



ARUNA HOTELS LIMITED

51st

**Annual Report
2012-2013**

ARUNA HOTELS LIMITED

(CIN-L15421TN1960PLC004255)

Corporate Information

CHAIRMAN & MANAGING DIRECTOR

M. SIVARAM

JOINT MANAGING DIRECTOR

KAMAL KUMAR BABBAR

WHOLE-TIME DIRECTOR

KATHICK P SIVARAM

DIRECTOR

KALYANAM

CL RAVICHANDRAN

P.B. SANTHANAKRISHNAN

(UPTO 09/11/12)

BANKERS

PUNJAB NATIONAL BANK

AUDITORS

U.C. Bhandari & Co

Bangalore

REGISTRAR & SHARE TRANSFER AGENTS

M/s. MCS Share Transfer Agents Ltd

21/22, GR Floor, Kashiram Jamnadas blds

P.D'Mello Road , Ghadiyal Godi,

Masjid (East), Mumbai -400009

Ph:022-40206021,23726255,67439092

HOTEL DIVISION

HOTEL THE ARUNA

144, Sterling Road,

Chennai-600 034.

REGISTERED OFFICE

'Aruna Centre', 145 Sterling Road,

Nungambakkam, Chennai-600 034

CONTENTS

Notice to Members	-	3
Directors Report	-	6
Auditors Report	-	21
Cash Flow Statement	-	27
Balance Sheet	-	28
Profit & Loss Accounts	-	29
Notes to Accounts	-	30

NOTICE TO MEMBERS

NOTICE is hereby given that the Fifty First Annual General Meeting of the Members of Aruna Hotels Limited will be held on Wednesday, 9th of September 2015 at 9.00 a.m. at Youth Hostel 2nd Avenue, Indira Nagar, Chennai-20 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended on 31st March, 2013 and the Balance Sheet as at that date together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. C.L. Ravichandran who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Kalyanam who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint M/s. U.C. Bhandari & Co, Chartered Accountants, as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

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

“RESOLVED that Mr. A Periasamy (DIN 06427187), who was appointed by the Board of Directors as an Additional Director under the provisions of Section 260 of the Companies Act, 1956 with effect from 9th November, 2012 and who holds office upto the date of this Annual General Meeting, and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, in writing, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company.

For and on Behalf of Board of Directors

Chairman

Place: Chennai

Date: 14th February 2015

NOTES:

A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE ON HIS BEHALF A PROXY NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in aggregate not more than ten percent of the total share capital of the Company.

Proxy form, in order to be effective, must be deposited at the Registered Office of the Company duly completed and signed not less than 48 hours before the time of the Meeting. Proxies submitted on behalf of the companies, societies etc must be accompanied by an appropriate resolution, as applicable.

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of Special Business as set out above, is annexed hereto.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 8th September 2015 to 9th September 2015 both days inclusive, for the purpose of Annual General Meeting.
3. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing such representative to attend and vote on their behalf at the Meeting.
4. Members who have not registered their e-mail addresses so far are requested to register their e-mail addresses for receiving all communications including Annual Report, Notices, Circular etc from the Company in electronic mode.
5. Members are requested to:
 - (a) Notify any change in their address to the Registrar and Share Transfer Agent, M/s. MCS SHARE TRANSFER AGENTS LIMITED, MUMBAI in case of Members holding shares in physical form and update such details with their respective Depository Participants, in case of Members holding shares in electronic form.
 - (b) Bring their attendance slips along with the copies of the Annual Report to the Meeting.
6. Members holding shares under multiple folios in the identical order of names are requested to consolidate their holdings into one folio.
7. Members who hold Shares in physical form can nominate a person in respect of Shares held by them singly or jointly pursuant to the provisions of Section 72 of the Companies Act, 2013. Members who hold Shares in a single name are advised, in their own interests, to avail of the nomination facility by completing and submitting. Form No.2B, in duplicate, to the Company's Registrar and Share Transfer Agent, Blank forms will be supplied by on request. Members holding Shares in the dematerialised form may contact their Depository Participant for recording the nomination in respect of their Shares.

**EXPLANATORY STATEMENT UNDER SECTION
173 OF THE COMPANIES ACT 1956**

Item No. 5

Mr. A. Periasamy is an Additional Director of the Company with effect from 9th November, 2012 and who holds office upto the date of this Annual General Meeting. Mr. A. Periasamy retires by rotation at the ensuing Annual General Meeting and becomes eligible and offering himself for appointment is proposed to be appointed as an Director of the Company.

Except Mr. A. Periasamy being the appointee, none of the Directors and Key Managerial Personnel of Company and their relatives is concerned or interested in the Resolution.

