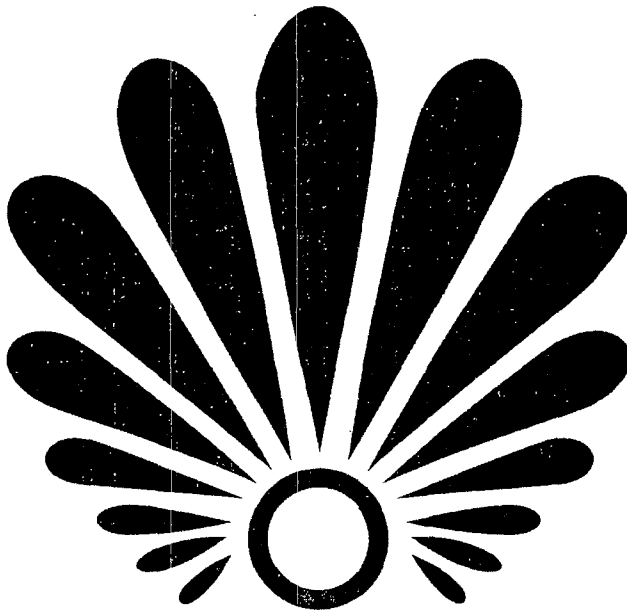




ARUNA HOTELS LIMITED



**45th Annual Report
2006 - 2007**

ARUNA HOTELS LIMITED

DIRECTORS

Dr. B.S. Adityan
Chairman

Shri M. Sivaraam
Vice-Chairman & Managing Director

Shri M. Uttam Reddi

Shri T.K. Roy
Nominee Director – GIC

Shri Kartick P. Sivaram
Executive Director

SR.VICE PRESIDENT (LEGAL) & COMPANY SECRETARY

Shri D. Ramjee

AUDITORS

M/s. S. Viswanathan
Chennai-600 004

CORPORATE & REGD. OFFICE

'Aruna Centre'
145, sterling Road,
Chennai-600 034.

HOTEL DIVISION

"THE ARUNA CHENNAI"
144, Sterling Road,
Chennai-600 034.

SHARE TRANSFER AGENT

CAMEO CORPORATE SERVICES LIMITED
No.1, Club House Road,
Chennai - 600 002.

CONTENTS

	Page No.
Notice to Shareholders	3
Directors' Report	6
Report on Corporate Governance	10
Auditors' Report	15
Accounts	18
Schedules	20
Cash Flow Statement	28

FORTY FIFTH ANNUAL GENERAL MEETING

Date	28/12/2007
Day	Friday
Time	10.15 A.M.
Venue	"THE ARUNA CHENNAI" 144 Sterling Road Chennai-600 034

NOTE : Members are requested to bring this copy along with them to the General Meeting.



NOTICE TO SHAREHOLDERS

Notice is hereby given that the Forty Fifth Annual General Meeting of the Company will be held at 10.15 A.M. on Friday, the 28th December 2007, at the Hotel "The Aruna Chennai", 145, Sterling Road, Chennai-600 034, to transact the following business:

ORDINARY BUSINESS:

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

"RESOLVED THAT the Directors' Report, Audited Balance Sheet as at, and the Profit & Loss Account for the year ended, 31-03-2007 and the Auditors' Report thereon, be and are hereby adopted".

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

"RESOLVED THAT Mr. Kartick P Sivaram, who retires by rotation and who being eligible, offers himself for reappointment, be and is hereby appointed as a Director".

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

"RESOLVED THAT M/s. S.Viswanathan, Chartered Accountants, Chennai-600 004 retiring Auditors, be and are hereby re-appointed as Auditors of the Company from the conclusion of the Forty Fifth Annual General Meeting till the conclusion of the Forty Sixth Annual General Meeting of the Company on a remuneration of Rs.50,000/- (Rupees Fifty Thousand Only) plus reimbursement of out-of-pocket expenses".

SPECIAL BUSINESS:

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

"RESOLVED as an Ordinary Resolution, pursuant to Sections 196, 198, 269, 309, 310, 311 and 314 (1B), read with Schedule XIII and other applicable provisions if any, of the Companies Act, 1956, and subject to such other approvals as may be required,

THAT Shri M. Sivaraam, Managing Director be and is hereby reappointed as Managing director of the Company for a period of five years from 1.4.2007 to 31.3.2012, on the following terms and conditions:

THAT Shri M. Sivaraam will be paid remuneration and perquisites as follows:

1. Salary Rs.100,000/- (Rupees one lakh only) in the time scale of Rs.100,000- 10,000- 150,000/-
2. Commission: One percent of the net profits of the Company, subject to a ceiling of 50% of the salary.
3. Perquisites : Perquisites will be in addition to salary and commission.
 - (i) House Rent Allowance – He will be paid 60% of his salary as house rent allowance over and above 10% payable by him.

Provisions of gas, electricity, water and furnishing valued as per the Income Tax Rules, 1962, subject to a ceiling of 10% of his salary.
 - (ii) Medical Reimbursement – Expenses incurred for self and family, subject to a ceiling of one month's salary per year or three months' salary in a period of three years.
 - (iii) Leave Travel Concession – for self and family once in a year incurred in accordance with the rules of the Company.

ARUNA HOTELS LIMITED

- (iv) Club Fees – Fees of clubs subject to a maximum of two clubs, except admission and life membership fees.
- (v) Personal Accident Insurance – Premium not exceeding Rs.5000/-

B. (i) Company's contribution to Provident Fund and Superannuation Fund, as per the rules of the Company, the total contribution not exceeding 25% of his salary as laid down under the Income Tax Rues, 1962.

(ii) Gratuity in accordance with the Company's Scheme, but not exceeding one half-month's salary for each completed year of services.

C. (i) Free use of Car with Driver, the monetary value of which may be evaluated as per the Income tax Rules, 1962.

(ii) Free Telephone facility at residence.

Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Managing Director.

(iii) Reimbursement of Entertainment Expenses – The Managing Director would be entitled to reimbursement of all entertainment expenses actually and property incurred for the business of the Company, which would not be treated as part of perquisites.

(iv) Privilege leave, sick leave and all other facilities according to the rules of the Company. Unavailed leave can be encashed at the end of the tenure.

In any year of loss or inadequacy of profit, the proposed remuneration shall not exceed such limit as may be prescribed by the Government of India in this regard, from time to time".

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

"RESOLVED as an Ordinary Resolution, pursuant to Sections 196, 198, 269, 309, 310, 311 and 314 (1B), read with Schedule XIII and other applicable provisions if any, of the Companies Act, 1956, and subject to such other approvals as may be required,

THAT Shri Kartick P Sivaram, Executive Director be and is hereby reappointed as Executive Director of the Company for a period of five years from 5.10.2007 to 4.10.2012, on the following terms and conditions:

THAT Shri Kartick P Sivaram will be paid such remuneration and perquisites as follows:

1. Salary Rs.50,000/- (Rupees Fifty Thousand only) in the time scale of Rs.50,000-5000-70,000/-

2. Commission: One percent of the net profits of the Company, subject to a ceiling of 50% of the salary.

3. Perquisites Perquisites will be in addition to salary and commission.

A. (i) House Rent Allowance – He will be paid 60% of his salary as house rent allowance over and above 10% payable by him.

