Jeevan Jyoti Nayak & Associates  
Company Secretaries

**Jeevan Jyoti Nayak**  
(Managing Partner)  
ACS No. : 39653  
C P No. : 17143

Place : Chennai  
Date : 02.08.2017

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.

**ARUNA HOTELS LIMITED**

**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 Jeevan Jyoti Nayak & Associates  
Company Secretaries

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

Place : Chennai

Date :02.08.2017

**CORPORATE GOVERNANCE REPORT**

**OUR CORPORATE GOVERNANCE PHILOSOPHY**

Effective corporate governance practices constitute the strong foundation on which successful commercial enterprises are built to last. The Company’s philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behavior and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large.

The Company has adopted a code of conduct for its employees including the Managing Director and the Executive Directors. In addition, the Company has adopted a code of conduct for its Non-executive Directors and Independent Directors. These codes are available on the Company’s website ([www.arunahotels.com](http://www.arunahotels.com)). The Company has in place an information security policy that ensures proper utilization of IT resources.

The Company is in compliance with the requirements stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015.

**1. BOARD COMPOSITION**

**SIZE AND COMPOSITION OF THE BOARD**

We believe that our Board needs to have an appropriate mix of Executive and Independent Directors to maintain its independence, and separate its functions of governance and management. Listing regulations mandate that for a Company with a Non-executive Chairperson, at least one-third of the Board should be Independent Directors. As on March 31, 2017, the Company has five Directors, out of which two (40%) are Non – Executive Independent Directors, two (40%) are Non – Executive Non – Independent Directors and One (20%) is Managing Director. One of the Independent Directors is a Woman Director. The Composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations, 2015.

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, 2017 are given herein below. 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, Nomination and remuneration committee and Stakeholders’ relationship committee.

Name of the Director	Category	Number of Board Meetings During the year		Whether Attend- ed last AGM held on (Y/N)	Number of Direc- torships in other public companies
		Held	Attended		
Mr. MuralidharanRamasamy (Chairperson) DIN: 07092976	Non-Executive Non-Independent	6	6	Y	-
Mr. VaithyalingamAnbalagan (Managing Director) DIN: 00059007	Executive Non – Independent	6	6	Y	1
Mr. RajakumarKumaravelayathanadar (Director) DIN: 05187894	Non-Executive Non-Independent	6	6	Y	-

## 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
		Held	Attended		
Mr. Sundaresan Vairakan* (Director) DIN: 07328033	Non-Executive Independent	6	5	Y	-
Mrs. Freeda Gnanaselvam Kanagiah (Director) DIN: 07350172	Non-Executive Independent	6	6	Y	-
Mr. Suyambhu Narayanan** (Director) DIN : 07718798	Non-Executive Independent	6	1	N	-

\*Mr. Sundaresan Vairakan were resigned on 10.02.2017 .

\*\*Mr. Suyambhu Narayanan were appointed on 10.02.2017 .

SIX (6) Board meetings were held during the year and the gap between two meetings did not exceed one hundred twenty days. The dates on which the said meetings were held are as follows:

S. No.	Meeting Date	No. of Directors	No. of Directors Present
1.	21.04.2016	5	5
2.	30.05.2016	5	5
3.	10.08.2016	5	5
4.	21.10.2016	5	5
5.	10.02.2017	5	5
6.	27.03.2017	5	5

The necessary quorum was present for all the meetings.

### INDEPENDENT DIRECTORS MEETING

Schedule IV of the Companies Act, 2013, and the Rules under it mandate that the independent Directors of the Company hold at least one meeting in a year, without the attendance of non-independent Directors and members of the Management. These meetings are held to review the performance of the non-independent Directors and the Board as a whole, as well as the performance of the Chairperson of the Board, taking into account the views of the executive Directors and non-executive Directors; assess the quality, quantity and timeliness of the flow of information between the Management and the Board that is necessary for it to effectively and reasonably perform its duties.



## **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 of the Company is constituted in line with the provisions of Regulation 18 of the SEBI Listing Regulations, 2015 read with Section 177 of the Companies Act, 2013. The terms of reference of the audit committee are broadly as under:

- 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;
- Recommend the appointment, remuneration and terms of appointment of auditors of the Company;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the annual financial statements and auditors' report thereon before submission to the Board for approval, with particular reference to:
  - 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 Act.
  - Changes, if any, in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgment by management.
  - Significant adjustments made in the financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statements.
  - Disclosure of any related party transactions.
  - Qualifications in the draft audit report.

## ARUNA HOTELS LIMITED

- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- 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;
- Review and monitor the auditors' independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function, if any, 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;
- Discussion with internal auditors of any significant findings and follow up there on;
- 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;
- 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;
- 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;
- Establish a vigil mechanism for Directors and employees to report genuine concerns in such manner as may be prescribed;
- To review the functioning of whistle blower mechanism.
- Approval of appointment of CFO;
- The audit committee may 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;
- Carrying out any other function as is mentioned in the terms of reference of the audit committee;
- Oversee financial reporting controls and process for material subsidiaries;
- Oversee compliance with legal and regulatory requirements
- To mandatorily review the following information:

## ARUNA HOTELS LIMITED

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- Management letters / letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the internal auditor.

The audit committee invites executives, as it considers appropriate (particularly the head of the finance function), representatives of the statutory auditors and representatives of the internal auditors to be present at its meetings. The Company Secretary acts as the secretary to the audit committee.

The composition of the audit committee as on 31.03.2017 and the details of meetings attended by its members are given below:

Name	Category	Number of meetings during the financial year 2016 – 17	
		Held	Attended
<b>Mr. Sundaresan Vairakan (Chairperson)</b>	Independent Non – Executive	4	4
<b>Mrs. Freeda Gnanaselvam Kanagiah</b>	Independent Non – Executive	4	4
<b>Mr. Muralidharan Ramasamy</b>	Non - Independent Non – Executive	4	4

Four audit committee meetings were held during the year and the gap between two meetings did not exceed 120 days. The dates on which the said meetings were held are as follows:

1. 29.05.2016
2. 09.08.2016
3. 25.10.2016
4. 08.02.2017

The necessary quorum was present for all the meetings.

