



ARUNA HOTELS LIMITED

56th

**Annual Report
2017-2018**

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

| | |
|-------------------|---|
| REGISTERED OFFICE | -145,STERLING ROAD, - NUNGAMBAKKAM, - CHENNAI-600034. |
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ARUNA HOTELS LIMITED

NOTICE TO MEMBERS

Notice is hereby given that the Fifty Sixth Annual General Meeting of the Members of ARUNA HOTELS LIMITED, will be held Thursday, September 20th, 2018 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 consider and adopt the Audited Financial Statements for the financial year ended 31st March 2018 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. Muralidharan Ramasamy (DIN: 07092976) who retires by rotation as per Section 152 and being eligible offers, himself for re-appointment.

SPECIAL BUSINESS

Item No:3 Raising of funds by the company through unsecured loans

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 provisions of Section 62(3), 180 (1)(c) and other applicable provisions, if any of the Companies Act, 2013 including any statutory modification(s) or re-enactment thereof, for the time being in force, the provisions of the Memorandum and Articles of Association of the Company, the consent of the Members of the Company be and is hereby accorded to avail unsecured loan, in one more tranches, from Promoters (“Lender”) aggregating upto Rs. 50 Crores with an option to convert the entire loan amount into equity shares of the Company on such price, terms and conditions as may be stipulated in the financing documents/agreements to be entered between the Company and the Lender

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 do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt in regard to raising of unsecured loan and /or exercising of conversion option and further to do all such acts, deeds, matters and things and to finalize and execute all documents and writings as may be necessary, proper, desirable or expedient as it may deem fit.

By order of the Board
For Aruna Hotels Limited

Date : 17.08.2018

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, KashiramJamnadas Building 5, P.Demello Road, Masjid East Mumbai – 400009**. The Register of Members and Transfer Books of the Company will be closed from **14th September 2018 to 20th September 2018 (both days inclusive)**.
5. Pursuant to the provisions of the Companies Act, 2013 read with the Investor Education and protection Fund Authority (Accounting, Audit, transfer and Refund) Rules, 2016 as amended, dividends that are unclaimed for a period of seven years are required to be transferred to the Investors Education and Protection Fund (IEPF) administered by the central Government. As on date, there are no Unclaimed dividends.
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

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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;
 - (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. MURALIDHARAN RAMASAMY DIN No. 07092976 |
| Date of Birth | 19/06/1976 |
| Age | 42 |
| Qualification | Post Graduate |
| List of companies in which directorship is held as on 31 st March, 2018 | Nil |
| Shareholding as on 31 st March, 2018 | |
| a) Held individually | Nil |
| 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 56thAGM along with the Annual Report of 2017-18 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 2017-18 will also be available on the Company's website viz. 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.
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 Obligations And Disclosure Requirements) Regulations, 2015 Regulations, the Company is pleased to offer e-voting facility to its members to exercise their right to vote at the 56th 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.
18. Pursuant to the provisions of Section 47 of the Companies Act, 2013 the preference shareholders of the Company are entitled to vote on all the resolutions as mentioned in the aforesaid Notice.

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

Voting through electronic means will commence on 17th September 2018 at 9:00 AM and will end on 19th September 2018 at 5:00 PM. The members will not be able to cast their vote electronically beyond the date and time mentioned above.

- i. The voting rights of the Members holding shares in physical form or in dematerialized form, in respect of remote e-voting shall be reckoned in proportion to their shares of the paid up equity share as on the cut – off date being 13th September 2018.
- ii. Any person who acquires Shares of the Company and become Member of the Company after the dispatch of the AGM Notice and holds shares as on the cut-off date i.e. 13th September 2018, may obtain the User Id and password in the manner as mentioned below:
 - (i) The shareholders should log on to the e-voting website 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 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:

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

- (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.
- (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

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should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favor of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

- iii. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk_evoting@cdslindia.com.
- iv. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- v. The Scrutinizers shall within a period not exceeding two working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer’s Report of the votes cast in favor or against, if any, forthwith to the Chairman of the Company.
- vi. Mr. M.Damodaran, Proprietor of Mr M.Damodaran and associates Practicing Company Secretary has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- vii. The Results shall be declared after remote E voting and physical ballot after the AGM of the Company and the resolutions will be deemed to be passed on the date 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,
15 P D mello Road, GhadiyalGodi,
Mumbai - 400 009
Tel. No.: 022-40206022/23/24
[E-mail: mparase@yahoo.com/subodh@mcsregistrar.com](mailto:mparase@yahoo.com/subodh@mcsregistrar.com)
- ix. Details of Scrutinizer: Mr. M. Damodaran, Practicing Company Secretary
 - a) The Scrutinizer’s decision on the validity of the vote shall be final.
 - b) Once the vote on a resolution stated in this notice is cast by shareholder through remote e-voting, the shareholder shall not be allowed to change it subsequently and such e-vote shall be treated as final. The Members who have cast their vote by remote e-voting may also attend the Meeting; however such member shall not be allowed to vote again.
 - c) The Scrutinizer after scrutinizing the votes cast at the Meeting by Poll and through remote e-voting, will not later than two (2) days of conclusion of the Meeting, make a consolidated Scrutinizer’s Report and submit the same forthwith to the Chairman of the Company or a person authorized by him in writing, who shall countersign the same.
 - d) The Results declared along with the consolidated Scrutinizer’s Report shall be hosted on the website of the Company (www.arunahotels.com). The Results shall simultaneously be communicated to Bombay Stock Exchange Limited.

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- e) The Resolutions shall be deemed to be passed on the date of the Meeting, i.e. 20.09.2018 subject to receipt of the requisite number of votes in favor of the Resolutions.

ANNEXURE TO THE NOTICE

STATEMENT PURSUANT TO THE SECTION 102 OF THE COMPANIES ACT, 201

ITEM No.3 Raising of funds by the Company through unsecured loan .

Keeping in view the Company's existing and future financial requirements to support its business operations, the Company needs additional funds. For this purpose, the Company is desirous of raising finance of aggregating up to Rs. 50 Crores through The Promoters and Promoter group as unsecured loan to the Company with an option to convert the entire loan amount into equity shares of the Company on such price, terms and conditions as may be stipulated in the financing documents/agreements to be entered between the Company and the Lender as per the provision of Section 62(3), 180 (1)(c) and other applicable provisions, if any of the Companies Act, 2013.

The Promoters and Promoter group for providing unsecured loan details as given below: (Rs. In Crores)

| SL NO. | Name | Unsecured Loan |
|--------|-----------------------------------|----------------|
| 1 | SUBASRI REALTY PRIVATE LIMITED | 20 |
| 2 | GAY TRAVELS PRIVATE LIMITED | 20 |
| 3 | RANI PRINTERS PRIVATE LIMITED | 5 |
| 4 | SRI DEVI AGENCIES PRIVATE LIMITED | 1 |

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.

Pursuant to the provisions of Section 62 of the Companies Act, 2013 the above proposal requires the approval of the members of the Company by way of Special Resolution.

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

DIRECTORS' REPORT**To the Members,**

The Directors have pleasure in presenting before you the 56th Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31st March, 2018.

FINANCIAL SUMMARY OR HIGHLIGHTS / PERFORMANCE OF THE COMPANY

| Particulars | Financial year ended Mar 31,2018 Rs in lakhs | Financial year ended Mar 31,2017 Rs in lakhs |
|--|---|---|
| Revenue from Operations | - | - |
| Less: Operating Expenditure | 21.12 | 15.46 |
| Earnings Before Interest, Tax, Depreciation & Amortization (EBITDA) | (21.12) | (15.46) |
| Add: Other income (net) | 434.73 | 181.05 |
| Less: Finance costs | 28.47 | 5.98 |
| Less: Depreciation & amortization expense | 80.63 | 145.29 |
| Less: Other expenses (net) | 1,700.86 | 531.45 |
| Profit/ (Loss) before exceptional and Extraordinary items and tax | (1396.36) | (517.13) |
| Exceptional Items | - | - |
| Profit/ (Loss) before Extraordinary items and tax | (1396.36) | (517.13) |
| Extraordinary Items | - | - |
| Profit / (Loss) before tax | (1396.36) | (517.13) |
| Tax expenses | (6.06) | - |
| Profit / (Loss) after tax | (1390.30) | (517.13) |

OPERATIONS & PERFORMANCE

Your Company is under Renovation process so unable to generate any revenue for the year 2017-18 under review. The Board of Directors 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 direction of the Board of Directors and it shall be able to be at par with its market competitors in the near future.