Provisions of gas, electricity, water and furnishing valued as per the Income Tax Rules, 1962, subject to a ceiling of 10% of his salary.

(ii) Medical Reimbursement – Expenses incurred for self and family, subject to a ceiling of one month's salary per year or three months' salary in a period of three years.

(iii) Leave Travel Concession – for self and family once in a year incurred in accordance with the rules of the Company.

(iv) Club Fees – Fees of clubs subject to a maximum of two clubs, except admission and life membership fees.

(v) Personal Accident Insurance – Premium not exceeding Rs.5000/-

B. (i) Company's contribution to Provident Fund and Superannuation Fund, as per the rules of the Company, the total contribution not exceeding 25% of his salary as laid down under the Income Tax Rues, 1962.



(ii) Gratuity in accordance with the Company's Scheme, but not exceeding one half-month's salary for each completed year of services.

C. (i) Free use of Car with Driver, the monetary value of which may be evaluated as per the Income tax Rules, 1962.

(ii) Free Telephone facility at residence.

Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Executive Director.

(iii) Reimbursement of Entertainment Expenses – The Executive Director would be entitled to reimbursement of all entertainment expenses actually and properly incurred for the business of the Company, which would not be treated as part of perquisites.

(iv) Privilege leave, sick leave and all other facilities according to the rules of the Company. Unavailed leave can be encashed at the end of the tenure.

In any year of loss or inadequacy of profit, the proposed remuneration shall not exceed such limit as may be prescribed by the Government of India in this regard, from time to time".

By order of the Board

For Aruna Hotels Limited

Date: 29.06.2007
Chennai – 600 034.

D. RAMJEE
Company Secretary

NOTES

1. A member entitled to attend and vote, is entitled to appoint a proxy to attend and vote instead of himself, and such proxy need not be a member.
2. Proxy forms, complete in all respects, should be deposited at the registered office of the company not later than 48 hours before the commencement of the meeting. Form of proxy is enclosed.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 21-12-2007 to 28-12-2007 (both days inclusive).
4. Shareholders seeking any information with regard to accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready.
5. M/s. MCS Limited, Mumbai have been the Share Transfer Registrars. M/s. Cameo Limited, Club House Road, Chennai-600 002 have since been appointed as the Share Transfer Registrars.
6. The Company's shares are listed only in The Stock Exchange, Mumbai (BSE) and the process of delisting the shares from Ahmedabad and Madras Stock Exchanges is on.

REAPPOINTMENT OF DIRECTORS:

Item No.2

Mr.Kartick P.Sivaram, aged about 31 years, is a Commerce Graduate and an MBA from Australia. He also holds Diploma in Software Technology and Systems Management from NIIT. After completing his education, he was working as Business & Planning Analyst – Coal in FreightCorp, Sydney and as Management Consultant in Morgan & Banks Ltd., Sydney.

ARUNA HOTELS LIMITED

Explanatory Statement

Item No.4:

The previous term of Mr. M. Sivaraam as Managing Director expired on 31/3/2007. The Board of Directors have, at their meeting held on 02/02/2007, reappointed Mr. M. Sivaraam as the Managing Director for a further period of five years from 1/4/2007, on the terms & conditions mentioned in the resolution above, in accordance with the conditions specified in Schedule XIII of the Companies Act, 1956, subject to the approval of the Members. Approval of the Members is now sought for his reappointment as above.

Mr. M. Sivaraam is a Commerce Graduate and holds an MBA degree from Australia. He joined the Company in 1970, and worked as a Whole time Director and later as an Executive Director. He became the Managing Director from 1/4/1980 and has been managing the Company since then. He has held various positions such as Vice-President of Indian Sugar Mills Association, President of South Indian Sugar Mills Association, Chairman of Indo American Chamber of Commerce (Tamil Nadu), Founder President of Round Table 42, etc. and is connected with various chambers of commerce and industrial / social organizations.

Item No.5

The present term of Mr. Kartick P Sivaram as Executive Director would be expiring as at the close of 4/10/2007. The Board of Directors have, at their meeting held on 02/02/2007, reappointed Mr. Kartick P Sivaram as the Executive Director for a further period of five years from 5/10/2007, on the terms & conditions mentioned in the resolution above, in accordance with the conditions specified in Schedule XIII of the Companies Act, 1956, subject to the approval of the Members. Approval of the Members is now sought for his reappointment as above.

Mr. Kartick P. Sivaram, aged about 31 years, is a Commerce Graduate and an MBA from Australia. He also holds Diploma in Software Technology

and Systems Management from NIIT. After completing his education, he was working as Business & Planning Analyst – Coal in Freight Corp, Sydney and as Management Consultant in Morgan & Banks Ltd., Sydney.

He joined the Company on 31-10-2001 as a director in the casual vacancy caused by the demise of Dr. P. Maruthai Pillai, the then Chairman of the Company. Subsequently, he was appointed as Executive Director effective from 5th October 2002. He is looking after the operational affairs of the Company.

Disclosure of Interest:

Item No.4

Mr. M. Sivaraam and Mr. Kartick P Sivaram, son of Mr. M. Sivaraam, are interested in the passing of the Resolution to the extent of remuneration and other perquisites payable to Mr. M. Sivaraam.

Item No.5

Mr. Kartick P Sivaram and Mr. M. Sivaraam, father of Mr. Kartick P Sivaram, are interested in the passing of the Resolution to the extent of remuneration and other perquisites payable to Mr. Kartick P Sivaram.

DIRECTORS' REPORT

Your Directors have pleasure in presenting their Forty Fifth Annual Report, together with the Audited Accounts of the Company for the financial year 2007/2008 consisting of 12 months from 01-04-2006 to 31-03-2007.

FINANCIAL RESULTS

During this financial year, your Company made a turnover of Rs. 873.03 lakhs including other income, and earned cash profit of Rs. 143.39 lakhs. However, after providing for a sum of Rs.130.87 lakhs towards depreciation, a sum of Rs.3.10 lakhs towards Fringe Benefit Tax and another sum of Rs. 1.42 lakhs towards Tax, there was a net profit of Rs.8.00 lakhs only. The details are given below:



Rs. in lakhs

	2006-07		2005-06	
Gross Sales	758.28		674.13	
Other Income	114.76		237.93	
Total Income		873.03		912.06
Less:				
- Mfg. & Other				
- Expenses	646.32		693.00	
- Financial Charges	83.33		80.97	
- Total Expenditure		729.19		773.97
Cash Profit		143.84		138.09
Less: Depreciation		130.87		120.18
Profit before Tax		12.52		17.91
Less:				
- Deferred Revenue				
- Expenses written off	0.00		0.00	
- Fringe Benefit Tax	3.10		3.44	
- Provision for tax	1.42		1.52	
		4.52		4.96
Net Profit / Loss (-)		8.00		12.96

DIVIDEND

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

REVIEW OF OPERATIONS

HOTEL DIVISION

During the year under review, the Hotel Division achieved an average occupancy of 50.24%.