### NOMINATION AND REMUNERATION COMMITTEE

The Nomination and remuneration committee of the Company is constituted in line with the provisions of Regulation 19 of the SEBI Listing Regulations, 2015, read with Section 178(1) of the Companies Act, 2013. The terms of reference of the nomination and Remuneration Committee are broadly as under:

- Recommend to the Board the set up and composition of the Board and its committees, including the “formulation of the criteria for determining qualifications, positive attributes and independence of a Director”. The committee will consider periodically reviewing the composition of the Board with the objective of achieving an optimum balance of size, skills, independence, knowledge, age, gender and experience.
- Recommend to the Board the appointment or reappointment of Directors.
- Devise a policy on Board diversity.
- Recommend to the Board appointment of key managerial personnel (“KMP” as defined by the Act) and executive team members of the Company (as defined by this committee).

## ARUNA HOTELS LIMITED

- Carry out evaluation of every Director's performance and support the Board and independent Directors in evaluation of the performance of the Board, its committees and individual Directors. This shall include "formulation of criteria for evaluation of independent Directors and the Board".
- Recommend to the Board the remuneration policy for Directors, executive team or key managerial personnel as well as the rest of the employees.
- On an annual basis, recommend to the Board the remuneration payable to the Directors and oversee the remuneration to executive team or key managerial personnel of the Company.
- Oversee familiarization programmes for Directors.
- Oversee the human resource philosophy, human resource and people strategy and human resource practices including those for leadership development, rewards and recognition, talent management and succession planning (specifically for the Board, key managerial personnel and executive team).
- Provide guidelines for remuneration of Directors on material subsidiaries.
- Recommend to the Board on voting pattern for appointment and remuneration of Directors on the Boards of its material subsidiary companies.
- Performing such other duties and responsibilities as may be consistent with the provisions of the committee charter.

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 2016-17	
		Held	Attended
Mrs. FreedaGnanaselvamKanagiah (Chairperson)	Independent Non – Executive	4	4
Mr. SundaresanVairakan	Independent Non – Executive	4	4
Mr. RajakumarKumaruvelayathanadar	Non - Independent Non – Executive	4	4

Four meetings of the committee was held during the year as mentioned below,

1. 29.05.2016
2. 09.08.2016
3. 25.10.2016
4. 08.02.2017

The necessary quorum was present for all the meetings.

### 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:

Rs in Lakhs

Name of the Director	Salary	Sitting fee	Commission	ESOPs	Others
<b>Mr. Muralidharan Ramasamy (Director)</b>	-	-	-	-	-
<b>Mr. Vaithyalingham Anbalagan (Managing Director)</b>	1.5	-	-	-	-
<b>Mr. Rajakumar Kumaruvelayathanadar (Director)</b>	-	-	-	-	-

## ARUNA HOTELS LIMITED

Name of the Director	Salary	Sitting fee	Commission	ESOPs	Others
Mr. SundaresanVairakan (Director)	-	-	-	-	-
Mrs. FreedaGnanaselvamKanagiah (Director)	-	-	-	-	-

### STAKEHOLDERS' RELATIONSHIP COMMITTEE

The stakeholders' relationship committee has the mandate to review and redress shareholder grievances. The Company has always valued its customer relationships. This philosophy has been extended to investor relationship. The Committee focuses on servicing the needs of various stakeholders viz. investors, analysts, brokers and the general public. 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 2016-17	
		Held	Attended
Mr. RajakumarKumaravelayathanadar (Chairperson)	Non – Independent Non – Executive	4	4
Mrs. FreedaGnanaselvamKanagiah	Independent Non – Executive	4	4
Mr. SundaresanVairakan	Independent Non – Executive	4	4

Four meeting of the committee was held during the year as mentioned below,

1. 29.05.2016
2. 09.08.2016
3. 25.10.2016
4. 08.02.2017

The necessary quorum was present for all the meetings.

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

Opening balance	Complaints received	Complaints redressed	Closing Balance
3	0	3	0

### 3. SHAREHOLDERS

#### DISCLOSURES REGARDING THE APPOINTMENT OR RE-APPOINTMENT OF DIRECTORS

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

As per the Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modifications or re-enactment thereof for the time being in force) read

## **ARUNA HOTELS LIMITED**

with Schedule IV to the Companies Act, 2013 Mr. Suyambu Narayanan (DIN 07718798), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 10th February, 2017 and who holds office until the date of the AGM in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of the Director.

The Board is recommended his appointment as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years commencing from 10th February, 2017, who is not liable to retire by rotation

The Companies Act, 2013, provides for the appointment of independent Directors. Sub-section (10) of Section 149 of the Companies Act, 2013 (effective April 1, 2014) provides that independent Directors shall hold office for a term of up to five consecutive years on the Board of a Company; and shall be eligible for re-appointment on the passing of a special resolution by the shareholders of the Company. Accordingly, all independent Directors were appointed by the shareholders either at the general meeting or through postal ballot as required under Section 149(10).

Further, Section 149(11) states that no independent Director shall be eligible to serve on the Board for more than two consecutive terms of five years. Section 149(13) states that the provisions of retirement by rotation as defined in sub-sections (6) and (7) of Section 152 of the Act shall not apply to such independent Directors. None of the independent Directors will retire at the ensuing AGM.

### **COMMUNICATION TO THE SHAREHOLDERS**

The quarterly report, along with additional information and official news releases, are posted on our website ([www.arunahotels.com](http://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, are also posted on our website([www.arunahotels.com](http://www.arunahotels.com)).

### **DETAILS OF NON-COMPLIANCE**

The details of Non – compliance have been stated in the Auditors’ report and Secretarial Auditors’ Report attached herein.

### **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.

### **CEO AND CFO CERTIFICATION**

As required by SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the CEO and CFO certification is provided in this Annual Report.

### **CODE OF CONDUCT**

In compliance with Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and the Companies Act, 2013, the Company has framed and adopted a Code of Conduct and Ethics (‘the Code’).

