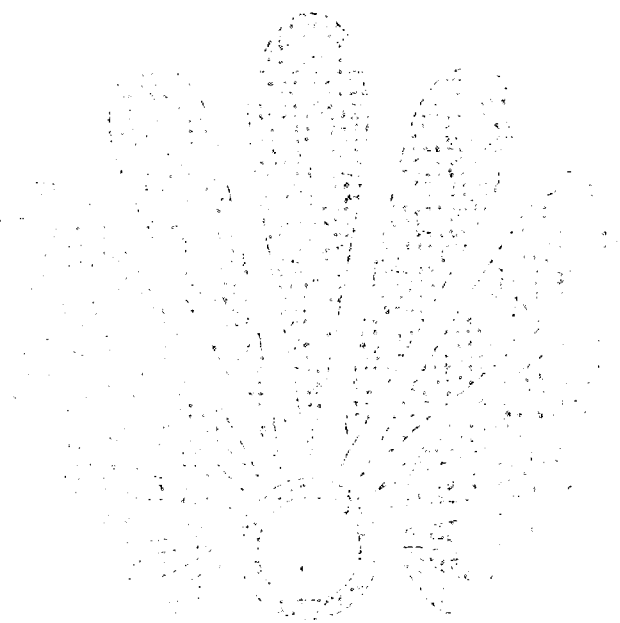




ARUNA HOTELS LIMITED



**46th Annual Report
2007 - 2008**

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

Shri Kamal Babbar
Whole-time Director

SR.VICE-PRESIDENT (LEGAL) & COMPANY SECRETARY

Shri D. Ramjee

GENERAL MANAGER - HOTEL

Shri Charles Kissinger

AUDITORS

M/s. S. Viswanathan
Chennai-600 004

INTERNAL AUDITORS

M/s. Subhash Chatter & Associates
New Delhi

BANKERS

Punjab National Bank, Chennai - 34.

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

M/s. MCS Limited,
Mumbai.

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FORTY SIXTH ANNUAL GENERAL MEETING

Date	30/09/2008
Day	Tuesday
Time	10.35 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 Sixth Annual General Meeting of the Company will be held at 10.35.A.M. on Tuesday, the 30th September 2008, 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 modifications(s), as an Ordinary Resolution:

"RESOLVED THAT the Directors' Report, Audited Balance Sheet as at, and the Profit & Loss Account for the year ended, 31-03-2008 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 modifications(s), as an Ordinary Resolution:

"RESOLVED THAT Mr. M. Uttam Reddi, 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-600 006 retiring as Auditors of the Company from the conclusion of the Forty Sixth Annual General Meeting till the conclusion of the Forty Seventh 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 that Mr. Kamal Babbar, who was appointed as an Additional Director by the Board of Directors on 28.01.2008 under the provisions of Section 260 of the Companies Act, 1956 and who would hold office up to the date of this general meeting, be and is hereby appointed as a Director of the Company pursuant to the provisions of Sections 255, 256, 257 and other applicable provisions if any of the Companies Act, 1956."

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

"RESOLVED pursuant to Sections 198, 269, 309, 310, 311 and 314 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 Kamal Babbar, Director, be and is hereby appointed as a Whole-time Director of the Company for a period of five years from 01.07.2008 to 30.06.2013, on the following terms and conditions, in accordance with the provisions of Schedule XIII and other applicable provisions if any of the Companies Act, 1956 and subject to such other applicable statutory requirements and compliances:

1. Salary; Rs.65,000/- (Rupees Sixty Five Thousand only) in the time scale of Rs.65,000-5000-75,000/-

2. 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.

Provision 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 salary per year or three months' salary in a period of three years.

ARUNA HOTELS LIMITED

(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 Rules, 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 Whole-time Director.

(iii) *Reimbursement of Entertainment Expenses – The Whole-time 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.

Date: 01.07.2008

D. RAMJEE

Place: Chennai – 600 034. 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 18-09-2008 to 30-09-2008 (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.
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. M. Uttam Reddi, aged about 82 years, is a former Commissioner of Income Tax. He has been practicing as an Advocate in Supreme Court and is a reputed legal and management consultant specializing in Taxation, Company Law, etc. He is a director in Beardsell Limited.