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 Shares of your Company are listed at the BSE Limited. The applicable annual Listing Fees have been paid to Stock Exchanges before the due dates. The Trading of Shares have been revoked from 27th March 2018

DEMATERIALISATION OF SHARES:

57.03% of the Company's paid up Equity Share Capital is in dematerialized form as on 31st March, 2018 and balance 42.97% 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, 2018, 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 profit 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 2017-18.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

As on 31.03.2018 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 |
| RajakumarKumaravelayathanadar | Director | Non – Independent, Non – Executive |
| Suyambu Narayanan | Director | Independent, Non – Executive |
| FreedaGnanaselvamKanagiah | Director | Independent, Women Non – Executive |
| Ajay Shukla | Company Secretary | - |
| Nagaraj P | Chief Financial Officer | - |

NUMBER OF BOARD MEETINGS HELD

The Board of Directors duly met 5 (times) times during the financial year from 1stApril, 2017 to 31st March, 2018.

CORPORATE SOCIAL RESPONSIBILITY

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

SUBSIDIARY

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

CORPORATE GOVERNANCE

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

FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS

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

POLICY ON DIRECTORS’ APPOINTMENT AND REMUNERATION AND OTHER DETAILS

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

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).

OTHER POLICIES

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

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

| Name of the policy | Description |
|--|--|
| 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:

(A) 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.

(B) 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 2018-19.

(C) Secretarial Auditors:

M/S.JEEVANJYOTI NAYAK, Practicing Company Secretaries were appointed to conduct the secretarial audit of the Company for the year 2017-18, 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.

MATERIAL CHANGES AND COMMITMENT AFFECTING FINANCIAL POSITIOIN OF THE COMPANY.

No material changes and commitment affecting the financial position of the company occurred from the end of the financial year 2017-18 till the date of this report. Further there was no change in the nature of the Business of the Company.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

CONTRACTS AND ARRANGEMENT WITH RELATED PARTIES

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

During the transactions entered into with related parties are not considered to be materially significant. The details of transaction with related parties are provided in the accompanied financial statements

EXTRACT OF ANNUAL RETURN

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

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

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

Rs in lakhs

| S. No | Name | Designation | Remuneration paid FY 2017-18 | Remuneration paid FY 2016-17 |
|-------|-----------------------------|-------------------|---------------------------------|---------------------------------|
| 1. | Mr. Vaithyalingam Anbalagan | Managing Director | - | 1.5 |
| 2. | Ajay Shukla | Company Secretary | 4.68 | 2.10 |
| 3. | Nagaraj P | CFO | 3.18 | 2.88 |

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

(Vaithyalingam Anbalagan)

(Muralidharan Ramasamy)

Date: 30.07.2018

DIN: 00059007

DIN: 07092976

Place: Chennai

Managing Director

Director

Auditor's Report in case qualifications are there:

No Qualifications were made by the auditors in their Audit Report for the Period ended March 31st 2018

MANAGEMENT DISCUSSION AND ANALYSIS REPORT OVERVIEW OF THE INDUSTRY

India's vast population offers a considerable growth potential for the hospitality industry. The travel and tourism industry is a major contributor to the country's economic growth and employment generation. A growing middle class, rising disposable incomes and shift from foreign to domestic tourism are few macro growth enablers for the industry. The industry contributed 8% of the total employment (both direct and indirect) in 2017; and was the fastest growing among the G20 countries, growing by 9.4% in 2017.

Over the next decade ending 2028, investments in the sector are expected to grow at a compounded annual growth rate (CAGR) of 6.7% to USD 85.2 billion. Foreign tourist arrivals as well as the proportion of domestic travellers grew significantly during financial year 2017 – 18. According to the Ministry of Tourism, India's foreign tourist arrivals grew 15.6% over the preceding year to 101.77 lakh tourists.

Rising influx of foreign visitors via the e-visa facility was a key growth enabler. Implementation of a host of measures like extension of e-visa facility to 173 countries from 161 countries earlier, increase in the window for application of e-visa from 30 days to 120 days, increase in duration of stay on e-visa from 30 days to 60 days and allowing of double entry on e-tourist and e-business visa and triple entry on e-medical visa propelled this segment significantly. 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. The industry has witnessed robust growth in recent years on the back of increased traffic of domestic travelers, rising commercial development and foreign tourist arrivals, a growing airline industry and government-led initiatives aiming to stimulate the sector.

MARKET OVERVIEW

Your Company is under Renovation process so unable to generate any revenue for the year under review. The Board of Directors 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 direction of the Board of Directors and it shall be able to be at par with its market competitors in the near future.

FINANCIALS

Your Company has incurred a loss before tax of Rs (1,396.36) during the year for the year 2017-18 as compared to loss before tax of Rs. (517.13) lacs in the previous year 2016-17.

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 associates services, competition in the industry, government policies and regulations, fluctuations in interest rates and foreign exchange rates and other natural and social factors.

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 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 carryout 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 31.03.2018
Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company
(Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

| | | |
|----|---|--|
| 1. | CIN | L15421TN1960PLC004255 |
| 2. | Registration Date | 09/09/1960 |
| 3. | Name of the Company | ARUNA HOTELS LIMITED |
| 4. | Category/Sub-category of the Company | COMPANY LIMITED BY SHARES / INDIAN NON GOVERNMENT COMPANY |
| 5. | Address of the Registered office & contact details | ARUNA CENTRE, 145, STERLING ROAD, NUNGAMBAKKAM, CHENNAI, Tamil Nadu-600034 |
| 6. | Whether listed company | YES |
| 7. | Name, Address & contact details of the Registrar & Transfer Agent, if any. | M/s. MCS Share Transfer Agents Ltd, 002, ground floor, Kashiram Jamnadas 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-2017] | | | | No. of Shares held at the end of the year [As on 31-March-2018] | | | | % Change during the year |
|--|--|----------|---------|-------------------|--|----------|---------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoter s | | | | | | | | | |
| I. Indian | | | | | | | | | |
| a) Individual/ HUF | 1260608 | 770990 | 2031598 | 22.57 | 1260608 | 770990 | 2031598 | 22.57 | 0.00 |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp. | 2063294 | 651438 | 2714732 | 30.16 | 2063294 | 651438 | 2714732 | 30.16 | 0.00 |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any other | - | - | - | - | - | - | - | - | - |
| Total shareholding of Promoter (A) | 3294652 | 1451678 | 4746330 | 52.73 | 3294652 | 1451678 | 4746330 | 52.73 | 0.00 |
| B. Public Shareholding | | | | | | | | | |
| I. Institutions | | | | | | | | | |
| a) Mutual Funds | - | 66739 | 66739 | 0.74 | - | 66739 | 66739 | 0.74 | 0.00 |
| b) Banks / FI | 1756 | 250 | 2006 | 0.02 | 1756 | 250 | 2006 | 0.02 | 0.00 |
| c) Central Govt | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | 94049 | 38140 | 132189 | 1.46 | 94049 | 38140 | 132189 | 1.46 | 0.00 |
| g) FIs | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (specify) | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(1):- | 95805 | 105129 | 200934 | 2.23 | 95805 | 105129 | 200934 | 2.23 | 0.00 |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | 20831 | 123578 | 144409 | 1.60 | 20531 | 123578 | 144109 | 1.60 | 0.0033 |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto Rs.2 lakh | 800578 | 2814782 | 3615360 | 40.17 | 933342 | 2792237 | 3725579 | 41.39 | 1.23 |
| ii) Individual shareholders holding nominal share capital in excess of Rs.2 lakh | 108069 | - | 108069 | 1.20 | - | - | - | - | 1.20 |
| c) Others (specify) | - | - | - | - | - | - | - | - | - |
| Non Resident Indians | 54818 | 18930 | 73748 | 0.81 | 52868 | 19130 | 71998 | 0.80 | 0.0194 |
| Overseas Corporate Bodies | 111050 | - | 111050 | 1.23 | 111050 | - | 111050 | 1.23 | - |
| Foreign Nationals | - | - | - | - | - | - | - | - | - |
| Clearing Members | - | - | - | - | - | - | - | - | - |
| Trusts | - | - | - | - | - | - | - | - | - |
| Foreign Bodies - DR | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(2):- | 1095446 | 2957290 | 4052736 | 45.03 | 1117791 | 2934645 | 4052736 | 45.30 | - |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | 1191251 | 3062419 | 4253670 | 47.26 | 1213596 | 3040074 | 4253670 | 47.26 | - |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 4485903 | 4514097 | 9000000 | 100.00 | 5157846 | 3842154 | 9000000 | 100.00 | - |