## ARUNA HOTELS LIMITED

The Code is applicable to the members of the Board, the executive officers and all employees of the Company and its subsidiaries. The Code is available on our website, ([www.arunahotels.com](http://www.arunahotels.com)). All members of the Board, the executive officers and senior financial officers have affirmed compliance to the Code as on March 31, 2017. A declaration to this effect, signed by the MD and the CFO, forms part of the CEO and CFO certification.

### WHISTLE BLOWER POLICY

The Company has adopted a whistle blower policy and has established the necessary vigil mechanism for employees and Directors to report concerns about unethical behavior. No person has been denied access to the Chairperson of the audit committee. The said policy has been also put up on the website of the Company ([www.arunahotels.com](http://www.arunahotels.com))

### 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
<b>Mar 2014</b>	09.09.2015, 09:45 am	Youth Hostel, 2nd Avenue, Indira Nagar, Chennai – 600020	
<b>Mar 2015</b>	30.12.2015 09:00 am	Youth Hostel, 2nd Avenue, Indira Nagar, Chennai – 600020	1. Appointment of M/s. Bala & Co in place of M/s. U. C. Bhandari & Co as statutory auditors 2. Appointment of Mr. VaithyalingamAnbalagan as Managing Director 3. Authorization to the Board under section 180(1)(a) 4. Authorization to the Board under section 180(1)(c) 5. Approval for maintenance of Statutory registers at a place other than registered office of the Company. 6. Issue of Equity shares on preferential basis
<b>Mar 2016</b>	29.09.2016, 09:00 a.m.	Youth Hostel, 2nd Avenue, Indira Nagar, Chennai – 600020	-

### 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 21<sup>st</sup> September 2017 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 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.

## ARUNA HOTELS LIMITED

### Distribution of Shareholding as at 31<sup>st</sup> March 2017

No. of shares Held	No. of Shareholders	Folio	% of Shares	% of Holdings
Upto 500	2917800	24028	32.42	96.26
501-1000	530102	729	5.89	2.92
1001-2000	124954	90	1.39	0.37
2001-3000	63537	27	0.71	0.11
3001-4000	45657	13	0.50	0.05
4001-5000	59045	13	0.66	0.05
5001-10000	123195	17	1.37	0.06
10001 - 50000	568415	29	6.31	0.12
50001-100000	486924	7	5.41	0.03
And above 100000	4080371	8	45.34	0.03
<b>Total</b>	<b>9000000</b>	<b>24961</b>	<b>100.00</b>	<b>100.00</b>

### GENERAL SHAREHOLDER INFORMATION

SL. No	PARTICULARS	Information for Shareholders
A	<b>55<sup>th</sup> Annual General Meeting</b>	
	Date and Time	28/09/2017 at 9.00 AM
	Venue	Youth Hostel, 2nd Avenue Indira Nagar Chennai-600020.
B	Financial calendar for the Year 2017-18	
	56 <sup>th</sup> Annual General Meeting	September 2018
	Board Meeting :-	
	Results of the quarter ended 30th June 2017	Second Week of August 2017
	Results of the quarter ended 30th September 2017	Second Week of November 2017
	Results of the quarter ended 31st December 2017	Second Week of February 2018
	Results of the quarter ended 31st March 2018	Second Week of May 2018
C	Date of Book Closure	22.09.2017 to 28.09.2017
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	Market Price Date	Trading of the Company's shares remain suspended. Hence the details could not be given.
H	Performance in Comparison with BSE Sensex	Trading of the Company's shares remained suspended during the year under Review. Hence these details could not be given.
I	Registrar Of Transfer Agent	M/s MCS Share Transfer Agent Ltd 002, GR Floor ,Kashiram Jamnadas Blds P.D Mello Road , Masjid (East), Mumbai -400009
J	Share Transfer System	The Physical share transfer are processed 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 . All Demat request are processed and if found correct, requisite confirmation given within 21 days of receipt.



**ARUNA HOTELS LIMITED**

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

We V.ANBALAGAN 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:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) 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 violative 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:
  - (i) Significant changes in internal control over financial reporting during the year;
  - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) 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: 08.08.2017  
Place : Chennai

Vaithyalingam Anbalagan  
DIN : 00059007  
Managing Director

NAGARAJ P  
Chief Financial Officer

## **ARUNA HOTELS LIMITED**

### **Declaration by CEO / MD**

#### **CODE OF CONDUCT**

**Regulation 34(3) read with Schedule V (Part D) of the SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015**

#### **PHILOSOPHY**

The Aruna Hotels Limited code of conduct, as adopted by the board of directors, is applicable to directors, senior management and employees of the company. The code is derived from three inter linked fundamental principles viz. good corporate governance, good corporate citizenship and exemplary personal conduct. The code covers Aruna Hotels Limited commitment to sustainable development, concern for occupational health, safety and environment, a gender friendly work place, transparency and audit ability, legal compliance and the philosophy of leading by personal example.

Declaration pursuant to Regulation 34(3) read with Schedule V (Part D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding adherence to the Code of Conduct.

To

The Shareholders of Aruna Hotels Limited

We hereby declare that all members of the Board and senior management personnel have affirmed compliance with the respective provisions of the Code of Business Conduct and Ethics of the Company formulated by the Board of Directors for the financial year ended 31<sup>st</sup> March 2017.

For Aruna Hotels Limited

Place: Chennai  
Date: 08.08.2017

(Vaithyalingam Anbalagan )  
DIN : 00059007  
Managing Director

**ARUNA HOTELS LIMITED**

**CERTIFICATE ON CORPORATE GOVERNANCE**

To,  
The Members,  
Aruna Hotels Limited

We have examined all relevant records of Aruna Hotels Limited (“company”) for the purpose of certifying compliances of the conditions of Corporate Governance as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered into with the Stock Exchange for the Financial year ended 31st March, 2017.

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

In our opinion and to the best of our information provided and explanations given to me, we certify that the company has generally confirmed to the conditions of Corporate Governance as stipulated in the above mentioned in the Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015, subject to the following non-compliance of certain requirements of the Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015.

a. The trading of equity shares of the Company has been suspended by the Bombay Stock Exchange.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficacy or effectiveness with which the management has over the affairs of the Company.