Explanatory Statement

Item No.4:

Mr. Kamal Babbar was appointed as an Additional Director under Section 260 of the Companies Act, 1956, by the Board of Directors at their meeting held on 28.01.2008. As per the provisions of Section 260, he would hold office up to the ensuing annual general meeting only. The Company has received a notice from a member of the Company, along with a deposit of Rs.500/-, signifying his intention to propose Mr. Kamal Babbar as a candidate for the office of Director under the provisions of Sections 255, 256 & 257 of the Companies Act, 1956. Hence the resolution is being placed before the Members for their approval.

Mr. Kamal Babbar is a B.Com. graduate and is engaged in import and export of air-conditioning and other equipment, fertilizers, etc., and in real estate business and is owning an entertainment centre in Chennai. He is a director in Indo Thermal & Hydro Power Ltd. and Bay View Hotels & Resorts Ltd.

Item No.5

Mr. Kamal Babbar has invested a sum of about Rs.4.00 crores to meet the margin money requirement for availing the term loan from the Bank for the renovation of our hotel. It is proposed to appoint him as a whole-time director for a period of five years, so that he would monitor the implementation of renovation and also the financial performance of the Company after renovation to enable us to service and repay the loan availed from the Bank. His appointment would be on the terms & conditions mentioned in the resolution.

Approval of the Members is now sought for his appointment as above.

As mentioned under item No.4, Mr. Kamal Babbar is a B.Com. graduate and is engaged in import and export of air-conditioning and other equipment, fertilizers, etc., and in real estate business and is owning an entertainment centre in Chennai. He is a director in Indo Thermal & Hydro Power Ltd. and Bay View Hotels & Resorts Ltd.

Disclosure of Interest:

Item No.4

Mr. Kamal Babbar is interested in the passing of the resolution providing for his appointment as a director under the provisions of Sections 255, 256 & 257 of the Companies Act, 1956 as mentioned in the resolution under item No.4.

Item No.5

Mr. Kamal Babbar is interested in passing of resolution under item No.5 to the extent of remuneration, perquisites and other monetary benefits payable to him as provided in the resolution under item No.5.

No other director is interested in the passing of either of the above two resolutions.

ARUNA HOTELS LIMITED

DIRECTORS' REPORT

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

FINANCIAL RESULTS

During this financial year, your Company made a turnover of Rs. 703.45 lakhs including other income, and earned cash profit of Rs.49.82 lakhs. However, after providing for a sum of Rs. 137.68 lakhs towards depreciation and a sum of Rs. 3.25 lakhs towards Fringe Benefit Tax, there was a net loss of Rs.91.11 lakhs only.

Rs. in lakhs

	2007-08		2006-07	
Gross Sales	573.39		758.28	
Other Income	130.05		114.76	
Total Income		703.45		873.04
Less:				
- Mfg. & Other				
- Expenses	556.48		645.86	
- Financial Charges	97.14		83.33	
- Total Expenditure		653.62		729.19
Cash Profit		49.82		143.85
Less: Depreciation		137.68		131.33
Profit before Tax		-87.86		12.52
Less:				
- Deferred Revenue				
- Fringe Benefit Tax	3.25		3.10	
- Provision for tax	0.00		1.42	
		3.25		4.52
Net Profit / Loss (-)		-91.11		8.00

DIVIDEND

Considering the financial results of the Company 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 33% and an ARR of Rs.2171/-.

In order to take full advantage of the ongoing boom in the Hotel industry, we have finalized a renovation and modernization plan for our hotel. The total requirement of funds towards cost of renovation, acquisition of one additional floor in Annexe Building and augmentation of long-term working capital, has been assessed as Rs.22.00 crores. Our Bankers, Punjab National Bank, have sanctioned a term loan of Rs.16.50 crores on the condition that we should bring in Rs.5.50 crores as margin money. We have commenced the renovation work and we expect to complete the same by January 2009.

Meanwhile, we have entered into an arrangement with Fortune Park Hotels Limited, a wholly owned subsidiary of ITC Hotels Ltd., for branding, managing and marketing of our hotel.

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 boom in the various sectors such as IT, ITES, Automobile, Healthcare, etc.

As already stated, the implementation of renovation of the Hotel and the arrangement with Fortune Park Hotels Limited for branding, marketing and managing the Hotel would help us also reap the benefits of the prevailing boom in the industry.

FIXED DEPOSITS

As on 31-03-2008, 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 the company, Mr. M. Uttam Reddi retires by rotation at the 46th Annual General Meeting and, being eligible, offers himself for re-appointment.



Mr. T.K. Roy, who was the nominee director of General Insurance Corporation of India resigned from the Board of Directors and his resignation was accepted effective from 28.01.08.