ARUNA HOTELS LIMITED

B) SHAREHOLDING OF PROMOTER-

| S.No | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in shareholding during the year |
|------|---|---|----------------------------------|--|-------------------------------------|----------------------------------|--|--|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | |
| 1. | KAMAL KUMAR BABBAR | 1216500 | 13.52 | - | 1216500 | 13.52 | - | - |
| 2. | KARTHIK PERUMAL | 78893 | 0.88 | - | 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 | - | - |
| | Total | 4746330 | 52.74 | - | 4746330 | 52.74 | | |

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 |
| 1. | At the beginning of the year | 01.04.2017 | | 4746330 | 52.74 | 4746330 | 52.74 |
| | Changes during the year | | No change | | | | |
| | At the end of the year | 31.03.2018 | | 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 | 1.06 | 96050 | 1.06 |
| | 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 | 1.06 | 96050 | 1.06 |
| 2. | UNITED INDIA INSURANCE COMPANY LIMITED | | | | |
| | At the beginning of the year | 64100 | 0.71 | 64100 | 0.71 |
| | 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 | 0.71 | 64100 | 0.71 |
| 3. | MANI AND MONEY LIMITED | | | | |
| | At the beginning of the year | 50440 | 0.56 | 50440 | 0.56 |
| | 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 | 0.56 | 50440 | 0.56 |
| 4. | UNIT TRUST OF INDIA | | | | |
| | At the beginning of the year | 49305 | 0.54 | 49305 | 0.54 |
| | 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 | 0.54 | 49305 | 0.54 |

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 |
| 5. | GENERALINSURANCE CORPORATION OF INDIA | | | | |
| | At the beginning of the year | 27900 | 0.31 | 27900 | 0.31 |
| | 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 | 0.21 | 19629 | 0.21 |
| | 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 | 0.21 | 19629 | 0.21 |
| 7. | MADHAVRAO BALWANT PATIL | | | | |
| | At the beginning of the year | 20000 | 0.22 | 20000 | 0.22 |
| | 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 | 0.22 | 20000 | 0.22 |
| 8. | R N RUBESH | | | | |
| | At the beginning of the year | 18338 | 0.20 | 18338 | 0.20 |
| | 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 | 0.20 | 18338 | 0.20 |
| 9. | MAHENDRA D | | | | |
| | At the beginning of the year | 16500 | 0.18 | 16500 | 0.18 |
| | 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 | 0.18 | 16500 | 0.18 |

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 |
| 10. | ESAKKIS | | | | |
| | At the beginning of the year | 16291 | 0.18 | 16291 | 0.18 |
| | 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 | 16291 | 0.18 | 16291 | 0.18 |

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.: | - | - | - | - |

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 |
| | 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 |
| | 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. | Ajay shukla | | | | |
| | 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 |
| 7. | 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 |

ARUNA HOTELS LIMITED

V) INDEBTEDNESS

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

Rs.in lakhs

| | Secured Loans excluding deposits (in lakh) | Unsecured Loans | Deposits | Total Indebtedness |
|--|--|--------------------|----------|--------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 200 | 838.73 | - | 1038.78 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | - | - | - | - |
| Change in Indebtedness during the financial year | | | | |
| * Addition | - | 604.32 | - | 604.32 |
| * Reduction | 200 | - | - | 200.00 |
| Net Change | | | | |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | - | 1443.05 | - | 1443.05 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | - | 1443.05 | - | 1443.05 |

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 |
|-----|---|---------------------------|----------------|
| | | VAITHYALINGAM ANBALAGAN | |
| 1.. | Gross salary | - | - |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | - | - |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - |
| | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | - | - |
| 2. | Stock Option | - | - |
| 3. | Sweat Equity | | - |
| 4. | Commission - as% of profit - others, specify... | | |
| 5. | Others, please specify | | |
| | Total (A) | - | - |
| | Ceiling as per the Act | Upto 30,00,000 | Upto 30,00,000 |

B. Remuneration to other directors

Rs in Lakhs

| SN. | Particulars of Remuneration | Amount | |
|-----|--|--------|-------|
| | | | TOTAL |
| 1. | Independent Directors | | |
| | Fee for attending board committee meetings | - | - |
| | Commission | - | - |
| | Others, please specify | - | - |
| | Total (1) | - | - |
| 2. | Other Non-Executive Directors | | |
| | 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 | - | - |

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 | - | 4.68 | 3.18 | 7.86 |
| | (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 | - | 4.68 | 3.18 | 7.86 |

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

(VAITHYALINGAMANBALAGAN)

(MURALIDHARAN RAMASAMY)

Date : 30.07.2018

DIN: 00059007

DIN: 07092976

Place: Chennai

Managing Director

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 31st MARCH, 2018

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 31,2018(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, 2018 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;

ARUNA HOTELS LIMITED

- (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; with effect from December 01, 2015. Secretarial Standards.
- (ii) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India (made mandatory with effect from July 01, 2015).

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

We further report that

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

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

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

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

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

For JeevanJyotiNayak& Associates

Company Secretaries

Jeevan JyotiNayak

(Managing Partner)

Place : Chennai

Date :30.07.2018

ACS No. : 39653

C P No. : 17143

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

ANNEXURE – A

To,

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

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

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

For JeevanJyotiNayak& Associates
Company Secretaries

Jeevan JyotiNayak
(Managing Partner)

Place : Chennai
Date : 30.07.2018

ACS No. : 39653
C P No. : 17143

CORPORATE GOVERNANCE REPORT

PHILOSOPHY

Corporate Governance has been in existence in your Company since its inception, even before it was mandated. The Company's philosophy on corporate governance derives from our values of Integrity, Excellence & Responsibility and it continues to oversee our 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). The Company has in place an information security policy that ensures proper utilization of IT resources.

The Company has complied with the requirements of Corporate Governance as mandated by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as detailed below for the year ending March 31, 2018:

1. BOARD COMPOSITION

The Board of Directors:

The Board of Directors comprises Executive, Non-Executive as well as Independent Directors. The Board as on March 31, 2018 comprises of 5 directors five Directors, out of which two (40%) are Non – Executive Independent Directors (which includes One of the Independent Directors is a Woman Director), two (40%) are Non – Executive Non – Independent Directors and One (20%) is Managing Director. The Composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations, 2015.

The Company under the Board of Directors along with the Committees, provides leadership, guidance to the Management, directs and supervises the performance of the Company thereby enhancing stakeholder's value. The Board has fiduciary relationship in ensuring that the rights of all stakeholders are protected. The Company with the help of expertise and knowledge of the Directors have optimized its value in the business. The details of Directors seeking re-appointment are furnished in the Notice of the Annual General Meeting.

"Independent Directors" of the Company have been appointed as per the provision of the Companies Act,2013, Listing Regulations and the Governance Guidelines for Board Effectiveness as adopted by the Company. Independent Directors who apart from not receiving any Director's remuneration, do not have any material pecuniary relationships or transactions with the Company, its Promoters, its Directors, its Senior Management or its holding company and associates, which may affect the independence of the Director. Formal appointment letters have been issued to the Independent Directors. The terms and conditions of their appointment are disclosed in the website of the Company.

The Directors made necessary disclosures with regard to committee positions across all the Companies in which he/she is a Director as per the Regulation 26(1) of the Listing Regulations.

ARUNA HOTELS LIMITED

None of the Directors of the Board serve as members of more than 10 committees or Chairman of more than 5 Committees, as per the requirements of the Listing Regulations. “Committees” for this purpose mean the Audit Committee and the Shareholder’s Relationship Committee. The details of the Board and Committee positions of the Directors form part of this report.

Pursuant to Regulation 25(1) of the Listing Regulations all the Directors are in compliance with the limit prescribed to hold Independent Directorship in the listed companies.