For JeevanJyotiNayak & Associates  
Company Secretaries

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

Place: Chennai  
Date: 02.08.2017

## ARUNA HOTELS LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARUNA HOTELS LIMITED

#### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Aruna Hotels Limited, which comprise the Balance Sheet as at 31<sup>st</sup> March 2017, the Statement of Profit and Loss and a summary of the significant accounting policies and other explanatory information for the year then ended.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the preparation of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

#### \*Basis for Qualified Opinion

- i) Company has received advances towards share capital but shares were not issued since it is under listing process and will issue shares after listing at stock exchange. The same is not in conformity with the provisions of the Companies Act, 2013.
- ii) The closing balances of parties from whom loan was taken and from creditors are subject to confirmation and reconciliation.

## ARUNA HOTELS LIMITED

- iii) The company is in the process of updating the details of various litigations filed by the third parties; hence we cannot ascertain the liability arising on those litigations.
- iv) During our audit, we have come across several notices / demand notes issued by various statutory authorities

Following are the notices and demand issued to the company during the financial year 2016-17:

- a. Income Tax notice received for AY 2009-10, 2012-13 & 2013-14. Outstanding dues being -Rs4,51,445 for AY 09-10, Rs2,73,32,590 for AY 12-13 & Rs.23831782 for AY 13-14 against which appeal has been filed and outcome is pending.
- b. The company has received a Show Cause Notice from the Service Tax Department for FY 2008-09 to FY 2013-14. The company has received a demand of Service Tax amounting to Rs 2,59,53,777/-. Following points may be noted in this regard:
  - i. Payment of an amount of Rs 1,81,60,816/- has already been made by the assessee.
  - ii. 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
- c. Sales Tax notice was issued for FY 2006-07 to FY 2011-12 on account of non-payment of outstanding Sales tax & Luxury Tax. The company has appealed against the order with the Hon'ble High Court of Madras which has set aside the Assessment Order and has instructed the Sales Tax Department to conduct a fresh assessment of the outstanding Sales tax & Luxury taxes payable. The company has then received a provisional assessment notice from the Sales tax department. However, payment of Rs. 2,85,90,365 was made by the company in this regard and the demand got nullified.
- v) The contingent liability of the company towards the pending cases is not ascertainable as on date, but if the decision is unfavorable it would materially impact the cash flow of the company.
- vi) Based on our verification, information and documents provided for our verification, the company has recorded a loss during the year. Further, its total current liabilities exceed total current assets as on balance sheet date. The company is currently not operating and hence no income has been recorded. The validity of the going concern assumption on which the financial statements are prepared depends on the continuance of the ability of the company to generate sufficient cash flows from their operations. We do not have sufficient evidence to access whether the company's plans/projection would materialize.
- vii) The company has shown an amount of inventory as Rs 28.63 lacs which is the same as compared to FY 2015-16. However, based on our opinion the net realizable value of the inventory as on 31.3.2017 is negligible and needs to be written off.

### **\*Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2017;
- (b) In the case of the Profit and Loss Account, of the loss for the year ended on that date;
- (c) In the case of the Cash Flow Statement of the cash flows for the year ended on that date

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

### **As required by Section 143 (3) of the Act, we report that:**

- a) As required by the Companies (Auditor's Report) Order, 2015, issued by the Central Government of India in terms of section 143(11) of the Companies Act, 2013, we enclose in the "Annexure A" a statement on the matters specified in the paragraph 3 and 4 of the order, to the extent applicable.
- b) 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.
- c) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, 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
- d) The Balance Sheet and the Statement of Profit and Loss dealt with by this Report are in agreement with the books of account.
- e) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- f) The matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
- g) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- h) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
- i) The company has not deposited any cash in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016.
- j) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- k) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - a. The Company has not disclosed the impact of pending litigations on its financial position in its financial statements hence we are unable to comment on this.
  - b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - c. There has been no transfer of amounts to the Investor Education and Protection Fund by the Company.

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

**P.S. Devasenapathy**  
**Partner**  
M.No:024740  
Place: Chennai  
Date: 29/05/2017

## “Annexure A” to the Independent Auditor’s Report

The annexure referred to in our report to the members of **Aruna Hotels Limited** for the year ended on **31st March 2017**. We report that:

- i.
  - a. The company has not maintained proper records of the quantitative details and situation of fixed assets. The management is in the process of updating the Fixed Assets Register.
  - b. The fixed assets have been physically verified by the management during the year and some discrepancies have been noted.
  - c. The management has confirmed that the title deeds of immovable properties are held in the name of the company.
- ii. Physical Verification of inventory was conducted by the Management during the period. In our opinion, the frequency was reasonable. However, given the fact that most of the stock of inventories have a negligible realizable value, we are unable to comment on the procedures of physical verification of inventory followed by the Management. The Company is not maintaining proper records of Inventory. The management is in the process of updating the Inventory Register.
- iii. 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.
- iv. 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.
- v. The company has not accepted any deposits from the public covered under section 73 to 76 of the Companies Act 2013.
- vi. 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.
- vii.
  - a. Undisputed statutory dues except service tax for the current year have been regularly deposited with the appropriate authority.
  - b. There are dues of income tax and service tax on accounts of various disputes which have been enlisted in Point iv) of our auditor’s report above.
- viii. 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.
- ix. 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.
- x. 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.
- xi. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

## ARUNA HOTELS LIMITED

- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations 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.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and hence this clause is not applicable.