Mr. Kamal Babbar, who was appointed as an additional Director on 28.01.2008, would be holding office up to the date of this annual general meeting. The proposal to appoint him as a Director under the provisions of Sections 255, 256 & 257 of the Companies Act, 1956 is being placed before the Members for their approval.

It is also proposed to appoint him as a whole-time director and this proposal is also being placed before the Members for their approval.

AUDITORS

At the Annual General Meeting, the members have to appoint Auditors for the period from the conclusion of the 46th AGM till the conclusion of the 47th AGM. M/s.S.Viswanathan, Chartered Accountants, Chennai-600 006, the retiring Auditors, are eligible for re-appointment and they have confirmed that their re-appointment, if 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 2008 and of the loss 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 2008 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 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: 01.07.2008
Chennai-600 034

Dr. B.S. Adityan
Chairman

ARUNA HOTELS LIMITED**ANNEXURE -1 TO DIRECTORS' REPORT
FORM A****DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY
ENERGY CONSERVATION****A POWER & FUEL CONSUMPTION**

		CURRENT YEAR 2007-08	PREVIOUS YEAR 2006-07
1	ELECTRICITY		
	a) Purchased		
	Units	000 KWH	2415870
	Amount	Rs.in lakhs	157.23
	Rate / Unit	Rs.	6.51
	b) Own Generation		
	i) Through Diesel Generator		
	Units	000 KWH	11675
	Diesel oil bought		6380
	Price of diesel oil bought		215643
	Units per litre of diesel oil	KWH	1.83
	Cost / Unit	Rs.	33.80
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
	Total Amount	Rs.in lakhs	Nil
	Average Rate	Rs.	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	2007-08	2006-07
1. Foreign Exchange Earned	0.02	7.72
2. Foreign Exchange used	Nil	Nil

CORPORATE GOVERNANCE



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 included 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. The nominee director has however resigned effective from 28th January 2008. At the same meeting, the Board appointed another independent director.

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 2007-2008, there were four Board Meetings, held on 29th June 2007, 30th July 2007, 3rd November 2007 and 28th January 2008.

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 28/12/07	No. of Directorships 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	Independent - Non-Executive Director	4	4	Yes	-	1	-	-
Mr. T.K. Roy	(Nominee) Independent Non-Executive Director	4	2	No	-	-	-	-
Mr. Kartick P. Sivaram	Promoter - Executive Director	4	4	Yes	-	1	-	-

ARUNA HOTELS LIMITED

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 consisted of three independent non- executive Directors viz. Shri M. Uttam Reddi, (Chairman of the Committee), Dr. B.S. Adityan and Shri T.K. Roy. In the place of Mr. T.K. Roy, who resigned effective from 28th January 2008, the Board has nominated Mr. Kamal Babbar as an independent director-member of the Committee. 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)	-

4. REMUNERATION TO DIRECTORS.

Mr. M. Sivaraam, Managing Director and Mr. Kartick P. Sivaram, Executive Director, are the two executive directors who received remuneration during the year under review. The details are given below:

Particulars	Mr. M. Sivaraam Vice-Chairman & Managing Director	Mr. Kartick P. Sivaram Executive Director
Salary	600000	300000
Perquisites	455000	180000
Contribution to PF	72000	36000
Commission	0	0
Total	1127000	516000

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. Sivaraam 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	12	12	0
Dematerialisation	23	23	0
Others	3	3	0

6. GENERAL BODY MEETINGS:

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

AGM Detail	Venue	Time & Date
43 rd Annual General Meeting	Hotel Aruna, Chennai 144, Sterling Road, Chennai-600 034.	10.30 A.M. on 29 th September 2005
44 th Annual General Meeting	Hotel Aruna, Chennai 144, Sterling Road, Chennai-600 034	10.30 A.M. on 28 th September 2006
45 th Annual General Meeting	Hotel Aruna, Chennai 144, Sterling Road Chennai-600 034	10.15 A.M. on 28 th December 2007

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.

by the Stock Exchange, Mumbai and the suspension has since been revoked. But the Company has to pay the restoration fees to the Stock Exchange and thereafter trading will resume.

7. DISCLOSURES:

8. MEANS OF COMMUNICATION.

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.

a) The Company is not sending any Half-yearly report to each household of shareholders.