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, 2018 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 Attended last AGM held on (Y/N) | Number of Directorships in other public companies |
|--|----------------------------------|--|----------|---|---|
| | | Held | Attended | | |
| Mr. MuralidharanRamasamy (Chairperson)DIN: 07092976 | Non-Executive Non-Independent | 5 | 5 | Y | - |
| Mr. Vaithyalingam Anbalagan (Managing Director) DIN: 00059007 | Executive Non – Independent | 5 | 5 | Y | 1 |
| Mr. RajakumarKumaruvelayathanadar (Director) DIN: 05187894 | Non-Executive Non-Independent | 5 | 5 | Y | - |
| Mrs. FreedaGnanaselvamKanagiah (Director) DIN: 07350172 | Non-Executive Independent | 5 | 5 | Y | - |
| Mr. Suyambhu Narayanan (Director) DIN : 07718798 | Non-Executive Independent | 5 | 5 | Y | - |

During the year under review, the Board of Directors of the Company met five times and the period between any two meetings did not exceed one hundred twenty days. The necessary quorum was present for all the meetings. The dates on which the said meetings were held are as follows:

| S. No. | Meeting Date | No. of Directors | No. of Directors Present |
|--------|---------------------------------------|------------------|--------------------------|
| 1. | 29.05.2017 | 5 | 5 |
| 2. | 30.06.2017 | 5 | 5 |
| 3. | 12.08.2017 | 5 | 5 |
| 4. | 04.11.2017 | 5 | 5 |
| 5. | 14.02.2018 (Adjourned to 21.02.2018) | 5 | 5 |

INDEPENDENT DIRECTORS MEETING

Independent Directors of the Company met once during the financial year on March 27, 2018 in line with the requirements under Schedule IV to the Companies Act, 2013 (Code for Independent Directors) and Regulation 25(3) of the Listing Regulations. None of the Non-Independent Directors and members of the Management were present at the meeting.

Independent Directors at their meeting transacted the following:-

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

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 to the Board, appointment, remuneration and terms of appointment of auditors of the Company;
- Approval of payment to statutory auditor (s) 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 being 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.
- 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;

ARUNA HOTELS LIMITED

- 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:
 - 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 31.03.2018 and the details of meetings attended by its members are given below:

| Name | Category | Number of meetings during the financial year 2017 – 18 | |
|---------------------------------|-----------------------------------|--|----------|
| | | Held | Attended |
| Mr. Suyambhu Narayanan | Independent Non – Executive | 4 | 4 |
| Mrs. Freeda GnanaselvamKanagiah | Independent Non – Executive | 4 | 4 |
| Mr. Muralidharan Ramasamy | 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 necessary quorum was present for all the meetings. The dates on which the said meetings were held are as follows:

1. 29.05.2017
2. 12.08.2017
3. 04.11.2017
4. 14.02.2018 (Adjourned meeting held on 21.02.2018)

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).
- 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

ARUNA HOTELS LIMITED

members are given below:

| Name | Category | Number of meetings during the financial year 2017-18 | |
|--|-----------------------------------|--|----------|
| | | Held | Attended |
| Mrs. FreedaGnanaselvamKanagiah (Chairperson) | Independent Non – Executive | 4 | 4 |
| Mr. Suyambhu Narayanan | Independent Non – Executive | 4 | 4 |
| Mr. RajakumarKumaruvelayathanadar | Non - Independent Non – Executive | 4 | 4 |

Four meeting of the committee was held during the year and the necessary quorum was present for all the meetings. The dates on which the said meetings were held are as follows:

1. 29.05.2017
2. 12.08.2017
3. 04.11.2017
4. 14.02.2018 (Adjourned meeting held on 21.02.2018)

Nomination and Remuneration Policy

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

The details of remuneration paid to Directors are given below:

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

STAKEHOLDERS' RELATIONSHIP COMMITTEE

The stakeholders' relationship committee 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:

ARUNA HOTELS LIMITED

| Name | Category | Number of meetings during the financial year 2017-18 | |
|---|-------------------------------|--|----------|
| | | Held | Attended |
| Mr. RajakumarKumaravelayathanadar (Chairperson) | Non-Independent Non-Executive | 4 | 4 |
| Mrs. FreedaGnanaselvamKanagiah | Independent Non – Executive | 4 | 4 |
| Mr. Mr. Suyambhu Narayanan | Independent Non – Executive | 4 | 4 |

Four meeting of the committee was held during the year and the necessary quorum was present for all the meetings. The dates on which the said meetings were held are as follows:

1. 29.05.2017
2. 12.08.2017
3. 04.11.2017
4. 14.02.2018 (Adjourned meeting held on 21.02.2018)

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

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

3. SHAREHOLDERS DISCLOSURES REGARDING THE APPOINTMENT OR RE-APPOINTMENT OF DIRECTORS

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

COMMUNICATION TO THE SHAREHOLDERS

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

DETAILS OF NON-COMPLIANCE

There are no Such Non-Compliance .

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'). 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). All members of the Board, the executive officers and senior financial officers have affirmed compliance to the Code as on March 31, 2018. 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)

GENERAL BODY MEETINGS

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

| Year Ended | Date & Time | Venue | Special resolutions passed |
|------------|---------------------------|---|---|
| Mar 2015 | 30.12.2015 09: 00 am | Youth Hostel, 2 nd Avenue, Indira Nagar, Chennai – 600020 | <ol style="list-style-type: none"> 1. Appointment of M/s. Bala& Co in place of M/s. U. C. Bhandari & Co as statutory auditors 2. Appointment of Mr. Vaithyalingam Anbalagan 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 6. registers at a place other than registered office of the Company. 7. Issue of Equity shares on preferential basis |
| Mar 2016 | 26.09.2016, 09:00 a.m. | Youth Hostel, 2 nd Avenue, Indira Nagar, Chennai – 600020 | -- |
| Mar 2017 | 28.09.2017 9:00 am | Youth Hostel, 2 nd Avenue, Indira Nagar, Chennai – 600020 | <ol style="list-style-type: none"> 1. To increase the Authorised share capital 2. To amend the memorandum of association of the company 3. To alter the articles of association of the company 4. Regularization of additional director of Mr. Suyambu narayanan (Din 07718798) |

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 13th September 2018 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.

Distribution of Shareholding as at 31st March 2018

| No. of shares Held | No. of Shareholders | Folio | % of Shares | % of Holdings |
|--------------------|---------------------|--------------|---------------|---------------|
| Upto 500 | 2912751 | 24011 | 32.36 | 96.32 |
| 501-1000 | 517346 | 715 | 5.75 | 2.87 |
| 1001-2000 | 125040 | 90 | 1.39 | 0.37 |
| 2001-3000 | 66175 | 28 | 0.73 | 0.11 |
| 3001-4000 | 45657 | 13 | 0.51 | 0.05 |
| 4001-5000 | 59045 | 13 | 0.66 | 0.05 |
| 5001-10000 | 123195 | 17 | 1.37 | 0.07 |
| 10001 - 50000 | 523613 | 28 | 5.82 | 0.11 |
| 50001-100000 | 548017 | 8 | 6.09 | 0.03 |
| And above 100000 | 4079161 | 6 | 45.32 | 0.02 |
| Total | 9000000 | 24929 | 100.00 | 100.00 |

ARUNA HOTELS LIMITED

GENERAL SHAREHOLDER INFORMATION

| SL. No | Particulars | Information for Shareholders |
|--------|--|--|
| A | 56 th Annual General Meeting | |
| | Date and Time | 20.09.2018 at 9.00 AM |
| | Venue | Youth Hostel, 2nd Avenue Indira Nagar Chennai-600020. |
| B | Financial calendar for the Year 2018-19 | |
| | 57 th Annual General Meeting | September 2019 |
| | Board Meeting :- | |
| | Results of the quarter ended 30 th June 2018 | Second Week of August 2018 |
| | Results of the quarter ended 30 th September 2018 | Second Week of November 2018 |
| | Results of the quarter ended 31 st December 2018 | Second Week of February 2019 |
| | Results of the quarter ended 31 st March 2019 | Second Week of May 2019 |
| C | Date of Book Closure | 14.09.2018 to 20.09.2018 |
| 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 | The Trading of Shares has been Commenced on 27 th March 2018 . The Market price as on 31 st March 2018 is Rs 13.50/- |
| H | Performance in Comparison with BSE Sensex | The Suspension was Revoked on March 2018 and trading of Shares Commenced With Effect from March 27 th 2018. Under these Circumstances, it is not possible to provide the performance of the shares of the company for the Entire year. Further as the Trading remained suspended for more than Ten years , comparsion with past historical data is not also possible. |
| 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 a unless the transfer documents are found invalid, the transfers are effected and the share certificate s are returned to the transferee's with in a maximum period of 30 days . Those shareholders who want to demat their shares may handover their share certificate(s) to the Depository participants with whom they have demat account, and the DP will forward it to the RTA for confirmation . Al Demat request are processed and if found correct, requisite confirmation given within 21 days of receipt. |

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

We 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 volatile of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and We have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee:
- (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:30.07.2018

Place : Chennai

VaithyalingamAnbalagan

DIN : 00059007

Managing Director

NAGARAJ P

Chief Financial Officer

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 31st March 2018.