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

**P.S. Devasenapathy**  
Partner  
M.No:024740  
Place: Chennai  
Date: 29/05/2017



**“Annexure B” to the Independent Auditor’s Report of even date on the  
Standalone Financial Statements of Aruna Hotels Limited**

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

We have audited the internal financial controls over financial reporting of Aruna Hotels Limited as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

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

**Auditors’ Responsibility**

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

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

Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

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

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

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

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

**Opinion**

In our opinion, *except for the effects of the matter described in the Basis for Qualified Opinion paragraph, 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, 2017, 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

**P.S. DEVA SENAPATHY**  
**Partner**  
M.No:024740  
Place: Chennai  
Date: 29/05/2017

**ARUNA HOTELS LIMITED**

**ARUNA HOTELS LIMITED**

**Cash Flow Statement for the year ended 31<sup>st</sup> March, 2017**

**Rs in Lakhs**

Particulars	As at March 31 <sup>st</sup> , 2017		As at March 31 <sup>st</sup> , 2016	
A. Cash flow from operating activities				
Net Profit / (Loss) before extraordinary items and tax		(517.13)		(6.54)
Adjustments for:				
Depreciation and amortisation	145.29		147.95	
Finance costs	5.97		92.65	
IT Refund interest adjusted against earlier demand	-		2.81	
Interest income	(1.27)		-	
	-	<b>149.99</b>	-	<b>237.79</b>
Operating profit / (loss) before working capital changes		<b>(367.13)</b>		<b>231.25</b>
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Non operating reserves Income	-		(0.72)	
Decrease in Trade receivables	123.70		-	
Decrease in Short-term loans and advances	17.01		-	
Decrease in Other current assets	6.52		(4.80)	
Adjustments for increase / (decrease) in operating liabilities:	-		-	
Decrease in Short term Borrowings	(2.26)		(22.54)	
Decrease in Trade payables	(33.65)		0.44	
Increase in Other current liabilities	(746.29)		(1,130.66)	
Decrease in Provisions	(82.77)	(717.73)	(133.50)	(1,291.78)
Cash flow from extraordinary items		(1084.86)		(1,060.52)
				-
Cash generated from operations		(1,084.86)		(1,060.52)
Less: Income tax paid		-		-
<b>Net cash flow from / (used in) operating activities (A)</b>		<b>(1,084.86)</b>		<b>(1,060.52)</b>

**ARUNA HOTELS LIMITED**

Rs in Lakhs

Particulars	As at March 31 <sup>st</sup> , 2017	As at March 31 <sup>st</sup> , 2016		
<b>B. Cash flow from investing activities</b>				
Purchase of Fixed Assets	-		(0.29)	
Increase in CWIP	(65.22)			
Interest received	1.27			
<b>Net cash flow from / (used in) investing activities (B)</b>		(63.96 )		(0.29)
<b>C. Cash flow from financing activities</b>				
Proceeds from Share application Money	1,370.00		186.04	
Decrease in Non-Current Assets	174.28		-	
Proceeds from long-term advances	27.93		-	
Transfers to reserves	(5.00)			
Decrease in Non-Current Non current Investment	1.95			
Decrease in long-term borrowings	(525.98)		1,048.43	
Decrease in Long term Provision	(3.65)		(21.76)	
Finance cost	(5.97)	1,033.56	(92.65)	1,120.06
<b>Net cash flow from / (used in) financing activities (C)</b>		1,033.56		1,120.06
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>		(115.26)		59.24
Cash and cash equivalents at the beginning of the year		132.95		73.71
<b>Cash and cash equivalents at the end of the year</b>		<b>17.69</b>		<b>132.95</b>

**For Bala & Co**  
Chartered Accountants

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

P.S. Devasenapathy  
Partner  
M. No: - 024740  
FRN : 000318S  
Place : Chennai  
Date : 29/05/2017

Nagaraj P  
CFO

**VAITHYALINGAM ANBALAGAN**  
Managing Director  
DIN : 00059007

**MURALIDHARAN RAMASAMY**  
Director  
DIN : 07092976

Balaji Gandla  
Company Secretary

**ARUNA HOTELS LIMITED**

**ARUNA HOTELS LIMITED**

144-145, Sterling Road, Nungambakkam , Chennai - 600034

CIN :L15421TN1960PLC004255

**Balance Sheet as at 31<sup>st</sup> March, 2017**

Rs in Lakhs

Particulars	Note No.	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>EQUITY AND LIABILITIES</b>			
Shareholders' funds			
Share capital	2.01	1,207.87	1,207.87
Reserves and surplus	2.02	4,757.45	5,373.92
		5,965.32	6,581.79
Share application money pending allotment	2.03	4,757.67	3,387.67
Non-current liabilities			
Long-term borrowings	2.04	1,038.73	1,564.71
Long-term provisions	2.05	-	3.65
		1,038.73	1,568.36
<b>Current liabilities</b>			
Short-term borrowings	2.06	303.64	305.90
Trade payables	2.07	8.28	41.93
Other current liabilities	2.08	111.71	858.00
Short-term provisions	2.09	17.62	100.38
		441.24	1,306.20
		<b>12,202.97</b>	<b>12,844.02</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>	2.10		
Tangible assets		11,147.42	11,387.03
Intangible assets		-	-
Capital work-in-progress		147.66	82.44
<b>Non-current investments</b>	2.11	-	1.95
Other non Current Assets	2.12	600.00	774.28
Long-term loans and advances	2.13	232.52	260.45
		<b>12,127.61</b>	<b>12,506.16</b>
<b>Current assets</b>			
Inventories	2.14	28.63	28.63
Trade receivables	2.15	-	123.70
Cash and bank balance	2.16	17.69	132.95
Short-term loans and advances	2.17	-	17.01
Other current assets	2.18	29.06	35.58
		75.37	337.87
		<b>12,202.97</b>	<b>12,844.02</b>
<b>Significant accounting policies</b>	1		

The notes referred to above form an integral part of the financial statements

As per our report on even date annexed

**For Bala & Co**  
**Chartered Accountants**

P.S. Devasenapathy  
Partner  
M. No: - 024740  
FRN : 000318S  
Place : Chennai  
Date : 28/05/2017