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: Trading of Company's shares had been suspended

b) The Company has published quarterly results in The News Today (English) and Malai sudar (Vernacular).

c) The Company has set up its own website for its Hotel.

d) No presentations have been made to institutional investors or to the analysts.

e) Management Discussion & Analysis Report forms part of this Annual Report being sent to the shareholders of the Company.

ARUNA HOTELS LIMITED

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 2008-2009 (Tentative) 46 th Annual General Meeting Board Meetings Results for the quarter ended 30 th March, 2008 Results for the quarter ended 30 th June 2008 Results for the quarter ended 31 st September, 2008 Results for the quarter ending 31 st December, 2008 Results for the quarter ending 31 st March, 2009	September 2009 First week of June 2008 (Over) Last week of July 2008 Last week of October 2008 Last week of January 2009 Last week of April 2009
c.	Date of Book Closure	18 th Sep. 2008 to 30 th Sep. 2008 (both days inclusive)
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	Trading of company's shares remains suspended. Hence these details could not be given.
h.	Performance in comparison to BSE Sensex:	Trading of company's shares remains suspended. Hence these details could not be given.
i.	Registrars & Share Transfer System	M/s. MCS Ltd., Plot 6, Sector I, Khanda Colony, New Punwel (West), Mumbai - 410 206. M/s. MCS Ltd. have connectivity with National Securities Depository Ltd. (NSDL) and Central Depository Services Ltd. (CDSL)
j.	Share Transfer System	The Physical share transfers are processed and unless the transfer documents are found invalid, the transfers are effected and the share certificates are returned to the transferees within a maximum period of 30 days. Those shareholders who want to demat their shares may hand over their share certificate(s) to the Depository Participant with whom they have demat account, and the DP will forward it to the RTA for confirmation. All demat requests are processed and if found correct, requisite confirmation given within 21 days of receipt.



j. Distribution of shareholding:

Range	Share Holders		No. Shares of	
	Number	%	Number	%
1 - 500	23242	95.52%	2778802	30.88%
501 - 1000	691	2.84%	500882	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%

Category	No. of shares held	%age of shareholding
Promoters, Directors & Associates	4700851	52.23
Mutual Funds & UTI	44884	0.50
Banks, Financial Institutions & Insurance Cos.	94049	1.04
Foreign Institutional Investors	2100	0.02
Private Corporate Bodies	111119	1.23
NRIs / OCBs	270400	3.00
Indian Public	3776597	41.96
Total	9000000	100.00

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 25% 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.144/145, 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 2008.

Place: Chennai
Date: 01.07.2008

M. Sivaraam
Vice-Chairman & Managing Director

MANAGEMENT DISCUSSION & ANALYSIS REPORT

1. INDUSTRY STRUCTURE AND OUTLOOK

The Hotel Industry in India has been witnessing a boom for the last few years, thanks to the thriving economy and increased commercial and political importance of the Country. The various steps taken by the Government to give a boost to the Tourism industry and the opening of aviation industry have given added fillip to the Hotel Industry. One unique feature of this development is the appreciable increase in the number of domestic travelers driven by rising middle class with increased disposable incomes.

2. SWOT ANALYSIS OF THE INDUSTRY.

The strong point for the development of the Hotel Industry as a whole is the support being extended by both Central and State Governments. Another strong point has been increase in the share of India in international tourism and hospitality market, and this is expected to continue for quite some time.

Lack of good infrastructure such as good roads, continuous power supply, comfortable modes of transport, etc. constitute a weakness for the industry.

The development of various sectors of the economy and the increase in the number of both domestic and international tourists offer tremendous opportunities for the Hotel Industry.

Increase in terrorist activities, which could have an impact on the international tourist inflow and rising inflation, which could have an impact on the domestic tourist traffic, are among the major threats.

3. SWOT ANALYSIS OF OUR HOTEL

Location of our hotel, availability of ample space for parking a good number of cars and the large size of our rooms are our strengths.

Non-renovation of our hotel has been our major weakness, and to remove this, the Company has already undertaken a total renovation of the Hotel.

Chennai, the southern gateway of India, is witnessing a surging development in various sectors such as IT, ITES, Automobiles, Healthcare, Education, etc. This offers tremendous opportunities for the Hotel Industry in Chennai including our hotel.

The competition is expected to increase from a large number of hotel projects under implementation and from increasing number of serviced apartments and posh guest-houses.



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 2008, 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 Indian 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 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(c) 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 2008 and taken on record by the Board of Directors. We report that none of the directors is disqualified as on 31st March 2008 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 2008 and.