For Aruna Hotels Limited

Place: Chennai

Date: 30.07.2018

(Vaithyalingam Anbalagan)

DIN: 00059007

Managing Director

CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members,
Aruna Hotels Limited

We have examined the compliance of conditions of Corporate Governance by M/s. Aruna Hotels Limited (“the Company”) for the year ended March 31, 2018, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations – 2015”).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the company for ensuring compliances of conditions of the Corporate Governance stipulated in the SEBI Listing Regulations – 2015. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information provided and explanations given to me, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of the Listing Regulations –2015, as applicable, during the year ended March 31, 2018.

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

For Jeevan Jyoti Nayak & Associates
Company Secretaries

Place: Chennai
Date: 30.07.2018

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

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

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Aruna Hotels Limited, which comprise the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS 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 Ind AS 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 Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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.

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

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS 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 and the Order issued under Section 143(11) of the Act.

We conducted our audit of the Ind AS financial statements 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 Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its losses, its changes in equity and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order
2. As required by Section 143 (3) of the Act, based on our audit, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. the Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
 - d. in our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
 - e. on the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
 - f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure 'B'.
 - g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. Currently, the company is unable to assess the full impact of pending litigations on its financial position in its Ind AS financial statements..
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no 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: 29/05/2018

“Annexure A” to the Independent Auditor’s Report

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

- i. In respect of the Company’s fixed assets:
 - a. The company has maintained proper records of the quantitative details and situation of fixed assets.
 - b. The fixed assets have been physically verified by the management during the year and no discrepancies have been noted in respect of assets added during the year.
 - c. As a part of the ongoing renovation process of the Hotel, during the year, the company scrapped all its old plant & machineries and office equipment. The impact of the same has been suitably given in the Fixed Assets schedule.
 - d. The management has confirmed that the title deeds of immovable properties are held in the name of the company.
- ii. During the Financial Year 2017-18, the company has written off the inventory to nil.
- 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) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Income-tax, Service tax, Goods and Services tax and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax, Service tax, Goods and Services tax and other material statutory dues were in arrears as at 31 March 2018, for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of Income-tax or Sales tax or Service tax or Goods and Services tax or duty of Customs or duty of Excise or Value added tax which have not been deposited by the Company on account of disputes, except for the following:

| Name of the Statute | Nature of the Dues | Amount (in Crores) | Period | Forum where dispute is Pending |
|-------------------------|--------------------|---|---------------------------------|--------------------------------------|
| The Finance Act, 1994 | Service Tax | 2.59 The company has approached the Service Tax Settlement Commission to get waiver of the penalties & pending dues upto FY 2013-14 imposed by the Service Tax authorities | FY 2008 – 2009 upto 2013 – 2014 | Settlement Commission |
| The Income Tax Act 1961 | Income Tax | NIL (Loss adjusted) | FY 2012 – 13 | Commissioner of Income Tax (Appeals) |

ARUNA HOTELS LIMITED

| | | | | |
|-------------------------|------------|---------------------|-----------------|-------------------------|
| The Income Tax Act 1961 | Income Tax | NIL (Loss adjusted) | FY 2011 – 12 | Remanded back to ITO |
|-------------------------|------------|---------------------|-----------------|-------------------------|

- 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. The Company has not resided in any country by the way of
- 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 Course of one Audit
- xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not paid/provided for managerial remuneration. Hence, this clause is not applicable.
- 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 records . 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 M/s Bala & Co.,
Chartered Accountants
FRN No: 000318S

P.S. Devasenapathy
Partner
M.No:024740
Place: Chennai
Date: 29/05/2018

“Annexure B” to the Independent Auditor’s Report

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

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

We have audited the internal financial controls over financial reporting of Aruna Hotels Limited as of March 31, 2018 in conjunction with our audit of the standalone ind as financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the 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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, 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 M/s Bala& Co.,
Chartered Accountants
FRN No: 000318S

P.S. Devasenapathy
Partner
M.No:024740
Place: Chennai
Date: 29/05/2018

ARUNA HOTELS LIMITED

BALANCE SHEET AS AT MARCH 31 2018

(Rs in Lakhs)

| Particulars | Note No. | As at March 31, 2018 | As at March 31, 2017 |
|-------------------------------------|----------|----------------------|----------------------|
| ASSETS | | | |
| Non-current Assets | | | |
| (a) Property, plant and equipment | 1 | 10,372.30 | 11,147.45 |
| (b) Capital work-in-progress | 1 | 388.91 | 147.66 |
| (d) Financial assets | | | |
| (i) Security Deposits | 2 | 14.15 | 14.15 |
| (e) Deferred Tax Asset | 3 | 6.06 | - |
| (f) Other Non Current Asset | 4 | - | 818.38 |
| | | 10,781.42 | 12,127.64 |
| Current Assets | | | |
| (a) Inventories | 5 | - | 28.63 |
| (b) Financial assets | | | |
| (i) Cash and cash equivalents | 6 | (4,742.34) | 17.69 |
| (c) Other current assets | 7 | 33.69 | 29.06 |
| | | (4,708.64) | 75.37 |
| Total Assets | | 6,072.77 | 12,203.01 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| (a) Share capital | 8 | 1,210.00 | 1,207.87 |
| (b) Other equity | 9 | 3,294.94 | 9,515.13 |
| Total Equity | | 4,504.94 | 10,723.00 |
| Liabilities | | | |
| Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 10 | 1,443.05 | 1,038.73 |
| | | 1,443.05 | 1,038.73 |
| Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Trade payables | 11 | 15.77 | 311.96 |
| (b) Provisions | 12 | - | 17.62 |
| (c) Other current liabilities | 13 | 109.01 | 111.71 |
| | | 124.78 | 441.28 |
| Total Liabilities | | 1567.83 | 1,480.01 |
| Total Equity and Liabilities | | 6,072.77 | 12,203.01 |

Summary of Significant Accounting Policies -Note No:20

The Notes referred to the above are integral part of the Financial Statement .

For Bala & Co

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

Chartered Accountants

Firm Registration No.: 000318S

P.S. Devasenapathy
Partner

Nagaraj P.
CFO

Vaithyalingam Anbalagan
Managing Director
DIN : 00059007

Muralidharan Ramasamy
Director
DIN; 07092976

M.No: 024740
Place: Chennai
Date: 29.05.2018

Ajay Shukla
Company Secretary

ARUNA HOTELS LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31 2018

(Rs in Lakhs except EPS)

| Particulars | Note No | Year ended | |
|---|---------|-------------------|-----------------|
| | | March 31,2018 | March 31,2017 |
| INCOME | | | |
| Revenue from operations | | - | - |
| Other Income | | | |
| Rental Income | 14 | 8.09 | 7.88 |
| Creditors/Liability Written Back | 14 | 419.50 | 169.76 |
| Other Income | 14 | 7.14 | 3.40 |
| Total Income | | 434.73 | 181.05 |
| EXPENSES | | | |
| Employee benefits expense | 15 | 21.12 | 15.46 |
| Depreciation & amortization expense | 16 | 80.63 | 145.29 |
| Other expenses | 17 | 1,700.86 | 531.45 |
| Finance costs | 18 | 28.47 | 5.97 |
| Total expenses | | 1,831.09 | 698.18 |
| Profit before tax | | (1,396.36) | (517.13) |
| Tax Expense: | | | |
| (1) Current tax | | - | - |
| Less: MAT Credit Entitlement | - | - | - |
| Net Current Tax | - | - | - |
| (2) Deffered tax Asset | 3 | (6.06) | - |
| Total tax | - | (6.06) | |
| Profit for the year | | (1,390.30) | (517.13) |
| Other Comprehensive Income | | - | - |
| Other Comprehensive Income for the year, net of tax | - | - | - |
| Total Comprehensive Income for the year (Comprising Profit and Other Comprehensive Income for the year) | | (1,390.30) | (517.13) |
| Earnings per equity share | | | |
| (1) Basic | | (15.45) | (5.75) |
| (2) Diluted | | (15.45) | (5.75) |

Summary of Significant Accounting Policies -Note No:20

The Notes referred to the above are integral part of the Financial Statement .