For and on Behalf of Board of Directors

Chairman

Place: Chennai

Date: 14th February 2015

ARUNA HOTELS LIMITED

DIRECTORS' REPORT

Your Directors have pleased to present their Fifty First Annual Report, together with the Audited Accounts of the Company for the financial year 2012-13 consisting of 12 months from 01-04-2012 to 31-03-2013.

FINANCIAL RESULTS

During this financial Year, Your Company realized a turnover of Rs.1408.08 Lakhs including other income, and incurred a net loss of Rs.453.55 Lakhs after providing Rs.149.41 lakhs for depreciation.

There are arrears of interest on certain loans availed by the Company. Arrears of salary & wages including arrears of remuneration due to Managing Director and Whole-time Director / Executive Director & senior executives & others, statutory dues, etc., which could not be fully provided due to the financial condition of the Company. Your Board of Directors have decided to ascertain such liabilities and make provisions for such overdue arrears, in the next financial year.

	2012/13	2011/12
Gross Sales	971.97	686.10
Other Income	436.11	156.90
Total Income	1408.08	843.01
Less:		
- Cost of materials consumed	189.64	141.16
- Changes in inventories of finished goods		-17.04
- Employee Benefit Expenses	412.4	193.41
-Financial Charges	296.34	256.97
- Depreciation & Amortisation Expenses	149.41	186.63
- Other Expenses	813.83	262.08
- Total Expenditure	1861.63	1023.22
Loss before Exceptional & extraordinary items & tax	-453.55	-180.21
Exceptional items	0	0.00
Profit before extraordinary items	-453.55	180.21
Less: Provision for tax	0	0.00
Net Profit / Loss (-)	-453.55	-180.21

DIVIDEND

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

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

CURRENT YEAR'S PROSPECTS

Currently, the availability / supply of hotel rooms in Chennai city is much more than the present demand. This is adversely affecting the performance of almost all the hotels in Chennai city. To tackle this situation, various options are being examined.

FIXED DEPOSITS

The Company has not been accepting any fixed deposit.

BOARD OF DIRECTORS

In accordance with the provisions of Companies Act, 1956 and the Articles of Association of your company, Mr. S. Kalyanam due to retire by rotation at the 51st Annual General Meeting was appointed as an additional director since the meeting could not be held on the due date and it is proposed to appoint him as an ordinary director under the provisions of the Companies Act, 1956

During the year, Company has appointed Mr. A. Periasamy Pillay (DIN 06427187) appointed as Director w.e.f 09/11/2012, However, he resigned subsequently.

Mr. P.B. Santhanakrishnan, Director (DIN- 03213653) resigned from the Board of the Company with effect from 09/11/2012.

AUDITORS

At the Annual General Meeting, the members have to appoint Auditors for the period from conclusion of the 51st AGM till the conclusion of the 52nd AGM.

M/s. Anil Kumar Bhandari & Associates, Chartered Accountants, Bangalore retiring Auditors, have confirmed that their reappointment if made, will be in accordance with the provisions of Companies Act, 1956.

The Board recommends reappointment of M/s. Anil Kumar Bhandari & Associates, Chartered Accountants, Bangalore as Statutory Auditors of the Company from the conclusion of the 51st Annual General Meeting till the conclusion of the 52nd Annual General Meeting.

SUBSIDIARIES

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

CORPORATE GOVERNANCE:

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

BOARD COMMITTEES:

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

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm:

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

That the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended on 31st March 2012 and of the profit of the Company for that year.

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

CODE OF CONDUCT

The Board has laid down a Code of Conduct for all Board Members and Senior Management of the Company. The Code of Conduct has been posted on Companies website. Board Members and Senior Management declaration to this effect is made out in the Corporate Governance Report.

PERSONNEL

Information required to be furnished under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is not applicable since none of the employees are receiving remuneration as mentioned in the said section.

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

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

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

LISTING OF COMPANY'S SECURITIES

Your Company's shares are currently listed on Bombay Stock Exchange Limited (BSE), Mumbai. The delisting of the shares from Madras Stock Exchange and Ahmadabad Stock Exchange is in process.

DEMATERIALIZATION OF SHARES

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

CORPORATE GOVERNANCE

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

EXPLANATIONS TO ANY QUALIFICATIONS IN AUDITORS' REPORT

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

ACKNOWLEDGEMENT

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

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

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

By Order of the Board
For Aruna Hotels Limited

Date : 14-02-2015

Place: Chennai

M.Sivaram
Chairman

OBSERVATION OF AUDITORS COMMENT

Note No.1 in the basis of qualified opinion

The Company is already in the process of getting actuarial valuation from the register valuer.

Note No.2 in the basis of qualified opinion

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

Note No.3 in the basis of qualified opinion

This is being examined, and appropriate action would be taken.

Note No.4 in the basis of qualified opinion

In the opinion of the Board, the inventories are stated in the realizable value.