The Hotel industry is continuing to witness a boom all over the Country and Chennai is also benefited from this upsurge in demand for good hotel rooms, thanks to the spurt in the number of new companies coming up in and around Chennai in IT, ITES, Automobile, Healthcare and other sectors.

We could not make full advantage of the above boom, as the hotel needs renovation.

We have, therefore, finalized a renovation and modernization plan for our hotel in order to make the best use of this boom in business. We are in the process of mobilizing required funds to carry out this renovation & modernization plan.

The discotheque in the 2nd floor of the Annex building is functioning satisfactorily.

CURRENT YEAR'S PROSPECTS

The prospects of hotel industry in the country as a whole would continue to be exciting because of the overall improvement in the economic scenario and the various steps being taken by both the Central and State Government to give an impetus to the tourism industry. In Chennai city, particularly, the scenario is bright due to the upsurge in the various sectors such as IT, ITES, Automobile, Health care, etc.

FIXED DEPOSITS

As on 31-03-2007, no amount due to fixed deposit holders remained unclaimed.

BOARD OF DIRECTORS

In accordance with the provisions of Companies Act, 1956 and the Articles of Association of your company, Mr. Kartick P Sivaram retires by rotation at the 45th Annual General Meeting and, being eligible, offers himself for re-appointment.

AUDITORS

At the Annual General Meeting, the members have to appoint Auditors for the period from conclusion of the 45th AGM till the conclusion of the 46th AGM. M/s.S.Viswanathan, Chartered Accountants, Chennai-600 004, the retiring Auditors, are eligible for re-appointment and they have confirmed that their re-appointment, if

ARUNA HOTELS LIMITED

made, will be within the limits specified under Section-224 (1-B) of the Companies Act, 1956.

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 two Board Committees, viz. Audit Committee and Investors' Grievances Committee, to assist the Board of Directors in effective discharge of its responsibilities.

STATUTORY PARTICULARS

There were no employees in receipt of remuneration in excess of the limit specified in Section 217 (2-A) of the Companies Act, 1956.

Particulars of conservation of energy, technology absorption and foreign exchange earnings and outgo, have been given in Annexure-I.

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 2007 and of the profit of the Company for that year.

That the Directors had taken proper and sufficient care for maintenance of adequate accounting records for the year ended 31st March 2007 in accordance with the provisions of the

Companies Act, 1956 for safeguarding the assets of the Company and for prevention of fraud and other irregularities.

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

ACKNOWLEDGEMENT

Your Directors wish to take the opportunity to thank the Central & State Governments and Punjab National Bank for the co-operation 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: 29.06.2007.
Chennai-600 034

Dr. B.S. Adityan
Chairman



ANNEXURE -1 TO DIRECTORS' REPORT

FORM A

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

I ENERGY CONSERVATION

A POWER & FUEL CONSUMPTION

		CURRENT YEAR 2006-07	PREVIOUS YEAR 2005-06	
1	ELECTRICITY			
	a) Purchased			
	Units	000 KWH	2592262	2668660
	Amount	Rs.in lakhs	167.14	165.20
	Rate / Unit	Rs.	6.48	6.19
	b) Own Generation			
	i) Through Diesel Generator			
	Units	000 KWH	2,37,848	20,756
	Units per litre of diesel oil	KWH	2.33	2.24
	Cost / Unit	Rs.	15.26	15.85
2	Coal	Nil	Nil	
3	Furnace Oil:			
	Quantity KL	Nil	Nil	
	Total Amount	Rs.in lakhs		
	Average Rate	Rs.		
4	Others/Internal Generation			
	Quantity (Agricultural Wastage)	000 MTs	Nil	Nil
	Total Amount	Rs.in lakhs	Nil	Nil
	Average Rate	Rs.	Nil	Nil

B CONSUMPTION PER UNIT OF PRODUCTION

Not applicable, since no production is carried out in the Hotel.

II RESEARCH & DEVELOPMENT

Nil

III TECHNOLOGY ABSORPTION & INNOVATION

Nil

IV FOREIGN EXCHANGE EARNED & USED

2006-07

2005-06

1. Foreign Exchange Earned

2. Foreign Exchange used

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

1. COMPANY'S PHILOSOPHY:

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

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

2. BOARD OF DIRECTORS

a) Composition of Board of Directors:

The Board of Directors of the Company consists of five directors – two promoter directors (the Managing Director and the Executive Director), and three independent directors. The

independent directors include one nominee-director representing General Insurance Corporation of India Ltd. & its subsidiaries, who are holding more than 95% of the preference share capital of the Company:

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

During the financial year 2006-2007, there were four Board Meetings, held on 28th April 2006, 2nd August 2006, 2nd November 2006, and 2nd February 2007.

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

Name & Designation of the Directors	Category & Position	Board Meetings during the tenure		Attendance at the last AGM 28/09/06	No. of Directorsips in other Public Companies		No. of Committee Membership in other Public Companies	
		Held	Attended		Chairman	Director	Chairman	Member
Dr. B.S. Adityan Chairman	Independent - Non-Executive Director	4	4	Yes	1	3	1	3
Mr. M. Sivaram Vice-Chairman & Managing Director	Promoter - Executive Director	4	4	Yes	-	1	-	-
Mr. M. Uttam Reddi Non-Executive Director	Independent -	4	4	Yes	-	1	-	-
Mr. T.K. Roy	(Nominee) Independent Non-Executive Director	4	2	No	-	-	-	-
Mr. Kartick P. Sivaram Executive Director	Promoter - Executive Director	4	4	Yes	-	1	-	-



3. AUDIT COMMITTEE:

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

a) Functions of the Committee in brief:

The functions of the Audit Committee include:

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

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

The Audit Committee consists of three independent non- executive Directors viz. Shri M. Uttam Reddi, (Chairman of the Committee), Dr. B.S. Adityan and Shri T.K. Roy. The Managing Director, Shri

M. Sivaraam and the Executive Director, Mr. Kartick P. Sivaram attend the meetings as invitees. The constitution of Audit Committee meets with the requirements under Section 292A of the Companies Act, 1956.

c) Meetings and attendance during the year:

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

Mr. M. Uttam Reddi	Chairman (Independent)	4
Dr. B.S. Adityan	Member (Independent)	4
Mr. T.K. Roy	Member (Independent)	2
Mr. M. Sivaraam	Invitee (Managing Director)	4
Mr. Kartick P. Sivaram	Invitee (Executive Director)	4

4. REMUNERATION TO DIRECTORS.

Mr. M. Sivaraam, Managing Director and Mr. Kartick P. Sivaram, Executive Director, are the two executive directors receiving remuneration. The details are given below:

Particulars	Mr. M. Sivaraam Vice-Chairman & Managing Director	Mr. Kartick P. Sivaram Executive Director
Salary	1080000	540000
Perquisites	620000	240000
Contribution to PF	129600	64800
Commission	0	0
Total	1829600	844800

The non-executive directors are paid Sitting Fee of Rs.2000/- per Board Meeting and Rs.1000/- per Committee Meeting, besides reimbursement of Rs.500/- towards out-of-pocket expenses. Out-station directors are reimbursed the traveling expenses actually incurred by them.

5. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE:

The Company has constituted the Shareholders / Investors grievance committee comprising of Dr. B.S. Adityan (Chairman), Mr. M. Sivaram and Mr. Kartick P. Sivaram.

The Company has authorized Shri D. Ramjee, Sr.V.P. (Legal) & Company Secretary to approve the share transfers on a fortnightly basis.

The Board has designated Shri D. Ramjee, Sr.V.P. (Legal) & Company Secretary, as the compliance officer.

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

Complaints relating to	Received	Attended	Pending
Share Transfer	24	24	0
Share Transfer	16	16	0
Dematerialisation	33	33	0
Others	5	5	0

6. GENERAL BODY MEETINGS:

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

AGM Detail	Venue	Time & Date
42 nd Annual General Meeting	Hotel Aruna, Chennai 144, Sterling Road, Chennai-600 034.	10.15 A.M. on 30 th September 2004
43 rd Annual General Meeting	Hotel Aruna, Chennai 144, Sterling Road, Chennai-600 034	10.30 A.M. on 29 th December 2005
44 th Annual General Meeting	Hotel Aruna, Chennai 144, Sterling Road, Chennai-600 034	10.30 A.M. on 28 th September 2006

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

7. DISCLOSURES:

a) There were no materially significant related party transactions with the Company's promoters, the directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the company at large. Whatever related party transactions were there, particulars thereof have been duly disclosed in the Balance Sheet.

b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI, or any statutory authority, on any matter related to capital markets, during the last three years.

8. MEANS OF COMMUNICATION.

- The Company is not sending any Half-yearly report to each household of shareholders.
- The Company has published quarterly results in The News Today / Trinity Mirror (English) and Malai Chudar / Makkal Kural (Vernacular).
- The Company has set up its own website for its Hotel.
- No presentations have been made to institutional investors or to the analysts.
- Management Discussion & Analysis Report forms part of this Annual Report being sent to the shareholders of the Company.



9. GENERAL SHAREHOLDER INFORMATION:

a.	45 th Annual General Meeting Date and Time : Venue :	28 th December 2007 at 10.15 A.M. Hotel The Aruna Chennai, 144 Sterling Road, Chennai-600 034.
b.	Financial Calendar for the: year 2007-2008 (Tentative) 46 th Annual General Meeting Board Meetings Results for the quarter ended 30 th June, 2007 Results for the quarter ending 30 th September 2007 Results for the quarter ending 31 st December, 2007 Results for the quarter ending 31 st March, 2008	September 2008 Last week of July 2007 Last week of October 2007 Last week of January 2007 Last week of April 2008
c.	Date of Book Closure (both days inclusive)	21 st Dec. 2007 to 28 th Dec. 2007
d.	Dividend Payment Date	Not applicable as the Company has not declared any dividend.
e.	The Company's Equity shares Listed on the Stock Exchanges at	The Stock Exchange, Mumbai
f.	Stock Code Trading Symbol at BSE - 500016 Demat ISIN Numbers in NSDL & CDSL—INE 957C 01019	
g.	Market Price Data	Not available as trading had been suspended. However, the suspension has since been revoked. Trading is expected to be resumed shortly.
h.	Performance in comparison to BSE Sensex:	Would not apply for the reason stated above.
i.	Registrars & Share Transfer System	M/s. Cameo Corporate Services Ltd, No.1, Club House Road, Chennai-600 002.

Distribution of shareholding:					
Range		Share Holders		No. Shares of	
		Number	%	Number	%
1	500	23242	95.52%	2778802	30.88%
	501 1000	691	2.84%	500682	5.56%
	1001 2000	229	0.94%	323236	3.59%
	2001 5000	100	0.41%	314425	3.49%
	5001 10000	26	0.11%	191831	2.13%
	10001 and above	45	0.18%	4891024	54.34%
Total		24333	99.55%	9000000	100.00%

ARUNA HOTELS LIMITED

k. Dematerialisation of shares: As per the notification issued by SEBI, trading in the Company's shares is permitted only in demat form with effect from February 2001. As of March 31, 2007, about 20% of the Company's shares have been dematerialized.

l. The Company has not issued any GDRS / ADRS / Warrants or any convertible instruments.

m. Plant Locations: The Company's Hotel is situated at No.144, Sterling Road, Nungambakkam, Chennai-600034, Tamil Nadu.

n. Address for Correspondence: Registered Office: 145, Sterling Road, Chennai-600 034.

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

To the Members of
Aruna Hotels Limited.

I, M. Sivaraam, Vice-Chairman & Managing Director of Aruna Hotels Limited, declare that to the best of my knowledge and belief, all the members of the Board and senior Management personnel of the Company have affirmed their respective compliance with the applicable code of conduct for the year ended 31st March 2007.

Place: Chennai
Date: 29.06.2007

M. Sivaraam
Vice-Chairman & Managing Director



AUDITOR'S REPORT

To the Shareholders of Aruna Hotels Limited

We have audited the attached Balance Sheet of Aruna Hotels Limited as at 31st March 2007, Profit and Loss Account of the Company and also Cash Flow statement for the year ended on that date annexed hereto. These Financial statements are responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.

2. Further to our comments referred to in paragraph (1) above, we report that:

(a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

(b) In our opinion, proper books of account, as required by law have been kept by the Company, so far as appears from our examination of those books.

(c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.

(d) In our opinion the Balance Sheet and Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section 3 © of section 211 of the Company Act, 1956, to the extent applicable.

(e) On the basis of written representations received from the directors, as on 31st March 2007 and taken on record by the Board of Directors. We report that none of the directors is disqualified as on 31st March 2007 from being appointed as a director of the Company under clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

(f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes made thereon, give the information as required by the Companies Act 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

(i) In the case of the Balance Sheet of the State of affairs of the Company as at 31st March 2007 and.

(ii) In the case of the Profit and Loss Account, of the Profit for the period ended on that date.

(iii) In the case of the Cash Flow statement, of the cash flow of the year ended on that date

For M/s. S. Viswanathan
Chartered Accountants

CHELLAK. SRINIVASAN
(Partner)

Dated : 03.12.2007

ANNEXURE TO THE AUDITORS' REPORT

- I. (a) The Company has maintained proper records showing full particulars including quantitative details situation of fixed assets.
- (b) The fixed assets of the Company have been physically verified during the year by the Management and no material discrepancies between the book records and the physical inventory have been noticed.
- (c) During the year, the Company has not disposed off any substantial part of its fixed assets.
- II. (a) Physical verification of stocks of finished goods, stores, spare parts and raw materials was conducted by the Management during the period. In our opinion, the frequency of verification was reasonable.
- (b) The procedures of physical verification of stocks followed by the Management are reasonable and adequate, commensurate to the size of the Company and nature of its business.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material and have been properly dealt with in the books of accounts.
- III. (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- IV. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services.
- V. (a) Based on the audit procedures applied by us and according to the information and explanation provided to us by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) In our opinion, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable have regard to the prevailing market prices at the relevant time.
- VI. In our opinion, the Company has complied with the provisions of sections 58A, 58AA and other relevant provisions of the Company Act, 1956 and the rules framed there under.
- VII. A firm of Chartered Accountants is appointed as Internal Auditors of the Company for the period under review. In our opinion, the company has internal audit system commensurate with its size and nature of its business.
- VIII. No cost records have been prescribed by the Central government under section 209(1)(d) of Companies Act, 1956.
- IX. (a) Undisputed statutory dues including provident fund; investors education and protection fund, employees state insurance, income-tax, sales-tax, wealth-tax, service-tax, customs duty, excise duty, cess have not been regularly deposited with the appropriate authority and there have been delays in large number of cases, the extent of arrears of outstanding statutory dues as at the last day of the financial year 2006-2007 for a period of more than six months from the date they became payable as per the list attached.
- (b) According to the information and explanations given to us, no disputed amounts payable in respect of Income-Tax, Wealth-Tax, Service-Tax, Custom duty, Excise duty were outstanding, as at 31st March 2007.