(ii) In the case of the Profit and Loss Account, of the Loss 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)
M.No.23305

Place:Chennai -34
Dated: 28.08.2008

ARUNA HOTELS LIMITED

ANNEXURE TO THE AUDITOR'S 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 taken unsecured advance from parties covered in the register maintained under section 301 of the Companies Act, 1956, the maximum amount outstanding during the year is Rs. 1,87,85,711.00

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.

I. The Company has not accepted any deposits from the public.

II. 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.

III. No cost records have been prescribed by the Central government under section 209(1)(d) of Companies Act, 1956.

IV. (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 statutory dues as at the last day of the financial year 2007-2008 outstanding for a period of more than six months from the date they became payable as per the list attached.



(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 Advertisement	10602.00	April 2007 - March 2008	7th of the next month	07.05.2008
Income Tax Act, 1961	TDS on Interest other than Interest on Securities	404122.00	April 2007 - March 2008	7th of the next month	07.05.2008
Income Tax Act, 1961	TDS on Salaries	418468.00	April 2007 - March 2008	7th of the next month	07.05.2008
Income Tax Act, 1961	TDS on Professional Services	45423.95	April 2007 - March 2008	7th of the next month	07.05.2008
Income Tax Act, 1961	TDS on Contractors	73850.62	April 2007 - March 2008	7th of the next month	07.05.2008
Income Tax Act, 1961	TDS on Commission	19259.00	April 2007 - March 2008	7th of the next month	07.05.2008
Income Tax Act, 1961	TDS on Rent	33140.00	April 2007 - March 2008	7th of the next month	28.08.2008
EPF Act	EPF	286962.00	April 2007 - March 2008	15th of the next month	24.04.2008
ESI Act	ESI	233522.00	April 2007 - March 2008	21st of the next month	24.04.2008
Income Tax Act, 1961	Fringe Benefit Tax	114389.76	April 2007 - March 2008	15th of the next month succeeding the quarter	28.08.2008
Luxury Tax,	Luxury Tax Payable	2593275.00	April 2006 - March 2007	7th of the next month	06.05.2008
Sales Tax Act	Sales Tax Payable	406725.00	April 2006 - March 2007	7th of the next month	06.05.2008
Service Tax Act	Service Tax Payable	622028.20	April 2006 - March 2007	7th of the next month	06.05.2008
		189061.24	April 2007 - March 2008	7th of the next month	06.05.2008

ARUNA HOTELS LIMITED

(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 2008, except the following:

Purchase Tax – Rs.104.07 Lakhs and Sales Tax – Rs.41.08 Lakhs on which Appeal is pending before the High Court.

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 has not incurred cash Loss in the immediately preceding financial year.

XII. 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 30.1 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

CHELLA K.SRINIVASAN
(Partner)
M.No.23305

Place:Chennai -34
Dated: 28.08.2008



BALANCE SHEET AS AT 31st MARCH 2008

		(In Rs.Lacs)			
		31.03.2008		31.03.2007	
SOURCES OF FUNDS					
Shareholders' Funds					
(a) Share Capital	1	1207.87		1207.87	
(b) Reserves & Surplus	2	1706.11	2913.98	1797.22	3005.09
Loan Funds					
(a) Secured Loans	3	469.24		626.86	
(b) Unsecured Loans	4	213.04	682.28	25.18	652.04
Total Funds Employed		<u>3596.26</u>		<u>3657.13</u>	
APPLICATION OF FUNDS					
Fixed Assets					
(a) Gross Block	5	3538.26		3535.78	
(b) Less : Depreciation		<u>1423.99</u>		<u>1286.30</u>	
(c) Net Block		2114.26		2249.47	
(d) Capital Work-in-progress		308.20	2422.47	239.76	2489.23
Investments	6		1.95		1.95
Current Assets, Loans & Advances					
(a) Inventories	7	63.44		54.47	
(b) Sundry Debtors	8	173.02		95.72	
(c) Cash & Bank Balances	9	11.98		0.80	
(d) Loans & Advances	10	834.20		599.38	
		<u>1082.63</u>		<u>750.38</u>	
Less : Current Liabilities & Provisions :					
(a) Current Liabilities	11	685.07		358.71	
Net Current Assets (6) less (7)			397.56		391.66
Deffered tax asset			774.28		774.28
Total Assets (Net)		<u>3596.26</u>		<u>3657.13</u>	
Notes Forming Part of Accounts	12				

