



ARUNA HOTELS LIMITED

CIN: L15421TN1960PLC004255

August 27, 2020

To,

The Listing Department,
BSE Limited,
P. J. Towers,
Dalal Street,
Mumbai – 400001.

Security Code: 500016

Madam / Sirs,

SUB: Annual Report for the financial year 2019-20 including notice of Annual General Meeting

The Annual Report for the financial year 2019-20, including the Notice convening Annual General Meeting, being sent to the members through electronic mode, is attached. The Annual Report including Notice is also uploaded on the Company's website.

You are requested to kindly take note of above and bring the same to the notice of investors and members

The above is for your information and record. Kindly acknowledge receipt.

Thanking you,

Yours faithfully,

For Aruna Hotels Limited

R. Muralidharan

Director

DIN: 07092976

No. 145, Sterling Road, Nungambakkam, Chennai - 600 034.

Ph: 044-2530 3404, Email: directorsaruna@gmail.com



ARUNA HOTELS LIMITED

58th

**Annual Report
2019-2020**

ARUNA HOTELS LIMITED

(CIN-L15421TN1960PLC004255)

CORPORATE INFORMATION

BOARD OF DIRECTORS

R MURALIDHARAN (DIN: 07092976)	- CHAIRMAN AND NON-EXECUTIVE DIRECTOR
M S DAVID (DIN: 08539011) (Appointed on 29.08. 2019)	- MANAGING DIRECTOR
V.ANBALAGAN (DIN:00059007) (Resigned on 23.09.2019)	- MANAGING DIRECTOR
K RAJAKUMAR (DIN: 05187894)	- NON-EXECUTIVE DIRECTOR
N SUYAMBU (DIN: 07718798)	- INDEPENDENT DIRECTOR
FREEDA GNANASELVAM KANAGIAH (DIN: 07350175)	- INDEPENDENT WOMAN DIRECTOR

MANAGEMENT

AJAY SHUKLA (Resigned on 19.02.2020)	- COMPANY SECRETARY AND COMPLIANCE OFFICER
K LAKSHMI (Appointed on 30.06.2020)	- COMPANY SECRETARY AND COMPLIANCE OFFICER
NAGARAJ.P	- CHIEF FINANCIAL OFFICER

AUDITORS

**M/s. BALA&CO,
CHARTERED ACCOUNTANTS,
CHENNAI**

- STATUTORY AUDITOR,
- "SRI GURU NIVAS", F2, NO.21, SRINIVASA NAGAR,
- KANDANCHAVADI, OFF OMR, CHENNAI 600096,
- TAMIL NADU, INDIA
- MOB: 98415 97680 / 95660 13657
- EMAIL: CONTACT@BALACOCA.NET

**M/s J.JOTHI & ASSOCIATES,
CHENNAI**

- SECRETARIAL AUDITOR
- PRACTISING COMPANY SECRETARIES,
- 132A, 2ND FLOOR, SIVARAM STERLING
- TOWERS,4TH STREET, STERLING ROAD,
- NUNGAMBAKKAM,CHENNAI 600034, TAMIL NADU, INDIA

INTERNAL AUDITORS

- M/s VENKAT & RANGAA

STOCK EXCHANGE

- BSE LIMITED, MUMBAI

BANKERS

- HDFC BANK LTD, R K SALAI,
- MYLAPORE, CHENNAI 600004

**REGISTRAR &
SHARE TRANSFER AGENTS**

- M/s MCS SHARE TRANSFER AGENT LTD,
- 201, D WING, 2ND FLOOR,
- GOKUL INDUSTRIAL ESTATE BUILDING,
- SAGBAUG, MAROL CO-OP INDUSTRIAL
- AREAB/H TIMES SQUARE
- ANSHERI EASTMUMBAI 400059,
- MAHARASHTRA, INDIA
- PH: 022-28516020/6021/6022/6023, MOB: 9969569190

REGISTERED OFFICE

- 144-145, STERLING ROAD, NUNGAMBAKKAM,
- CHENNAI-600034, TAMIL NADU, INDIA

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ARUNA HOTELS LIMITED

NOTICE TO MEMBERS

Notice is hereby given that the Fifty Eighth Annual General Meeting ('AGM') of the Members of ARUNA HOTELS LIMITED, (the "Company") will be held on Monday, the 21st day of September, 2020 at 11.00 A.M. (IST) through Video Conferencing ('VC') / Other Audio Visual Means ('OAVM') to transact the following Business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended March 31, 2020, together with the Reports of the Board of Directors and the Auditors thereon.