(As per list attached)

Name of Statute	Nature of Dues	Amount Rs.	Period to which the amount relates	Due Date	Date of payment
Income Tax Act, 1961	TDS on Professional Services	9248.00	April 2006 - March 2007	7th of the next month	03.12.2007
Income Tax Act, 1961	Fringe Benefit Tax	654500.95	April 2006 - March 2007	15th of the next month succeeding the quarter	03.12.2007
Income Tax Act, 1961	TDS on Interest other than Interest on Securities	160061.62	April 2006 - March 2007	7th of the next month	03.12.2007
Income Tax Act, 1961	TDS on Salaries	126000.00	April 2006 - March 2007	7th of the next month	03.12.2007
EPF Act	EPF	137262.00	April 2006 - March 2007	20th of the next month	03.12.2007

- X. (a) The accumulated losses of the Company are not more than fifty percent of its net worth. It has not incurred cash loss during the year and in the immediately preceding financial year.
- XI. Based on the audit procedures and on the information and explanations given by the Management, we are of the opinion that the Company has not defaulted in repayment of dues to Financial Institutions or Banks.
- XII. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- XIII. In our opinion, the terms and conditions in respect of the guarantees given by the Company for loans taken by others from banks and financial institutions are not prima facie prejudicial to the interest of the Company.
- XIV. The term loan availed during the year has been utilized for the purpose of which it has been raised.
- XV. Based on audit procedures applied by us and according to the information and explanations provided by the Management, we are of the opinion that the Company has not used the funds raised on short-term basis for long-term investments.
- XVI. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- XVII. No fraud on or by the company had been noticed or reported during the course of our audit.
- XVIII. Other provisions of Companies (Auditor's Report) Order, 2003 are not applicable

For M/s. S. Viswanathan
Chartered Accountants

CHELLAK.SRINIVASAN
(Partner)

Date : 03.12.2007

BALANCE SHEET AS AT 31st MARCH 2007

		(In Rs.Lacs)			
		31.03.2007		31.03.2006	
SOURCES OF FUNDS					
Shareholders' Funds					
(a) Share Capital	1	1207.87		1207.87	
(b) Reserves & Surplus	2	1797.22	3005.09	1789.22	2997.09
Loan Funds					
(a) Secured Loans	3	626.86		652.99	
(b) Unsecured Loans	4	25.18	652.04	25.18	678.18
Total Funds Employed			3657.13		3675.26
APPLICATION OF FUNDS					
Fixed Assets					
(a) Gross Block	5	3535.78		3409.89	
(b) Less : Depreciation		1286.30		1155.43	
(c) Net Block		<u>2249.47</u>		<u>2254.46</u>	
(d) Capital Work-in-progress		239.76	2489.23	113.96	2368.42
Investments	6		1.95		1.85
Current Assets, Loans & Advances					
(a) Inventories	7	54.47		50.08	
(b) Sundry Debtors	8	95.72		117.84	
(c) Cash & Bank Balances	9	0.80		23.53	
(d) Loans & Advances	10	599.38		700.68	
		<u>750.38</u>		<u>892.13</u>	
Less : Current Liabilities & Provisions :					
(a) Current Liabilities	11	358.71		361.41	
Net Current Assets (6) less (7)			391.66		530.71
Deffered tax asset			774.28		774.28
Total Assets (Net)			3657.13		3675.26
Notes Forming Part of Accounts	12		0.00		

M. SIVARAM
Vice - Chairman & Managing Director

Dr.B.S.ADITYAN
Chairman
D.RAMJEE
Sr.Vice President (Legal)
& Company secretary

For S.VISWANATHAN
Chartered Accountants
CHELLAK.SRINIVASAN
Partner

PLACE : Chennai - 600 034
DATE : 03.12.2007



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2007

		(In Rs.Lacs)	
		31.03.2007	31.03.2006
INCOME			
Sales and Income from operations		758.28	674.13
Other Income	A	114.76	237.93
		873.03	912.06
EXPENDITURE			
Operating & Other Expenses	B	646.32	693.00
Financial Charges	C	83.33	80.97
Total		729.19	773.97
Profit before Depreciation and Tax		143.85	138.09
Less: Depreciation		130.87	120.18
Profit / (Loss) before Tax		12.52	17.91
Less: Provision for Taxation -current		1.42	1.52
Less: Fringebenefit tax		3.10	3.44
Net Profit / (Loss)		8.00	12.96
Balance brought forward from Previous Year		102.09	89.13
Balance Carried to Balance Sheet		110.09	102.09
Basic & Diluted Earnings per share (Equity shares par value Rs.10 per share)		0.08	0.14

Schedule A to C and Notes in Schedule 13 form part of this Profit & Loss Account.

As per our report annexed.

M. SIVARAAM
Vice - Chairman & Managing Director

Dr.B.S.ADITYAN
Chairman
D.RAMJEE
Sr.Vice President (Legal)
& Company secretary

For S.VISWANATHAN
Chartered Accountants
CHELLAK.SRINIVASAN
Partner

PLACE : Chennai - 600 034

DATE : 03.12.2007

ARUNA HOTELS LIMITED

SCHEDULES FORMING PART OF BALANCE SHEET

	(In Rs.Lacs)			
	31.03.2007		31.03.2006	
SCHEDULE 1				
SHARE CAPITAL :				
1 Authorised				
2,40,00,000 Equity Shares of Rs.10/- each	2400.00		2400.00	
8,00,000 Redeemable Cumulative Taxable Preference Shares of Rs.100/- each	800.00	3200.00	800.00	3200.00
2 Issued, Subscribed and Paid Up :				
90,00,000 Equity Shares including 6,90,000 shares of Rs.10/- each allotted as fully paid up Bonus Shares	900.00		900.00	
Less : Calls-in-arrears (Note No.3)	2.13	897.87	2.13	897.87
60,000 14% Redeemable Cumulative Taxable Preference Shares of Rs.100/- each (Note No.2a & c)	60.00		60.00	
50,000 17.5% Redeemable Cumulative Taxable Preference Shares of Rs.100/- each (Note No.2b & c)				
2,00,000 16.5% Redeemable Cumulative Taxable Preference Shares of Rs.100/- each (Note No.2c)				
		310.00		310.00
		<u>1207.87</u>		<u>1207.87</u>
SCHEDULE 2				
RESERVES AND SURPLUS				
a) Capital Reserve		0.72		0.72
b) Capital Redemption Reserve		4.00		4.00
c) Share Premium		1652.16		1652.16
d) Preference Share Redemption Reserve		30.25		30.25
e) Profit & Loss Account	-1389.91		-1397.91	
Less: General Reserve	1500.00	110.09	1500.00	102.09
		<u>1797.22</u>		<u>1789.22</u>