M. SIVARAAM
Vice - Chairman & Managing Director

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

For S.VISWANATHAN
Chartered Accountants
CHELLA K.SRINIVASAN
Partner

PLACE : Chennai - 600 034
DATE : 28.08.2008

ARUNA HOTELS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2008

		(In Rs.Lacs)	
		31.03.2008	31.03.2007
INCOME			
Sales and Income from operations		573.39	758.28
Other Income	A	130.05	114.76
		703.45	873.03
EXPENDITURE			
Operating & Other Expenses	B	556.48	646.32
Financial Charges	C	97.14	83.33
Total		653.62	729.65
Profit before Depreciation and Tax		49.82	143.38
Less: Depreciation		137.68	130.87
Profit / (Loss) before Tax		-87.86	12.52
Less: Provision for Taxation -current		0.00	1.42
Less: Fringebenefit tax		3.25	3.10
Net Profit / (Loss)		-91.11	8.00
Balance brought forward from Previous Year		110.00	102.09
Balance Carried to Balance Sheet		18.98	110.09
Basic & Diluted Earnings per share (Equity shares par value Rs.10 per share)		-0.98	0.08

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
CHELLA K.SRINIVASAN
Partner

PLACE : Chennai - 600 034
DATE : 28.08.2008



SCHEDULES FORMING PART OF BALANCE SHEET

	(In Rs.Lacs)			
	31.03.2008		31.03.2007	
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)	50.00		50.00	
2,00,000 16.5% Redeemable Cumulative Taxable Preference Shares of Rs.100/- each (Note No.2c)	200.00		200.00	
		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	18.98		110.09	
	<u>1706.11</u>		<u>1797.22</u>	

ARUNA HOTELS LIMITED

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)

SCHEDULE 4

LOANS - UNSECURED

- a) Loan received from Director
- b) Inter-Corporate Deposit
- c) Suppliers Credit

(In Rs.Lacs)	
31.03.2008	31.03.2007
357.95	503.93
81.36	86.25
29.93	36.68
<u>469.24</u>	<u>626.86</u>
187.86	0.00
25.00	25.00
0.18	0.18
<u>213.04</u>	<u>25.18</u>

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
	1.4.2007			31.3.2008	1.4.2007			31.3.2008	31.3.2007	31.3.2008
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	451.93	38.59	0.00	490.52	785.91	824.50
Plant & machinery	904.73	0.00	0.00	904.73	444.87	45.40	0.00	490.27	414.46	459.86
Intangible	38.00	0.00	0.00	38.00	8.00	4.00	0.00	12.00	26.00	30.00
Office equipments	72.93	1.86	0.00	74.79	41.47	3.59	0.00	45.06	29.73	31.45
Furniture	384.46	0.62	0.00	385.08	303.26	36.54	0.00	339.80	45.28	81.20
Vehicles *	86.71	0.00	0.00	86.71	36.77	9.55	0.00	46.33	40.38	49.94
TOTAL	3535.78	2.48	0.00	3538.26	1286.30	137.68	0.00	1423.99	2114.27	2249.47

* Includes Vehicles purchased under Hire purchase.

**SCHEDULE 6****INVESTMENTS:**

1 Non-Trade Unquoted

- a) 7 Year National Savings Certificate 1994
- b) 7 Year National Savings Certificate 1995
- c) 7 Year National Savings Certificate 1995
(Note No.5a)
- d) 7 Year National Savings Certificate 1996

2 a) Trade - unquoted

1510 Equity Shares of Aruna Foods Ltd.
Rs.10/- each fully paid.

Investments as on 01-04-07

Add : Addition during the year

Less : Matured / sold during the year

Balance as on 31-03-2008

SCHEDULE 7**INVENTORIES**

(As valued and certified by the Management)

- a) Stores and Spare parts
- b) Food and Beverages

SCHEDULE 8**SUNDRY DEBTORS**

- a) Outstanding for more than six months
- b) Others

Debts considered good for which the company holds no security other than Debtors' Personal Security

SCHEDULE 9**CASH AND BANK BALANCES**

- a) Cash and Stamps on Hand

(In Rs.Lacs)	
31.03.2008	31.03.2007
0.14	0.14
0.02	0.02
0.50	0.50
1.14	1.14
0.15	0.15
1.95	1.95
1.95	1.80
0.00	0.15
1.95	1.95
0.00	0.00
1.95	1.95
37.83	36.98
25.61	17.49
63.44	54.47
130.05	15.87
42.97	79.86
173.02	95.72
0.96	1.85