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

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

P.S. Devasenapathy
Partner
M.No: 024740

Nagaraj P.
CFO

Vaithyalingam Anbalagan
Managing Director
DIN : 00059007

Muralidharan Ramasamy
Director
DIN; 07092976

Place: Chennai
Date: 29.05.2018

Ajay Shukla
Company Secretary

ARUNA HOTELS LIMITED

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31 ,2018

| Particulars | Year ended | |
|--|-------------------|-------------------|
| | March 31,2018 | March 31,2017 |
| Profit before taxation | (1,396.36) | (517.13) |
| Adjustments for: | | |
| Depreciation | 80.63 | 145.29 |
| IT Refund interest adjusted against earlier demand | 21.99 | - |
| Loss/(Gain) on sale of assets | 507.03 | - |
| Interest received | (0.43) | (1.27) |
| Interest expense | 28.47 | 5.97 |
| Operating cash flow before changes in working capital | (758.67) | (367.13) |
| Adjustments for changes in: | | |
| Trade receivables | - | 123.70 |
| Inventories | 28.63 | - |
| Other current assets | (4.64) | 6.52 |
| Long term provisions | - | (3.65) |
| Short term provisions | (17.62) | (82.77) |
| Short term loans and advances | - | 17.01 |
| Other current liabilities | (6.54) | (746.29) |
| Trade payables | (296.18) | (35.91) |
| Cash generated from operations | (1051.18) | (1,088.51) |
| Income taxes paid | - | - |
| Net cash from operating activities-A | (1051.18) | (1,088.51) |
| Cash flows from investing activities | | |
| Proceeds from sale of assets | 93.22 | - |
| Change in Capital work in progress | (241.17) | (65.22) |
| Sale of non-current investments | - | 1.95 |
| Interest received | 0.43 | 1.27 |
| Net cash used in investing activities-B | (147.52) | (62.01) |
| Cash flows from Financing activities | | |
| Proceeds from share application money | (4,757.67) | 1,370.00 |
| Proceeds from calls in arrears | 2.13 | - |
| Proceeds from long term borrowings | 404.32 | - |
| Repayment of long term borrowings | - | (525.98) |
| Transfer to reserves | - | (5.00) |
| Proceeds from short term borrowings | - | - |
| Proceeds/(Repayment) from long term loans and advances | - | 27.93 |
| Decrease in non-current assets | 818.38 | 174.28 |
| Interest paid | (28.47) | (5.97) |
| Net cash used in Financing activities-C | (3561.32) | 1,035.26 |
| Net increase in cash and cash equivalents - (A+B+C) | (4,760.03) | (115.26) |
| Cash and cash equivalents at the beginning of year | 17.69 | 132.95 |
| Cash and cash equivalents at the end of year | (4,742.34) | 17.69 |
| Cash and cash equivalents consists of: | | |
| Cash in hand | 0.07 | 0.07 |
| Balances with banks | | |
| in current accounts | (4,754.39) | 6.01 |
| in deposits | 11.98 | 11.61 |
| | (4,742.34) | 17.69 |

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

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

P.S. Devasenapathy
Partner
M.No: 024740

Nagaraj P.
CFO

Vaithyalingam Anbalagan
Managing Director
DIN : 00059007

Muralidharan Ramasamy
Director
DIN: 07092976

Place: Chennai
Date: 29.05.2018

Ajay Shukla
Company Secretary

Summary statement of changes in equity

a. Equity share Capital

| Particulars | Note No. | Equity Shares of Rs 10/- each (Nos.) | Amount (in Rs.) | 14% Redeemable Cumulative Taxable Preference Share of Rs. 100/- each (Nos.) | Amount (in Rs.) | 17% Redeemable Cumulative Taxable Preference Share of Rs. 100/- each (Nos.) | Amount (in Rs.) | 16.5% Redeemable Cumulative Taxable Preference Shares of Rs. 100/- each (Nos.) | Amount (in Rs.) |
|---|----------|--------------------------------------|-----------------|---|-----------------|---|-----------------|--|-----------------|
| Balance as at April 1, 2016 | | 9,000,000 | 89,787,000 | 60,000 | 6,000,000 | 50,000 | 5,000,000 | 200,000 | 20,000,000 |
| Changes in equity share capital during the year | | - | - | - | - | - | - | - | - |
| Balance as at March 31, 2017 | 8 | 9,000,000 | 89,787,000 | 60,000 | 6,000,000 | 50,000 | 5,000,000 | 200,000 | 20,000,000 |
| “Changes in equity share capital during the year: Received call in arrears” | | - | 213,000 | - | - | - | - | - | - |
| Balance as at March 31, 2018 | | 9,000,000 | 90,000,000 | 60,000 | 6,000,000 | 50,000 | 5,000,000 | 200,000 | 20,000,000 |

b. Other Equity

(Rs in Lakhs)

| Particulars | Reserves and surplus | | | | | Share Application pending allotment money | Total |
|--|----------------------------|----------------------------|-------------------------------------|-------------------|---|---|------------------|
| | Capital Redemption Reserve | Securities Premium Reserve | Preference share Redemption Reserve | Retained Earnings | Other Comprehensive Revaluation Reserve | | |
| Balance as at April 1, 2016 | 4.00 | 1,652.16 | 30.25 | (4,927.78) | 8,615.28 | 3,387.67 | 8,761.59 |
| Proceed/(Repayment) during the year | | | | | | 1,370.00 | 1,370.00 |
| Profit/(Loss) for the year | | | | (517.13) | | | (517.13) |
| Accumulated Depreciation | | | | (0.14) | | | (0.14) |
| IT refund for previous year | | | | (5.00) | | | (5.00) |
| Other Comprehensive Income | | | | | | | - |
| Depreciation on revaluation reserve | | | | | (94.20) | | (94.20) |
| Revaluation Reserve | | | | | - | | - |
| Total Comprehensive Income for the year | - | - | - | (522.27) | (94.20) | 1,370.00 | 753.54 |
| Balance as at March 31, 2017 | 4.00 | 1,652.16 | 30.25 | (5,450.04) | 8,521.09 | 4,757.67 | 9,515.13 |
| Proceed/(Repayment) during the year | | | | | | (4,757.67) | (4,757.67) |
| Profit/(Loss) for the year | | | | (1390.30) | | | (1390.30) |
| Accumulated Depreciation | | | | | | | - |
| IT refund for previous year | | | | 21.99 | | | 21.99 |
| Other Comprehensive Income | | | | | | | - |
| Depreciation on revaluation reserve | | | | | (94.20) | | (94.20) |
| Revaluation Reserve | | | | | - | | - |
| Total Comprehensive Income for the year | - | - | - | (1368.32) | (94.20) | (4,757.67) | (6,22.19) |
| Balance as at March 31, 2018 | 4.00 | 1,652.16 | 30.25 | (6818.36) | 8,426.89 | - | 3294.94 |

The accompanying notes form an integral part of the financial information

This is the restated summary statement of changes in equity referred to in our report of even date

For Bala & Co

Chartered Accountants

Firm Registration No.: 0003188

For and on behalf of the Board

Vaithyalingam Anbalagan

Managing Director

DIN : 00059007

Muralidharan Ramasamy

Director

DIN : 07092976

P.S. Devasenapathy

Partner

Membership No.: 024740

Place: Chennai

Date: 29.05.2018

Ajay Shukla

Company Secretary

Nagaraj P

Chief Financial Officer

Notes to the Financial statement as at March 31,2018

1. Property, plant and equipment

(Rs in lakhs)

| Asset Category | Freehold Land | Building | Plant & Machinery | Office Equipments | Vehicles | Computers/ Laptops | Total | Capital work in progress |
|--------------------------|-----------------|-----------------|-------------------|-------------------|--------------|--------------------|------------------|--------------------------|
| Gross Block | | | | | | | | |
| At March 31, 2017 | 8,348.00 | 3,460.80 | 1,791.07 | 128.64 | 24.16 | 2.73 | 13,755.41 | 147.66 |
| Additions | - | - | - | - | - | - | - | 323.69 |
| Disposals | - | - | (1,791.07) | (128.64) | - | - | (1,919.71) | (82.44) |
| Reserve | - | - | - | - | - | - | - | - |
| At March 31,2018 | 8,348.00 | 3,460.80 | - | - | 24.16 | 2.73 | 11,835.69 | 388.91 |
| Depreciation | | | | | | | | |
| At March 31,2017 | - | 1,276.20 | 1,197.70 | 121.69 | 10.31 | 2.02 | 2,607.95 | - |
| Additions | - | 76.79 | - | - | 3.22 | 0.62 | 80.63 | - |
| Disposals | - | - | (1,197.70) | (121.69) | - | - | (1,319.39) | - |
| Reserve | - | 94.20 | - | - | - | - | 94.20 | - |
| At March 31,2018 | - | 1,447.18 | - | - | 13.53 | 2.64 | 1,463.39 | - |
| Net Block | | | | | | | | |
| At March 31,2017 | 8,348.00 | 2,184.60 | 593.37 | 6.95 | 13.85 | 22.14 | 11,147.45 | 147.66 |
| At March 31,2018 | 8,348.00 | 2,013.62 | - | - | 10.62 | 0.10 | 10,372.30 | 388.91 |