SCHEDULE 3
LOANS - SECURED :
A) Loans & Advances from Banks:

- 1 Term Loans from Bank
(Note No.4b)
- 2 Cash Credit (Note No.4a)
- 3 Liability under Hire Purchase Scheme

(Due within one year Rs. Lacs)

	(In Rs.Lacs)	
	31.03.2007	31.03.2006
	503.93	526.92
	86.25	98.20
	36.68	27.86
	626.86	652.98
	25.00	25.00
	0.18	0.18
	25.18	25.18

SCHEDULE 4
LOANS - UNSECURED

- a) Inter-Corporate Deposit
- b) Suppliers Credit

SCHEDULE : 5
FIXED ASSETS

Particulars	Gross Block			Depreciation			Net Block			
	As at	Addition	Deletion	As at	As at	For the year	Addition	As at	As at	As at
	1.4.2006			31.3.2007	1.4.2006			31.3.2007	31.3.2007	1.4.2006
Land, Roads & tracts	772.52	0.00	0.00	772.52	0.00	0.00	0.00	0.00	772.52	772.52
Building	1276.43	0.00	0.00	1276.43	413.34	38.59	0.00	451.93	824.50	863.09
Plant & machinery	846.97	57.76	0.00	904.73	398.77	46.10	0.00	444.87	459.86	448.20
Intangible	38.00	0.00	0.00	38.00	4.00	4.00	0.00	4.00	30.00	34.00
Office equipments	71.34	1.58	0.00	72.92	39.08	2.39	0.00	41.47	31.45	32.26
Furniture	334.93	49.53	0.00	384.46	270.99	32.27	0.00	303.26	81.19	63.94
Vehicles *	69.70	17.01	0.00	86.71	29.25	7.51	0.00	36.76	49.95	40.45
TOTAL	3409.89	125.88	0.00	3535.77	1155.43	130.87	0.00	1286.30	2249.47	2254.46

* Includes Vehicles purchased under Hire purchase.

ARUNA HOTELS LIMITED

SCHEDULE 6

INVESTMENTS:

(In Rs.Lacs)		
	31.03.2007	31.03.2006
1 Non-Trade Unquoted		
a) 7 Year National Savings Certificate 1994	0.14	0.14
b) 7 Year National Savings Certificate 1995	0.02	0.02
c) 7 Year National Savings Certificate 1995	1.00	1.00
(Note No.5a)		
d) 7 Year National Savings Certificate 1996	0.64	0.54
2 a) Trade - unquoted		
1510 Equity Shares of Aruna Foods Ltd.	0.15	0.15
Rs.10/- each fully paid		
	1.95	1.85
Investments as on 01-04-06	1.85	1.80
Add : Addition during the year	0.10	0.05
	1.95	1.85
Less : Matured / sold during the year	0.00	0.00
Balance as on 31-03-2007	1.95	1.85

SCHEDULE 7

INVENTORIES

(As valued and certified by the Management)

a) Stores and Spare parts	36.98	36.45
b) Food and Beverages	17.49	13.62
	54.47	50.07

SCHEDULE 8

SUNDRY DEBTORS

a) Outstanding for more than six months	15.87	34.28
b) Others	79.86	83.56
Debts considered good for which the company holds no security other than Debtors' Personal Security	95.72	117.84

SCHEDULE 9

CASH AND BANK BALANCES

a) Cash and Stamps on Hand	1.85	0.97
----------------------------	------	------



	(In Rs.Lacs)			
	31.03.2007		31.03.2006	
b) With Scheduled Banks				
1. On Fixed Deposits Account	8.29		8.29	
2. On Current Account	-9.34	-1.04	14.26	22.55
		<u>0.80</u>		<u>23.53</u>
SCHEDULE 10				
LOANS AND ADVANCES				
Good and Unsecured				
a) Advances with public bodies	43.91		32.24	
b) Other Advances/Deposits (refer note No. 8)	517.24		645.17	
c) Prepaid expenses	7.79		8.03	
d) Tax Payment pending adjustments	30.45		15.24	
	<u>599.38</u>		<u>700.68</u>	
SCHEDULE 11				
CURRENT LIABILITIES				
a) Sundry Creditors				
i) For goods supplied	94.68		50.41	
ii) For accrued Wages & Salaries	19.80		14.77	
iii) For other Liabilities	244.24	358.71	296.24	361.42
Due as on 31.03.2007		<u>358.71</u>		<u>361.42</u>

ARUNA HOTELS LIMITED

(In Rs.Lacs)				
		31.03.2007	31.03.2006	
SCHEDULE A				
1. Sales & Income from Operations				
		758.28	674.13	
2. Other Income				
a) Miscellaneous Receipts	31.91		124.93	
b) Credit Balances Written back	0.00		43.44	
c) Rent received	82.84		69.56	
d) Profit on Sale of Assets	0.00		0.00	
		114.76	237.93	
SCHEDULE B				
Operating and Other Expenses				
a) Consumption of Raw Materials	126.26	126.26	140.36	140.36
b) Payments to Employees				
i) Salaries, Wages & Bonus, etc.	120.13		103.58	
ii) Contribution to Provident and other Funds	3.99		4.55	
iii) Workmen & Staff Welfare Expenses	10.89	135.01	13.24	121.37
c) Operation & Other Expenses				
i) Stores consumed including pkg. materials	21.13		24.18	
ii) Power & Fuel consumed	158.21		175.26	
iii) Repairs & Maintenance Building	3.56		2.89	
iv) Repairs & Maintenance of Machinery	17.88		11.05	
v) Rent	3.90		2.63	
vi) Lease Rental	13.80		13.80	
vii) Rates, Taxes & Licences	3.64		5.13	
viii) Insurance	5.38		4.58	
ix) Selling Expenses & Service charges	51.96		28.30	
x) Directors' Sitting Fees	0.20		0.24	
xi) Directors' Travelling Expenses	0.55		0.11	
xiii) Office & Other Expenses	84.38		137.48	
xiv) Miscellaneous Expenses	1.71		2.93	
xv) Freight & Transport, Hire charges	0.76	367.05	3.50	412.08
d) Audit Fees				
i) Audit Fees	0.50		0.50	
ii) Tax Audit Fees	0.10	0.60	0.10	0.60
e) I) Internal Audit Fees	0.91		1.00	
	0.00	0.91		1.00
C/O		629.83		675.36