Nagaraj P  
CFO

VAITHYALINGAM ANBALAGAN  
Managing Director  
DIN : 00059007

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

MURALIDHARAN RAMASAMY  
Director  
DIN : 07092976

Balaji Gandla  
Company Secretary

**ARUNA HOTELS LIMITED**

**Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2017**

Rs. In Lakhs

Particulars	Note No.	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
Revenue from operations	2.19	-	-
Less: Excise duty		-	-
		-	-
Other income	2.20	181.05	354.89
		<b>181.05</b>	<b>354.89</b>
		-	-
Cost of materials consumed		-	-
Employee benefits expenses	2.21	15.46	30.14
Finance costs	2.22	5.97	92.65
Depreciation and amortisation expense		145.29	147.95
Other expenses	2.23	531.45	90.70
		<b>698.18</b>	<b>361.43</b>
Profit / (Loss) before exceptional and extraordinary items and tax		(517.13)	(6.54)
Exceptional Items		-	-
		-	-
Profit/Loss before extraordinary items and tax		<b>(517.13)</b>	<b>(6.54)</b>
Extraordinary Items			
Profit/Loss before Tax		<b>(517.13)</b>	<b>(6.54)</b>
Tax expense:		-	-
Current tax expense		-	-
Deferred tax		-	-
		-	-
Profit / (Loss) for the period from Continuing Operations		<b>(517.13)</b>	<b>(6.54)</b>
Profit / (Loss) from Discontinuing Operations		-	-
Tax expenses of Discontinuing Operations		-	-
Profit / (Loss) from Discontinuing Operations after tax		-	-
Profit / (Loss) for the period		<b>(517.13)</b>	<b>(6.54)</b>
Basic Earnings per Equity share		(5.75)	(0.07)
Diluted Earnings per Equity share			
Significant accounting policies	1		
The notes referred to above form an integral part of the financial statements			
As per our report on even date annexed			

**For Bala & Co**  
**Chartered Accountants**

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

P.S. Devasenapathy  
Partner  
M. No: - 024740  
FRN : 000318S  
Place : Chennai  
Date : 29/05/2017

Nagaraj P  
CFO

VAITHYALINGAM ANBALAGAN  
Managing Director  
DIN : 00059007

MURALIDHARAN RAMASAMY  
Director  
DIN : 07092976

Balaji Gandla  
Company Secretary

**SIGNIFICANT ACCOUNTING POLICIES**

1. The financial statements of the company have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material aspects with the accounting standards notified under the Companies (Accounting Standards), Rules 2006, (as amended) and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared on an accrual basis and under the historical cost convention.

**2.1 Basis for preparation of accounts**

Accounts are drawn up on the principle of going concern concept with revenues recognized and expenses accounted on accrual basis and in accordance with the generally accepted accounting principles and standards and in accordance with the provisions of Companies Act, 2013

**2.2 Revenue Recognition**

Income from services rendered is recognized as the service is performed and is booked based on agreements/arrangements with the concerned parties. Interest on investments is booked on a time proportion basis taking into account the amounts invested and the Rate of interest.

**2.3. Expenditure**

Expenses are accounted for on accrual basis and provision is made for all known losses and liabilities.

**2.4. Preliminary Expenses**

Preliminary Expenses are amortized over a period of 5 years.

**2.5. Investments**

Investments are classified into current and long-term investments. Current investments are stated at the lower of cost and fair value. Long-term investments are stated at cost. A provision for diminution is made to recognize a decline, other than temporary, in the value of long-term investments. Investments that are readily realizable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as non current investments.

**2.6. Inventories**

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

**2.7. Trade Receivables and Loans and Advances**

Trade Receivables and Loans and Advances are stated after making adequate provisions for doubtful balances.

**2.8. Provisions and Contingent Liabilities**

A provision is recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimate can be made. Provision is not discounted to its present value and is determined based on the best estimate required to settle the obligation at the year end date. These are reviewed at each year end date and adjusted to reflect the best current estimate. 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 arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

**2.9. Retirement / Post Retirement Benefits**

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

**2.10. Current and Deferred Tax**

There is no need to make provision for income tax, since the company has incurred a Loss during the current financial year.

**2.11. Foreign Currency Translations**

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transaction. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.

**2.12. Cash and Cash Equivalents**

Cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

**2.13. Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit 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 and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity 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 for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**2.14 Dues To Micro and Small Scale Business Enterprises**

The new management is in the process of identifying the creditors as per the MSMED Act 2006. In the absence of full details the amount due to them could not be determine.

**2.15 Previous Year Figures**

Previous year figures are regrouped and re arranged as per the schedules of Companies Act 2013.

**2.16 Current Liabilities, Loans and Loans and Advances**

Unsecured loans, current Liabilities and other loans and advances are subject to confirmation and reconciliation.

**2.17 Related Party Disclosures under AS 18**

There were no related party transactions during the year and hence disclosure requirement as per AS 18 not applicable.

**2.18: Fixed Assets and Depreciation**

Fixed Assets are stated at cost (Net of Cenvat, wherever applicable) less depreciation. Cost includes freight, duties and taxes and other expenses related to acquisitions and installation. Depreciation on Fixed Assets has been provided on the Written Down Value Method and at the rates and in the manner specified in the Companies Act, 2013.

**2.19: Borrowing Cost**

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

**2.20:** Confirmation of balances has not been received from creditors and debtors.



**ARUNA HOTELS LIMITED**

**Notes forming part of the financial statements**

**Note 2.01 Share capital**

Particulars	As at 31 March, 2017		As at 31 March, 2016	
	No of shares	Rs. In Lakhs	No of shares	Rs. In Lakhs
Authorised				
Equity shares of Rs.10 each with voting rights	24,000,000	2,400.00	24,000,000	2,400.00
Cumulative Redeemable Preference Shares of Rs. 100 each	800,000	800.00	800,000	800.00
		<b>3,200</b>		<b>3,200</b>
Issued, Subscribed and 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	9,000,000	900.00	9,000,000	900.00
Above Shares includes 6,90,000 shares of Rs. 10/- each allotted as Bonus shares issued for consideration other than cash				
Less: - Calls in arrears		2.13		2.13
Total Paid up Equity Shares		897.87		897.87
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	200,000	200.00	200,000	200.00
Total Paid up Preference Share		310.00		310.00
Total Paid up Share Capital		1,207.87		1,207.87

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

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

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

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

Particulars	Opening Balance	Fresh Issue	Bonus Issue	“ Closing Balance “
Equity shares with voting rights				
Year ended 31 March, 2017				
- Number of shares	9,000,000			9,000,000
- Amount (Rs.)	897.87	-	-	897.87
Year ended 31 March, 2016				
- Number of shares	9,000,000		-	9,000,000
- Amount (Rs.)	897.87	-	-	897.87

(e) There are no special rights or preferences and restrictions attached to any class of shares, and also there are no restrictions including restriction on dividend and repayment of capital if any.