"RESOLVED THAT the audited financial statement of the Company for the financial year ended March 31, 2020 and the reports of the Board of Directors and Auditors thereon, as circulated to the members, be and are hereby considered and adopted."

2. To appoint a Director in place of Mr. Muralidharan Ramasamy (DIN: 07092976), who retires by rotation and, being eligible, offers himself for re-appointment.

"RESOLVED THAT in accordance with the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, Mr. Muralidharan Ramasamy (DIN: 07092976), who retires by rotation at this meeting be and is hereby appointed as a Director of the Company."

3. Re-appointment of Statutory Auditors of the Company:

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

"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, M/s Bala & Co., Chartered Accountants, Chennai having ICAI Firm Registration Number: 000318S be and are hereby re-appointed as the Statutory Auditors of the Company to hold office for their second term of 5 (five) consecutive years from the conclusion of this Annual General Meeting ('AGM 2020') until the conclusion of sixty third (63rd) Annual General Meeting ('AGM 2025') held for the financial year (2024-2025) on such remuneration as may be decided by the Board of Directors in consultation with the Statutory Auditors and the Audit Committee in addition to the reimbursement of applicable taxes and actual out of pocket and travelling expenses incurred in connection with the Audit"

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds and things as may be necessary, proper, expedient or incidental for giving effect to this resolution.

SPECIAL BUSINESS:

4. Adoption of Articles of Association as per the provisions of the Companies Act, 2013:

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

"RESOLVED THAT pursuant to the provisions of Section 14, 15 and any other applicable provisions of the Companies Act, 2013 ("the Act") read with the Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the members be and is hereby accorded to adopt the new set of Articles of Association in substitution, and to the entire exclusion, of the existing Articles of Association of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company (including its committee thereof) and /or Company Secretary of the Company, be and are hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

5. Re-appointment of Mrs. Freeda Gnanaselvam Kanagiah (DIN: 07350172) as an Independent Woman Director of the Company

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

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with Schedule IV to the Act (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 17 and other applicable Regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘SEBI Listing Regulations’) as amended from time to time, and pursuant to the recommendation of the Nomination & Remuneration Committee and the Board of Directors, Mrs. Freeda Gnanaselvam Kanagiah (DIN: 07350172), who holds office of an Independent Women Director up to the date of this ensuing Annual General Meeting (AGM 2020) and who has submitted a declaration that she meets the criteria of Independence as provided under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations and in respect of whom the Company has received a notice in writing from a Member under Section 160(1) of the Act, proposing her candidature for the office of Director, be and is hereby re-appointed as Independent Women Director of the Company, not liable to retire by rotation, for a second term of five (5) consecutive years commencing from the date of this Annual General Meeting (AGM 2020) upto the Annual General Meeting for the financial year 2024-2025 (AGM 2025).

RESOLVED FURTHER THAT the Board of Directors of the Company (including its committee thereof) and /or Company Secretary of the Company, be and are hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

6. Revision in overall borrowing powers of the Company

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

“**RESOLVED THAT** in supersession of the earlier Resolution passed by the Members at their Annual General Meeting held on December 30, 2015 and pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, the Memorandum and Articles of Association of the Company, consent of the Members be and is hereby accorded to the Board of Directors or its Committee thereof (the “Board”), to borrow, from time to time, any sum or sums of monies (exclusive of interest) on such terms and conditions as may be determined, from any one or more of the Company’s bankers and / or from any one or more other banks, persons, firms, companies / bodies corporate, financial institutions, institutional investor(s), mutual funds, insurance companies, pension funds and or any entity/entities or authority/authorities, whether in India or abroad, and whether by way of cash credit, advance or deposits, loans or bill discounting, issue of debentures, commercial papers, long/short term loans, suppliers’ credit, securitized instruments such as floating rate notes, fixed rate notes, syndicated loans, commercial borrowing from the private sector window of multilateral financial institutions, either in rupees and / or in such other foreign currencies as may be permitted by law from time to time and / or any other instruments / securities otherwise and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the Company’s assets, licenses and properties, whether immovable or movable and all or any of the undertaking of the Company, notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business) will or may exceed the aggregate of the paid up capital of the Company and its free reserves and securities premium, so that the total amount up to which the moneys may be borrowed by the Company and outstanding at any time shall not exceed the sum of Rs.200 crores (Rupees Two Hundred crores only).