		(In Rs.Lacs)	
		31.03.2007	31.03.2006
	B/F	629.83	675.36
f) Managing Director's Remuneration			
I) Remuneration		6.00	6.00
ii) Perquisites		4.35	5.10
iii) Medical		<u>0.26</u>	<u>0.66</u>
iv) Contribution to PF		0.72	0.72
		11.33	12.48
g) Executive Director's Remuneration			
I) Remuneration		3.00	3.00
ii) Perquisites		1.80	1.80
iii) Contribution to PF		<u>0.36</u>	<u>0.36</u>
		5.16	5.16
		<u>646.32</u>	<u>693.01</u>
		<u>646.32</u>	<u>693.01</u>
SCHEDULE C			
FINANCIAL CHARGES			
a) Interest on fixed loans/HP instalments		66.11	66.52
b) Interest on Cash Credit		12.80	11.29
c) Bank charges		<u>4.42</u>	<u>3.16</u>
		<u>83.33</u>	<u>80.97</u>

ARUNA HOTELS LIMITED

Annexture XIII

Related parties transactions:

1.Name of the transacting related party	Gay Travels	Sounderarajan & Co private limited	India Cabs Private Limited	Srirang Travels	M. Jayaram Pillai	M. Sivaram	Kartick P. Sivaraam
2.Description of the relationship between the parties as significant influence		Company over which brother of Managing Director		Company over which Brother of Managing Director	Company over Brother of Managing Director	Vice Chairman & Managing Director	Executive Director son of Vice Chairman & Managing Director
3.Description of the nature of the transactions	Purchase of Air Tickets	Lease of Property	Car Hire	Food Sale	Food Sale	Salary	Salary
4.Volume of the transactions either as an amount or as an appropriate proportion (Rs. in Lacs)		10.06	0	0	0	11.33	5.16
5.Any other elements of the related party transactions necessary for an understanding of the financial statements	Air tickets booking for tarvel	Rent	Car Hire				
6(a). The amount or appropriate proportions of outstanding items pertaining to related parties at the Balance sheet date	2.57	25	0.62	9.88	7.88	0.38	1.06
(b).provisions for Bad and Doubtful debts due from such parties at that date	NIL	NIL	NIL	NIL	NIL		
7.Amounts written off or writtenback in the period in respect of debts due from or to related parties	NIL	NIL	NIL	NIL	NIL		



SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Concepts:
 - a) Financial statements are based on historical cost and on the basis of going concern. Company follows mercantile system of accounting and recognizes income and expenditure on accrual basis.
 2. Revenue Recognition:

Sales are net of taxes and duties, trade discounts and rebates.
 3. Fixed Assets.

All fixed assets are valued at cost less depreciation. Depreciation has been provided as per schedule XIV of the Companies Act, 1956.

 - i) In respect of Hotel Division, on Straight Line method on all assets.
 - ii) On other assets on straight-line method on Plant & Machinery and Buildings and on written down value method on other assets.

b) Intangible Assets Intangible asset constitute Brand Name acquired for valuable consideration. It will be Amortized over a period of ten years
 4. Current Assets.
 - i) Raw materials and stores and spares (other than bonded materials) have been valued at weighted average price. Cost includes taxes and duties (but does not include excise duty / countervailing duty for which MODVAT credit is available), freight and other direct expenses.
 - ii) Valuation of stock in trade is at cost or net realisable value whichever is less. Stock in process is valued at cost. Cost includes material, direct labour, overheads and excise duty where applicable, other than selling and administrative overheads.
 5. Investments.

Investments are stated at cost.
 6. Taxation:

Provision for Taxation, the aggregate of Income Tax Liability on the profits for the year chargeable to tax and Deferred Tax resulting from timing differences between Book and Tax Profits, is provided in accordance with the Accounting Standard – 22 (AS-22), Accounting for Taxes on Income, issued by the Institute of Chartered Accountants of India.

Where Minimum Alternate Tax (MAT) is applicable, it is provided in the Profit and Loss Account irrespective of the tax credit benefits envisaged in the Income Tax Act, 1961.
 7. Gratuity.

The Company contributes to a Gratuity Fund, which has taken a group policy with Life Insurance Corporation of India for future payments of gratuity. The premium thereon has been so adjusted to cover the liability under the Scheme.
 8. Expenses and income of this year include amounts below Rs.1,000/- in relation to earlier years, which are accounted on cash basis.
 9. Foreign Exchange Transaction:

Transaction in foreign exchange are accounted at the exchange rates prevailing at the time of realization / payment of bills.
- NOTES TO BALANCE SHEET AS ON 31ST MARCH 2007 AND THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE**
- Schedule – 13**
1. Contingent Liabilities
 - a. Estimated amount of contracts remaining to be executed on capital account not provided for (Net of Advance) is Nil.
 2. Terms of Redemption.
 - a. The 14% Redeemable cumulative taxable Preference Shares are redeemable at par at any time after the date of their issue but before the expiry of ten years from the date of their issue.
 - b. The 17.5% Redeemable cumulative taxable Preference Shares are redeemable at par at any time after the date of their issue but before the expiry of ten years from the date of their issue.

ARUNA HOTELS LIMITED

c. The 16.5% Redeemable cumulative taxable Preference Shares are redeemable at par at any time after the date of their issue date (15.12.95) but before the expiry of 15 months from the date of their issue.

d. Preference shares, which have fallen due for redemption, could not be redeemed due to inadequate Profits.

e. Preference Share Redemption Reserve has not been created for the last 10 accounting periods due to inadequate Profits.

3. Reserves on account of Share premium of Rs. 1652.16 Lacs does not include arrears in

share premium amounting to Rs.6.58 Lacs due from Shareholders other than directors.

4. Details of Secured Loans & Security

a) Cash Credit Loan

Secured by hypothecation of Raw Materials, work-in-progress, and finished goods and guaranteed by Managing Director.

b) Term Loan from Bank

Secured by first mortgage and charge on all immovable and movable properties of the Company both present and future and guaranteed by Managing Director.

5. Earnings Per Share

Particulars	Year Ended 31.3.2007	Year Ended 31.3.2006
Profit after taxation (Rs. in lakhs)	8.00	12.96
Weighted number of equity shares outstanding	89,98,700	89,98,700
Basic Earnings per Share	0.08	0.14
Diluted Earnings per Share	0.08	0.14

6. 7 Year National Saving Certificate 1995 has been lodged with the Sales Tax Authorities, Kerala as Sales Tax Deposit.

7. Confirmation of balances has not been received for Creditors and Debtors.

8. Other advances / Deposits include Rs.25 Lacs paid as Lease Deposit and Rs.1.58 Lacs paid as advance for purchase of land and building for the Hotel Division.

9. In the absence of adequate profits the remuneration paid to Managing Director is

within the limits prescribed as minimum remuneration in Schedule XIII of the companies Act.

10. There is no amount due to SSI Units, pending for more than 30 days and above Rs.1.00 Lac.

11. The net gain in foreign exchange credited to Profit and Loss account is Rs.0.23 lac. (Previous year Rs.0.58 Lac)

12. Previous year figures have been regrouped and rearranged wherever necessary, to confirm to current period's figures.



INFORMATION REQUIRED BY IN PARAGRAPHS 3,4C AND 4D OF PART II SCHEDULE VI OF THE COMPANIES ACT, 1956.