(f) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates: Nil

(g) Details of shares held by each shareholder holding more than 5% shares:

**ARUNA HOTELS LIMITED**

Particulars	As at 31 <sup>st</sup> March, 2017		As at 31 <sup>st</sup> March, 2016	
	No of shares held	% holding	No of shares held	% holding
Equity shares with voting rights				
Subasri Reality pvt Ltd	14,64,123	16.27	14,64,123	16.27
Mr. Kamal Babbar	12,16,500	13.52	12,16,500	13.52
Gay Travels Pvt Ltd.,	5,91,506	6.57	5,91,506	6.57

- (h) As at 31 March, 2017 Nil shares (as at 31 March, 2016 Nil shares) were reserved for issuance towards outstanding employee stock options granted / available for grant, towards outstanding share warrants and towards convertible securities.
- (i) Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back for the period of 5 years immediately preceding the Balance Sheet date as at 31 March 2017 is Nil (as at 31 March 2016 is Nil)
- (j) Calls unpaid as at 31 March 2016 is Rs. 2,13,000 ( as at 31 March 2015 is Rs. 2,13,000)
- (k) Forfeited shares as at 31 March 2017 is Nil ( as at 31 March 2016 is Nil)

<b>Note 2.02 Reserves and surplus</b>		
Particulars	Amount Rs. In Lakhs	Amount Rs. In Lakhs
	“As at 31 <sup>st</sup> March, 2017”	“As at 31 <sup>st</sup> March, 2016”
<b>Capital Reserve</b>		
Opening balance	-	-
Add: Securities premium received on shares issued during the year		
Closing balance	-	-
<b>Capital Redemption Reserve</b>		
Opening balance	4.00	4.00
Add: Securities premium received on shares issued during the year		
Closing balance	4.00	4.00
<b>Securities Premium Reserve</b>		
Opening balance	1,652.16	1,652.16
Add: Securities premium received on shares issued during the year		
Closing balance	1,652.16	1,652.16
<b>Preference Share Redemption Reserve</b>		
Opening balance	30.25	30.25
Add: Securities premium received on shares issued during the year		
Closing balance	30.25	30.25
<b>Revaluation Reserve</b>		
Revaluation Reserve on Land and Building	8,615.28	8,709.48
Less: Depreciation on Revaluation Reserve	94.20	94.20
Balance Revaluation Reserve carried forward to next year	8,521.09	8,615.28
<b>Surplus / (Deficit) in Statement of Profit and Loss</b>		
Opening balance	(4,927.78)	(4,813.05)
Depreciation Accumulated	(0.14)	(73.03)
Transfers to Reserves	(5.00)	0.00
Profit / (Loss) for the year	(517.13)	(6.54)
IT Refund Previous AY	-	(35.16)
Closing balance	(5,450.04)	(4,927.78)
	4,757.45	5,373.92

Note- a. Old TDS receivables from debtors of Rs.5 Lakhs is transferred to reserves and surplus as the assessments for these years are completed

**ARUNA HOTELS LIMITED**

**Note 2.03 Share application money pending allotment**

Particulars	Amount Rs. In Lakhs	Amount Rs. In Lakhs
	“As at 31 <sup>st</sup> March, 2017”	“As at 31 <sup>st</sup> March, 2016”
a. Share application money received pending allotment	4,757.67	3,387.67

Note : -

- In the current year, share application moneys for allotment were received from the following companies/ Individual:

Name of the company	Amount Received in Lakhs
Gay Travels Private Limited	806.00
Malar Publications P Ltd	357.00
Rani Printers P Ltd	62.00
Sivels Holdings Pvt Ltd.	40.00
Subasri Realty Pvt Ltd	105.00
Total	1370.00

**Note 2.04 Long-term borrowings**

Particulars	Amount Rs. In Lakhs	Amount Rs. In Lakhs
	“As at 31 March, 2017”	“As at 31 March, 2016”
Loans from Related Parties - Unsecured	627.09	715.47
Loans from others - Unsecured	211.64	675.83
Security Deposits	0.00	173.41
Term loans from banks	200.00	0.00
	1,038.73	1,564.71

Type of Loan	Term Loan
Amount Sanctioned	30 Crores
Amount Disbursed	2 Crores
Tenure of Repayment	24 equal quarterly installments
Interest	11.80% (Linked to 3 Year MCLR)
Security	1. Exclusive charge on current and fixed assets of the company 2. Equitable mortgage of property located at Door No 145, Sterling Road, Nungambakkam, Chennai - 600034

**ARUNA HOTELS LIMITED**

Particulars	Amount Rs. In Lakhs	
	“As at 31 <sup>st</sup> March, 2017”	“As at 31 <sup>st</sup> March, 2016”
<b>Note 2.05 Long-term provisions</b>		
Provision for Employee Benefits	-	3.65
	-	3.65
a. Liability for ESI Contribution related to previous years has been paid during the Year along with Interest and Penalty.		
<b>Note 2.06 Short-term borrowings</b>		
Short Term Borrowings from others ( Unsecured)	303.64	305.90
	303.64	305.90
<b>Note 2.07 Trade payables</b>		
Other Suppliers	8.28	41.93
	8.28	41.93
<b>Note 2.08 Other current liabilities</b>		
Statutory Liabilities Payables*	1.18	481.00
Other Payables	110.52	377.00
	111.71	858.00
A. Sales tax & service tax pertaining to earlier years has been paid during the year.		
<b>Note 2.09 Short-term provisions</b>		
Provision for Employee Benefits	17.62	100.38
	17.62	100.38
<b>Note 2.11 Non Current Investments</b>		
Non - Trade Investments		
Equity Instruments - Fully Paid up		
Unquoted		
1510 Equity Shares of Aruna Foods Ltd of Rs. 10/- each fully paid up	-	0.15
7 year National Savings Certificates	-	1.80
	-	1.95
Note - The value of the investment in Aruna Foods Ltd was completely eroded and the same has been written off		
Note: - 7 Year National Savings Certificate 1995 has been lodged with the Sales Tax Authorities - Kerala as Sales Tax Deposit. As it is no longer realisable, the same has been written off		
<b>Note 2.12 Other Non Current Asset</b>		
Deferred Revenue Expenditure - Considered Doubtful	600.00	774.28
	600.00	774.28