ARUNA HOTELS LIMITED

		(In Rs.Lacs)	
		31.03.2008	31.03.2007
b) With Scheduled Banks			
1. On Fixed Deposits Account		8.29	8.29
2. On Current Account		2.72 11.01	-9.34 -1.04
		<u>11.98</u>	<u>0.80</u>
SCHEDULE 10			
LOANS AND ADVANCES			
Good and Unsecured			
a) Advances with public bodies		48.89	43.91
b) Other Advances/Deposits (refer note No. 8)		764.63	517.24
c) Prepaid expenses		0.30	7.79
d) Tax Payment pending adjustments		20.39	30.45
		<u>834.20</u>	<u>599.38</u>
SCHEDULE 11			
CURRENT LIABILITIES			
a) Sundry Creditors			
i) For goods supplied		87.87	94.68
ii) For accrued Wages & Salaries		18.35	19.80
iii) For other Liabilities		578.84 685.07	244.24 358.71
		<u>685.07</u>	<u>358.71</u>

**SCHEDULE A****1. Sales & Income from Operations****2. Other Income**

- a) Miscellaneous Receipts
- b) Credit Balances Written back
- c) Rent received

(In Rs.Lacs)				
31.03.2008		31.03.2007		
	573.39		758.28	
a)	24.89		31.91	
b)	18.97		0.00	
c)	86.19		82.84	
	130.05		114.76	
SCHEDULE B				
Operating and Other Expenses				
a)	123.42	123.42	126.26	126.26
b)				
i)	94.09		120.13	
ii)	5.38		3.99	
iii)	13.45	112.92	10.89	135.01
c)				
i)	11.59		21.13	
ii)	128.55		158.21	
iii)	3.76		3.56	
iv)	12.56		17.88	
v)	4.74		3.90	
vi)	16.97		17.44	
vii)	3.36		5.38	
viii)	45.47		51.96	
ix)	0.23		0.20	
x)	1.10		0.55	
xi)	68.84		84.38	
xii)	3.47		1.71	
xiii)	0.01		0.00	
xiv)	0.67	301.31	0.76	367.05
d)				
i)	0.50		0.50	
ii)	0.10	0.60	0.10	0.60
e)				
i)	1.20		0.91	
ii)	0.60		0.00	
	0.00	1.80	0.00	0.91
C/O	540.05		629.83	

		(In Rs.Lacs)	
		31.03.2008	31.03.2007
B/F		629.37	629.37
f)	Managing Director's Remuneration		
	I) Remuneration	6.00	6.00
	ii) Perquisites	4.10	4.35
	iii) Medical	0.45	0.26
	iv) Contribution to PF	0.72	0.72
		11.27	11.33
g)	Executive Director's Remuneration		
	I) Remuneration	3.00	3.00
	ii) Perquisites	1.80	1.80
	iii) Contribution to PF	0.36	0.36
		5.16	5.16
		556.48	646.32
		556.48	646.32
SCHEDULE C			
FINANCIAL CHARGES			
a)	Interest on fixed loans/HP instalments	79.58	66.11
b)	Interest on Cash Credit	14.12	12.80
c)	Bank charges	3.44	4.42
		97.14	83.33

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 / , 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:

There is no need to make any provision for income tax, since the Company has incurred a Loss during the current financial year. In our opinion the deferred tax (Asset) appearing in the balance sheet is adequate. As such no further provision has been made towards deferred tax.

7. Employee Benefits:

Short term employee benefits, in respect of leave salary and reimbursement of medical expenses, the liability has been fully provided on undiscounted basis, in accordance with the Schemes in force.

The contribution to Provident Fund (defined contribution plan), as per the provisions of the Employee's Provident Fund and Miscellaneous Provisions Act, 1952, is recognised as expense and remitted to the Provident Fund Commissioner.

The Company's liability towards retirement benefits, in the form of gratuity (defined contribution plan) is recognised as expense and funded with Life Insurance Corporation of India.

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 2008 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 Rs.1300 lakhs.

2. Terms of Redemption.

a. The 14% Redeemable cumulative taxable Preference Shares are redeemable at par at any time after the date of issue but before the expiry of ten years from the date of issue.

b. The 17.5% Redeemable cumulative taxable Preference Shares are redeemable at par at any time after the date of issue but before the expiry of ten years from the date of issue.