1. A.PARTICULARS IN RESPECT OF SALES:

	Unit of	Quantity		Value(Rs.in Lakhs)	
		31.03.2007	31.3.2006	31.3.2007	31.3.2006
2. Hotel Sales/Income from services	-	NIL	NIL	758.28	674.13

* The nature of Industry is such that it is not possible to give quantitative details.

2 C.DETAILS OF RAW MATERIALS, SPARE PARTS AND COMPONENTS CONSUMED DURING THE YEAR

	Quantity Unit of	Value(Rs.in Lakhs)			
		31.03.2007	31.3.2006	31.3.2007	31.3.2006
1. Raw Materials (Indigenous)					
5.Food & Beverage consumed	Nil	Nil	Nil	126.26	140.36
2. Stores, Spare parts and Components		Nil	Nil	21.13	24.18
3. a. Number of Non-Resident share holders		Nil	4228	Nil	4228
Number of Equity Shares held		Nil	660983	Nil	660983
b. Amount remitted in Foreign Currency on account of Dividends		Nil	Nil	Nil	Nil

3 EARNINGS IN FOREIGN EXCHANGE :

Export of Goods (F.O.B)	Nil	Nil	Nil	Nil
Earnings in rooms, restaurants and other services	Nil	Nil	7.72	46.57

4 EXPENDITURE IN FOREIGN CURRENCY

a) Travelling	NIL	Nil	Nil	Nil
b) Subscription/Conference/Commission		Nil		
c) Capital Goods	NIL	Nil	Nil	Nil

CERTIFICATE OF THE AUDITORS ON CORPORATE GOVERNANCE

We have examined the compliance of conditions of Corporate Governance by M/s. Aruna Hotels Limited, for the year ended on March 31, 2007 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us,

we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance is pending for the period exceeding one month against the Company as per the records maintained by the Shareholder / Investors Grievances Committee. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For M/s. S. Viswanathan
Chartered Accountants
CHELLAK. SRINIVASAN
(Partner)

Dated : 03.12.2007

CASH FLOW STATEMENT

	(In Rs.Lacs)	
	2006 - 2007	2005 - 2006
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit after Tax & extraordinary items	8.00	12.96
ADJUSTMENTS FOR:		
Provision for IT & FBT	4.52	4.96
Depreciation	131.33	120.18
Interest (Net)	83.33	80.98
Net loss/(profit) on sale of Undertaking / Fixed assets	219.18	206.12
Operating Profit before working capital changes	<u>227.18</u>	<u>219.08</u>
ADJUSTMENTS FOR:		
Trade & Other receivables	123.42	144.04
Inventories	-4.39	-1.69
Current Liabilities	-7.22	-97.31
Cash generated from operations	338.99	264.12
Direct Taxes paid	0.00	0.00
Net Cashflow from operations	338.99	264.12
B. CASHFLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	-252.17	-248.96
Proceeds on sale of fixed assets	-	-
Purchase of Investments	-0.10	-0.05
Net cash used in Investing activities	-252.27	-249.01
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long term borrowings	-22.99	30.94
Proceeds from other term borrowings	8.82	25.00
Change in working capital finance	-11.95	20.74
Interest paid	-83.33	-80.98
Net cash from financing activities	-109.45	-4.30
D NET INCREASE IN CASH & CASH EQUIVALENT	-22.73	10.81
Op.Cash & Cash equivalent as on 31.3.2006	23.53	12.74
Cl.Cash & Cash equivalent as on 31.3.2007	0.80	23.53

Dr.B.S.ADITYAN
Chairman

M. SIVARAAM
Vice - Chairman & Managing Director

D.RAMJEE
Sr.Vice President (Legal) &
Company secretary

We have verified the above Cash-Flow Statement of Aruna Hotel Ltd derived from the audited annual accounts for the year ended 31st March 2007 and found the same to be drawn in accordance there with and also with the requirements of Clause 32 of the listing agreement with Madras Stock Exchange Limited.

For S.VISWANATHAN
Chartered Accountants

PLACE : Chennai - 600 034
DATE : 03.12.2007

CHELLA K.SRINIVASAN
Partner



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. 0 4 2 5 5 State Code 1 8

Balance Sheet Date 3 1 0 3 0 7
Date Month Year

II. Capital Raised during the year (Amount in Rs. lacs)

Public Issue N I L
Rights Issue N I L
Bonus Issue N I L
Private Placement N I L

III. Position of Mobilisation and Development of Funds (Amount in Rs. lacs)

Total Liabilities 3 5 8 . 7 1
Total Assets 7 5 0 . 3 8

Sources of Funds

Paid-up Capital 1 2 0 7 . 8 7
Reserves & Surplus 1 7 9 7 . 2 2
Secured Loans 6 2 6 . 8 6
Un Secured Loans 2 5 . 1 8

Application of Funds

Net Fixed Assets 2 2 4 9 . 4 7
Investments 1 8 5
Net Current Assets 3 9 1 . 6 6
Misc. Expenditure 0
Accumulated Losses N I L

IV. Performance of Company (Amount in Rs. lacs)

Turnover 7 5 8 . 2 8
Total Expenditure 7 2 9 . 6 5
Accumulated Losses
Profit/Loss After Tax 8 . 0 0

V. Generic Names of Three Principal Products of the Company

As per monetary terms

Item Code No. (ITC Code) 5 9 1 0 0 1 0 0 6

Product Description H O T E L

ARUNA HOTELS LIMITED

Registered Office : Aruna Centre, 145, Sterling Road, Chennai - 600 034.

ATTENDANCE SLIP

(TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL)

NAME OF THE MEMBER

Folio Number
NO. OF SHARES HELD

NAME OF PROXY IN BLOCK LETTERS (TO BE FILLED IN BY PROXY WHO ATENDS INSTEAD OF THE MEMBER)

I here by record my presence at the 45th Annual General Meeting of the Company held at Hotel The Aruna Chennai, 144 - 145, Sterling Road, Chennai 600 034. on Friday the 28th December 2007 at 10.15a.m

Signature of Member(s) / Proxy
(To be signed at the time of handing over the slip)

*Strike out whichever is not applicable

Note : Please bring your copy of Annual Report to the Meeting Hall

ARUNA HOTELS LIMITED

Registered Office : Aruna Centre, 145, Sterling Road, Chennai - 600 034.

PROXY FORM

Folio No.

I / We.....
being a member / members of the above named Company hereby appoint.....
of.....as my / our proxy to attend and vote for me / us on my / our behalf at the 45th
Annual General Meeting of the Company to be held on Friday the 28th December 2007 at 10.15 a.m.
and at any adjornment thereof.

Signed this.....day of.....2007.

Re 1
Revenue
Stamp

Signature of the Member.....

Note : The proxy must be deposited at the Registered Office not less than 48 hours before the Meeting

BOOK POST
PRINTED MATTER



ARUNA HOTELS LIMITED
Aruna Centre, 145, Sterling Road
Chennai - 600 034.