ARUNA HOTELS LIMITED

2. Financial Assets-Non Current

(Rs in Lakhs)

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|-------------------------|-------------------------|
| Security Deposit | | |
| MES Deposit | 14.14 | 14.14 |
| BSNL Deposit | 0.01 | 0.01 |
| Total | 14.15 | 14.15 |
| 3. Deferred Tax Asset | | |
| Depreciation as per companies Act 2013 | 80.63 | - |
| Depreciation as per Income Tax Act 1961 | 61.02 | - |
| Timing Difference | 19.61 | - |
| Deferred Tax Asset | 6.06 | - |
| 4 Other Non-Current Assets | | |
| Capital Advances - Unsecured - Considered Good - | | 214.56 |
| Other Loans and Advances : Advances to employees and others | - | 3.81 |
| Deferred Revenue Expenditure | - | 600.00 |
| Total | - | 818.38 |
| 5. Inventories | | |
| Stores, Spares, Chemicals and others | - | 28.63 |
| Total | - | 28.63 |
| 6. Financial Assets-Current | | |
| Cash and Cash Equivalents | | |
| Cash on hand | 0.07 | 0.07 |
| Balance with banks | | |
| -in current accounts | (4,754.39) | 6.01 |
| -in fixed deposits* | 11.98 | 11.61 |
| Total | (4,742.34) | 17.69 |
| *Deposits in PNB A/c are Lien Marked against Court Case | | |
| 7. Other Current Assets | | |
| TDS Debtors | - | 25.72 |
| TDS Receivable | 1.84 | 1.07 |
| GST Input Credit | 31.86 | - |
| Rent Receivable | - | 2.27 |
| Total | 33.69 | 29.06 |

8. Equity Share Capital

(Rs in lakhs)

| Particulars | As at March 31, 2018 | | As at March 31, 2017 | |
|--|----------------------|-----------------|----------------------|-----------------|
| | Nos. | Amount | Nos. | Amount |
| Authorised | | | | |
| Equity Share of Rs 10 each | 67,000,000 | 6,700.00 | 24,000,000 | 2,400.00 |
| Cumulative Redeemable Preference Shares of Rs 100 | 800,000 | 800.00 | 800,000 | 800.00 |
| Total | 67,800,000 | 7,500.00 | 24,800,000 | 3,200.00 |
| Issued, subscribed & fully paid up | | | | |
| Equity shares of Rs. 10 each, fully paid up with voting rights, including 6,90,000 shares of Rs. 10/- each allotted as Bonus Share | 9,000,000 | 900.00 | 9,000,000 | 900.00 |
| Less: Calls in arrears | - | - | (2.13) | - |
| Total paid up equity shares | 9,000,000 | 900.00 | 9,000,000 | 897.87 |
| 14% Redeemable Cumulative Taxable Preference Share of Rs. 100/- each | 60000 | 60.00 | 60000 | 60.00 |
| 17.5% Redeemable Cumulative Preference Taxable Preference Shares of Rs. 100/- each | 50000 | 50.00 | 50000 | 50.00 |
| 16.5% Redeemable Cumulative Taxable Preference Shares of Rs. 100/- each | 200000 | 200.00 | 200000 | 200.00 |
| Total paid up preference shares | 310,000 | 310.00 | 310,000 | 310.00 |
| Total paid up share capital | 1,210.00 | | 1,207.87 | |
| The Movement of equity shares is as below | | | | |
| Shares outstanding at the beginning of the year | 9,000,000 | 900.00 | 9,000,000 | 897.87 |
| Shares issued during the year | - | - | | |
| Shares outstanding at the end of the year | 9,000,000 | 900.00 | 9,000,000 | 897.87 |

Notes:

- i. Preference shares, which have fallen due for redemption long ago could not be redeemed due to inadequate profits and non issuance of additional shares and not created preference share redemption reserve due to inadequate profits
- ii. The 17.5% Redeemable cumulative taxable preference shares are redeemable at par any time after the date of issue but before the expiry of ten years from the date of issue. Earliest redemption month is July 2003.
- iii. The 16.5% Redeemable cumulative taxable preference shares are redeemable at par any time after the date of issue but before the expiry of 15 months from the date of issue. Earliest redemption month is March 97.
- iv. There are no special rights or preferences and restrictions attached to any class of shares, and also there are no restrictions including restriction on dividend and repayment of capital if any.
- v. Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates: Nil

ARUNA HOTELS LIMITED

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

| Name of the equity shareholder | As at March 31, 2018 | | As at March 31, 2017 | |
|--------------------------------|------------------------|------------------|------------------------|------------------|
| | No. of the shares held | % of the holding | No. of the shares held | % of the holding |
| Mr. Kamal Babbar | 1216500 | 14% | 1216500 | 14% |
| Subasri Reality pvt Ltd | 1464123 | 16% | 1464123 | 16% |
| Gay Travels Pvt Ltd. | 591506 | 7% | 591506 | 7% |

For the period immediately preceding the balance sheet date:

- i. Nil shares were reserved for issuance towards outstanding employee stock options granted / available for grant, towards outstanding share warrants and towards convertible securities.
- ii. Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back for the period of 5 years immediately preceding the Balance Sheet date as at 31 March 2018 is Nil (as at 31 March 2017 is Nil).
- iii. Forfeited shares as at 31 March 2018 is Nil (as at 31 March 2017 is Nil).

9. Other Equity

(Rs in Lakhs)

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|--|----------------------|----------------------|
| Capital Redemption Reserve | | |
| Opening Balance | 4.00 | 4.00 |
| Add: Transfer during the year | - | - |
| Closing Balance | 4.00 | 4.00 |
| Securities Premium Reserve | | |
| Opening Balance | 1,652.16 | 1,652.16 |
| Add: Transfer during the year | - | - |
| Closing Balance | 1,652.16 | 1,652.16 |
| Preference Share Redemption Reserve | | |
| Opening Balance | 30.25 | 30.25 |
| Add: Transfer during the year | - | - |
| Closing Balance | 30.25 | 30.25 |
| Revaluation Reserve | | |
| Opening Balance | 8,521.09 | 8,615.28 |
| Less: Depreciation on Revaluation Reserve | (94.20) | (94.20) |
| Closing Balance | 8,426.89 | 8,521.09 |
| Surplus / (Deficit) in Statement of Profit and Loss | | |
| Opening Balance | (5,450.04) | (4,927.78) |
| Depreciation Accumulated | - | (0.14) |
| Transfers to Reserves* | 21.99 | (5.00) |
| Profit / (Loss) for the year | (1,390.30) | (517.13) |
| Closing balance | (6818.36) | (5,450.04) |
| Share application pending allotment | - | 4,757.67 |
| Total Other Equity | 3294.94 | 9,515.13 |

ARUNA HOTELS LIMITED

A. Securities Premium represents premium received on equity shares issued, which can be utilised only in accordance with the provisions of the Companies Act 2013 for specified purposes.

B. Revaluation reserve created due to revaluation of land and building by Rs 7575.48 and Rs 1173.18 respectively in FY 2013-14.

10. Financial liabilities-Non-current

(Rs in Lakhs)

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|--------------------------------------|----------------------|----------------------|
| Borrowings | | |
| Term Loan from Banks-Secured* | - | 200.00 |
| Loans from related parties-Unsecured | 1,443.05 | 627.09 |
| Loans from others-Unsecured | - | 211.64 |
| Total | 1,443.05 | 1,038.73 |

* Term Loan has been closed during the financial year 2017-18

11. Financial liabilities-Current

(Rs in Lakhs)

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|------------------|----------------------|----------------------|
| Trade Payables | | |
| Sundry creditors | 15.77 | 311.96 |
| Total | 15.77 | 311.96 |

12. Current liabilities: Provisions

(Rs in Lakhs)

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---------------------------------|----------------------|----------------------|
| Provision for employee benefits | - | 17.62 |
| Total | - | 17.62 |

13. Other current liabilities

(Rs in Lakhs)

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|-----------------------|----------------------|----------------------|
| Statutory Liabilities | 3.09 | 1.18 |
| Other Payables | 105.91 | 110.52 |
| Total | 109.01 | 111.71 |

14. Income

(Rs in Lakhs)

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|----------------------------------|----------------------|----------------------|
| Rental Income | 8.09 | 7.88 |
| Creditors/Liability Written Back | 419.50 | 169.76 |
| Other Income | 7.14 | 3.40 |
| Total Income | 434.73 | 181.05 |