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

ARUNA HOTELS LIMITED

5. Earnings Per Share

Particulars	Year Ended 31.3.2008	Year Ended 31.3.2007
Profit after taxation (Rs. in lakhs)	-91.11	8.00
Weighted number of equity shares outstanding	89,98,700	89,98,700
Basic Earnings per Share	0.98	0.08
Diluted Earnings per Share	0.98	0.08

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.0.02 lac. (Previous year Rs.0.23 Lac)
12. Previous year figures have been regrouped and rearranged wherever necessary, to confirm to current period's figures.

ARUNA HOTELS LIMITED

Annexure 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	12.48	5.16
5.Any other elements of the related party transactions necessary for an understanding of the financial statements	Air tickets booking for travel	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	1.22
(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		

ARUNA HOTELS LIMITED

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)	
		31.03.2008	31.3.2007	31.3.2008	31.3.2007
2. Hotel sales/Income from services	-	NIL	NIL	573.39	758.28

* 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

	Unit of	Quantity		Value(Rs.in Lakhs)	
		31.03.2008	31.3.2007	31.3.2008	31.3.2007
1. Raw Materials (Indigenous)					
5.Food & Beverage consumed	Nil	Nil	Nil	123.42	126.26
2. Stores, Spare parts and Components		Nil	Nil	11.59	21.13
3. a. Number of Non-Resident share holders		4228	4228	Nil	Nil
Number of Equity Shares held		660983	660983	Nil	Nil
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	0.02	7.72

4 EXPENDITURE IN FOREIGN CURRENCY

a) Travelling	NIL	Nil	Nil	Nil
b) Capital Goods	NIL	Nil	Nil	Nil



CASH FLOW STATEMENT

	(In Rs.Lacs)	
	2007 - 2008	2006 - 2007
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit after Tax & extraordinary items	-91.11	8.00
ADJUSTMENTS FOR:		
Provision for IT & FBT	3.25	4.52
Depreciation	137.68	131.33
Interest (Net)	97.14	83.33
Miscellaneous Expenses written off		
Net loss/(profit) on sale of Undertaking / Fixed assets	238.07	219.18
Operating Profit before working capital changes	146.96	227.18
ADJUSTMENTS FOR:		
Trade & Other receivables	-312.12	123.42
Inventories	-8.97	-4.39
Current Liabilities	323.13	-7.22
Cash generated from operations	149.00	338.99
Direct Taxes paid	0.00	0.00
Net Cashflow from operations	149.00	338.99
B. CASHFLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	-2.48	-252.17
Capital work in progress	-68.44	
Proceeds on sale of fixed assets	0.00	
Purchase of Investments	0.00	-0.10
Deferred Revenue Expenses	0.00	0.00
Sale of Investments	0.00	0.00
Net cash used in Investing activities	-70.92	-252.27
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long term borrowings	-157.62	-22.99
Proceeds from other term borrowings	187.86	8.82
Change in working capital finance	0.00	-11.95
Interest paid	-97.14	-83.33
Net cash from financing activities	-66.90	-109.45
D NET INCREASE IN CASH & CASH EQUIVALENT	11.18	-22.73
Op.Cash & Cash equivalent as on 31.3.2007	0.80	23.53
Cl.Cash & Cash equivalent as on 31.3.2008	11.98	0.80

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 2005 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

CHELLA K.SRINIVASAN
Partner

PLACE : Chennai - 600 034
DATE : 28.08.2008

ARUNA HOTELS LIMITED

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 6

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
 6 8 5 . 0 7

Total Assets
 1 0 8 2 . 6 3

Sources of Funds

Paid-up Capital
 1 2 0 7 8 7

Reserves & Surplus
 1 7 0 6 . 1 1

Secured Loans
 4 6 9 . 2 4

Un Secured Loans
 2 1 3 . 0 4

Application of Funds

Net Fixed Assets
 2 1 1 4 . 2 6

Investments
 1 . 9 5

Net Current Assets
 3 9 7 . 5 6

Misc. Expenditure
 0

Accumulated Losses
 N I L

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

Turnover
 5 7 3 . 3 9

Total Expenditure
 6 5 3 . 6 2

Accumulated Losses

Profit/Loss After Tax
 - 9 1 . 1 1

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 46th Annual General Meeting of the Company held at Hotel The Aruna Chennai, 144 - 145, Sterling Road, Chennai 600 034. on Friday the 30th September 2008 at 10.35a.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 46th

Annual General Meeting of the Company to be held on Friday the 30th September 2008 at 10.35 a.m.

and at any adjornment thereof.

Signed this.....day of.....2008.

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.