**ARUNA HOTELS LIMITED**

Particulars	Amount Rs. In Lakhs	
	“As at 31 <sup>st</sup> March, 2017”	“As at 31 <sup>st</sup> March, 2016”
<b>Note 2.13 Long Term Loans and Advances</b>		
Capital Advances - Unsecured - Considered Doubtful	214.56	214.56
Security Deposits - Unsecured - Considered Good	14.15	42.75
Other Loans and Advances : Advances to employees and others	3.81	3.14
	232.52	260.45
<b>Note 2.14 Inventories</b> (At lower of cost and net realisable value)		
Raw materials	-	-
Stores, Spares, Chemicals, and others	28.63	28.63
	28.63	28.63
<b>Note 2.15 Trade receivables</b> (unsecured, considered good)		
Trade receivables outstanding for a period exceeding six months	-	123.70
Less: Provision for doubtful trade receivables	-	-
		123.70
Other Trade receivables	-	-
		123.70
<b>Note 2.16 Cash and bank balance</b>		
a. Cash and cash equivalents		
Balance with banks:		
in current accounts	6.01	124.60
Cash on hand	0.07	0.05
	6.07	124.65
b. Other bank balances		
- In Deposit Account - PNB -	11.61	8.29
	11.61	8.29
	17.69	132.95
<b>Note 2.17 Short-term loans and advances</b>		
Unsecured, Considered Bad and Written Off during the year	-	17.01
	-	17.01
<b>Note 2.18 Other current assets</b>		
Other Current Assets	29.06	35.58
	29.06	35.58

**ARUNA HOTELS LIMITED**

Particulars	Rs. In Lakhs	
	“For the year ended 31 <sup>st</sup> March, 2017”	“For the year ended 31 <sup>st</sup> March, 2016”
<b>Note 2.19 Revenue from operations</b>		
Sale of services	-	-
	-	-
<b>Note 2.20 Other income</b>		
Rental Income	7.88	24.69
Other Non Operating Income	169.76	3.91
Other Miscellaneous Income	3.40	326.29
	181.05	354.89
<b>Note 2.21 Employee benefits expenses</b>		
Salaries, Wages, and Bonus (excluding Directors)	13.96	17.18
Salaries and Perquisites to Directors	1.50	1.50
Contributions to provident and other funds	-	11.45
	15.46	30.14
<b>Note 2.22 Finance costs</b>		
Interest on term loan	5.93	-
Interest on Others	-	91.63
Bank charges (including bank charges on BG and LC)	0.04	1.02
	5.97	92.65
<b>Note 2.23 Other expenses</b>		
Power and Fuel Expenses		
- Electricity Charges	32.79	-
- Diesel Charges	0.02	0.29
Repairs and Maintenance		
- Building	2.10	0.00
- Others	1.57	0.77
Duties and Taxes	22.90	11.51
Interest & Penalties	144.61	-
AGM Expenses	7.16	-
Insurance	0.84	-
Advertisement Expenses	0.22	-
Office and Miscellaneous expenses	7.61	31.20
Transport and Conveyance expenses	0.78	1.10
Advances and Deposits Written Off	273.30	-
Professional Charges	34.68	40.29
<b>Payments to the Auditors</b>		
- As Auditor	2.88	5.53
	531.45	90.70

**Notes forming part of the financial statements**  
**Note 2.10 Fixed assets - Tangible, Intangible and Capital work-in-progress**

Rs. In Lakhs

	Gross block					Accumulated depreciation				Net block	
	As at 1 <sup>st</sup> April, 2016 **	Additions	Deleted	Revaluation	As at 31 <sup>st</sup> March, 2017 **	As at 31 <sup>st</sup> April, 2016 **	Depreciation for the year	Adjustment to reserves	Depreciation on Revaluation	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>Tangible assets</b>											
Land	8,348.00				8,348.00	-				8,348.00	8,348.00
Building	3,460.79				3,460.79	1,105.20	76.79		94.20	2,184.60	2,355.59
Plant & Machinery	1,791.06	-	-		1,791.06	1,134.89	62.86		-	593.31	656.17
Office Equipments	128.65				128.64	119.61	2.08		-	6.95	9.03
Vehicles	24.16				24.16	7.37	2.94			13.85	16.79
Computers	2.45				2.45	1.31	0.53			0.62	1.15
Laptop	0.28	-			0.28	0.09	0.10			0.10	0.19
	13,755.38	-	-	-	13,755.38	2,368.48	145.29	-	94.20	11,147.42	11,386.90
<b>Intangible assets</b>											
Capital work-in-progress	82.44	62.2			147.66	-				147.66	82.44

**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 Thursday 28<sup>th</sup> at 9.00 AM at Youth Hostel, 2<sup>nd</sup> 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 <sup>st</sup> , 2017			
2.	Appointment of a Director in place of Mr. K.Rajakumar (DIN: 05187894) who retires by rotation .			
3.	Appointment of Auditors			
4.	To Increase the Authorised Share capital			
5.	To Amend the Memorandum of Association of the compnay			
6.	To Alter the Articles of Association of the company			
7	Regularization of Additional director of Mr.Suyambu narayanan (DIN: 07718798)			

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2017

Signature of Proxy holder(s)

Signature of shareholder

Affix  
Revenue  
Stamp 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**

**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**

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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 28<sup>th</sup>, the September 2017 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)