15. Employee benefit expenses

(Rs in Lakhs)

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|--|----------------------|----------------------|
| Salaries, Wages, and Bonus (excluding Directors) | 21.12 | 13.96 |
| Salaries and Perquisites to Directors | - | 1.50 |
| Total | 21.12 | 15.46 |

ARUNA HOTELS LIMITED

16. Depreciation & amortization expense

(Rs in Lakhs)

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|----------------------|----------------------|
| Depreciation on property, vehicles etc. | 80.63 | 145.29 |
| Total | 80.63 | 145.29 |

17. Other expenses

(Rs in Lakhs)

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|----------------------|----------------------|
| Power and Fuel Expenses | | |
| - Electricity charges | 46.40 | 32.79 |
| - Diesel charges | - | 0.02 |
| Repairs and Maintenance | | |
| - Building | 1.81 | 2.10 |
| - Others | 0.72 | 1.57 |
| Duties and taxes | 12.44 | 22.90 |
| Insurance | 0.86 | 0.84 |
| Interest & penalties | 0.19 | 144.61 |
| Meeting expenses | 0.40 | 7.16 |
| Advertisement expenses | 0.59 | 0.22 |
| Office and Miscellaneous expenses | 19.64 | 7.61 |
| Freight, conveyance and transport expenses | 8.83 | 0.78 |
| Loss on sale of assets | 507.03 | - |
| Write off of Old Asset Accounts (other than Fixed Assets) | 864.81 | 273.30 |
| Inventories written off | 28.63 | - |
| Capital work in progress written off | 82.44 | |
| Fee and taxes | 75.85 | 10.90 |
| Professional charges | 47.29 | 23.78 |
| Payment to auditors | 2.95 | 2.88 |
| Total | 1,700.86 | 531.45 |

18. Finance costs

(Rs in Lakhs)

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|-----------------------|----------------------|----------------------|
| Interest on term loan | 28.16 | 5.93 |
| Bank charges | 0.31 | 0.04 |
| Total | 28.47 | 5.97 |

19. Contingent liabilities

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

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

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

-The company has received show cause notice from Service Tax Department for FY 2008-09 to FY 2013-14

ii. The company approached Service Tax Settlement Commission to get waiver of the penalties and pending dues upto FY 2013-14 imposed by the Service Tax Authorities.”

- **For Bala & Co**

Chartered Accountants

Firm Registration No.: 000318S

P.S.Devasenapathy

Partner

Membership No : 024740

Vaithyalingam Anbalagan

Managing Director

DIN : 00059007

Muralidharan Ramasamy

Director

DIN : 07092976

For and on behalf of the Board

Place : Chennai

Date : 29.05.2018

Ajay Shukla

Company Secretary

Nagaraj P.

Chief Financial Office

NOTE NO :20 SIGNIFICANT ACCOUNTING POLICIES

A . CORPORATE INFORMATION

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

B BASIS OF PREPARATION

B.1 Statement of Compliance

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

The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards, with April 1, 2017 as the transition date. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

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

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

B.2 Use of estimates and judgements

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made.

B.3 Going Concern Assumption

The company is currently not operating and hence no operating income has been recorded since FY 14-15. 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.

B.4 Functional currency & presentation currency:

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

B.5 Measurement of fair values:

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The financial statements have been prepared on a historical cost basis, except for the following assets and liability which have been measured at fair value

i) Land and buildings

The Financial Statements have been prepared on accrual and going concern basis. All assets and liabilities are presented as Current or Non-current as per the company's normal operating cycle and other criteria set out in the Schedule III of the Act. Based on the nature of products/services and the time between the acquisition of assets for processing and their realization, the company has ascertained its operating cycle as 12 months for the purpose of Current / Non-current classification of assets and liabilities.

B.6 Property Plant and Equipment

On transition to IND AS, the Company has elected to continue with the carrying value of all of its property plant and equipment, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property plant and equipment. For the purpose of financial statement the Company has provided the depreciation based on the estimated useful life and as the change in estimated useful life is considered as change in estimate, accordingly there is no impact of this roll back.

Capital work in progress is stated at cost less impairment. Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Freehold land is not depreciated.

Depreciation on Plant, Property and Equipment

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

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

| Fixed Assets | Useful life considered March, 2018 | Useful life considered March, 2017 |
|-------------------|---------------------------------------|---------------------------------------|
| Plant & Machinery | 15 Years | 15 Years |
| Building | 30 Years | 30 Years |
| Office Equipment | 5 Years | 5 Years |
| Vehicles | 8 Years | 8 Years |
| Computers | 6 Years | 6 Years |
| Laptop | 3 Years | 3 Years |

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

De-recognition

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

During the year ended on 31 March 2018, as a part of the ongoing renovation process, the company has scrapped a majority of its old plant & machinery, furniture and office equipment for Rs 93.22 lakhs, there was a loss of Rs 507/- lakhs on sale of assets which was charged to statement of profit or loss.

B.7 Financial Instruments

Trade receivables

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

During the financial year 2017-18, there were no trade receivables as the company did not have any operations.

Impairment of financial assets

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

De-recognition of financial assets

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a company entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

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

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

During the financial year 2017-18, the company has not provided for the interest expense on certain unsecured loans as the agreements with these parties are pending for discussion and negotiation.

De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability

and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

B.8 Inventories

Stock of food & beverages, stores and operating supplies are initially recognized at the lower of cost and net realisable value (NRV). Cost of inventories includes non-refundable taxes, transport and handling costs and any other directly attributable costs, less trade discounts, rebates and similar items. NRV is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make sale.

During the year ended on 31 March 2018, the company has written off the inventory to nil.

B.9 Provisions

The company recognizes a provision when there is a present obligation to transfer economic benefits as a result of past events, it is probable (more likely than not) that such a transfer will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is certain that reimbursements will be received and the amount of the receivable can be measured reliably.

Contingent assets are disclosed in the Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

Contingent liabilities are disclosed in the Financial Statements by way of notes to accounts, unless possibility of an outflow of resources embodying economic benefit is remote.

B.10 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. Goods & Service Tax (GST) is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

There has been no operations during the year and hence no income has been recognized from Operating Activities

Other revenues

Other revenue majorly comprise of rental income, written back of creditors and liabilities and other Income.

B:11 Employee Benefits

Short -Term Employeeen benefits

A liability is recognized for benefits accruing to employees in respect of salaries ,wages , performacce , incentives , medical benefits and other short term benefits in the perios the related service is rendered at the undiscounted amountof the benefits expected to be paid in exchange for the service

Defined Benefit Plans and Defined contribution Plans

None of the employees are entitled to any post retirement benefits.Further , the Numberof employees are lower than statutory threshold for registration with PF and ESI . No Adjustment has been done in the financials with respect to defined benefit plans and defined cointribution plans asper the provision of AS-15in the financial statement for the financial year 2017-18.

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 20th september of 2018 at 9.00 AM at Youth Hostel, 2nd Avenue, Adayar, Chennai-600 020 and at any adjournment thereof in respect of such resolutions as are indicated below

| Resolution No | Resolution | Vote (please mentioned No. of shares | | |
|---------------|---|--------------------------------------|---------|---------|
| | | For | Against | Abstain |
| 1 | Adoption of Annual financial statements of the Company as on March 31st, 2018 | | | |
| 2 | Appointment of a Director in place of Mr. Muralidharan Ramasamy (DIN: 07092976) who retires by rotation | | | |
| 3 | Raising of funds by the company through unsecured loan | | | |

Signed this _____ day of _____ 2018

Signature of Proxy holder(s)

Signature of shareholder

Affix Revenue
Stamp of not
less than Rs.1/-

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

ARUNA HOTELS LIMITED

(CIN - L15421TN1960PLC004255)

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

ATTENDANCE SLIP

| | |
|-----------|--|
| DP ID | |
| CLIENT ID | |

| | |
|--------------|--|
| FOLIO NO | |
| NO OF SHARES | |

Name & Address of Shareholder / Proxy holder

I certify that I am a registered Shareholder / Proxy for the registered Shareholder of the Company. I hereby record my presence at the Annual General Meeting of the Company held on Thursday 20th, the september 2018 at 9.00 AM at Youth Hostel, 2nd Avenue, Indira Nagar, Adyar, Chennai-20.

Member's / Proxy's Signature

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

ROUTE MAP FOR AGM VENUE

VENUE: YOUTH HOSTEL 2ND AVENUE, INDIRA NAGAR, CHENNAI- 600 020