RESOLVED FURTHER THAT in connection with the aforesaid, the Board of Directors (including any Committee thereof) be and is hereby authorized to do all such acts, deeds, matters and things as may be deemed necessary, desirable, proper or expedient for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto.”

7. Ratification of Material Related Party Transactions entered with Gay Travels Private Limited, Promoter Group Company

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

“RESOLVED THAT pursuant to Regulation 18, 23 and other applicable regulations of the SEBI (LODR) Regulations, 2015 and Section 177(4)(IV), Section 188(1) of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of the Board and its Powers) Rules, 2014 and other applicable provisions thereunder, (including any statutory modifications and/or re-enactments made thereunder from time to time), and as per the Articles of Association of the Company, consent of the members be and is hereby accorded for ratification/approval of material related party transactions entered into by the Company with respect to loan agreements executed with Gay Travels Private Limited, Promoter Group Company and services availed for booking of air tickets from the said Promoter Group Company, as set out in the explanatory statement annexed to the notice convening this meeting.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board / Committee be and is hereby authorized to agree, make, accept and finalize all such terms, condition(s), modification(s) and alteration(s) as it may deem fit within the aforesaid limits, to resolve and settle all questions, difficulties or doubts that may arise with regard to such payment and to finalize and execute all agreements, documents and writings and to do all acts, deeds and things in this connection and incidental as the Board / Committee in its absolute discretion may deem fit without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have been given approval thereto expressly by the authority of this resolution.”

8. Ratification of Material Related Party Transactions entered with Malar Publications Private Limited, Promoter Group Company

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

“RESOLVED THAT pursuant to Regulation 18, 23 and other applicable regulations of the SEBI (LODR) Regulations, 2015 and Section 177(4)(IV), Section 188(1) of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of the Board and its Powers) Rules, 2014 and other applicable provisions thereunder, (including any statutory modifications and/or re-enactments made thereunder from time to time), and as per the Articles of Association of the Company, consent of the members be and is hereby accorded for ratification/approval of material related party transactions entered into by the Company with respect to loan agreements executed with Malar Publications Private Limited, Promoter Group Company as set out in the explanatory statement annexed to the notice convening this meeting.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board / Committee be and is hereby authorized to agree, make, accept and finalize all such terms, condition(s), modification(s) and alteration(s) as it may deem fit within the aforesaid limits, to resolve and settle all questions, difficulties or doubts that may arise with regard to such payment and to finalize and execute all agreements, documents and writings and to do all acts, deeds and things in this connection and incidental as the Board / Committee in its absolute discretion may deem fit without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have been given approval thereto expressly by the authority of this resolution.”

9. Ratification of Material Related Party Transactions entered with Rani Printers Private Limited, Promoter Group Company

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

“RESOLVED THAT pursuant to Regulation 18, 23 and other applicable regulations of the SEBI (LODR) Regulations, 2015 and Section 177(4) (IV), Section 188(1) of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of the Board and its Powers) Rules, 2014 and other applicable provisions thereunder, (including any statutory modifications and/or re-enactments made thereunder from time to time), and as per the Articles of Association of the Company, consent of the members be and is hereby accorded for ratification/approval of material related party transactions entered into by the Company with respect to loan agreements executed with Rani Printers Private Limited, Promoter Group Company as set out in the explanatory statement annexed to the notice convening this meeting.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board / Committee be and is hereby authorized to agree, make, accept and finalize all such terms, condition(s), modification(s) and alteration(s) as it may deem fit within the aforesaid limits, to resolve and settle all questions, difficulties or doubts that may arise with regard to such payment and to finalize and execute all agreements, documents and writings and to do all acts, deeds and things in this connection and incidental as the Board / Committee in its absolute discretion may deem fit without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have been given approval thereto expressly by the authority of this resolution.”

10. Ratification of Material Related Party Transactions entered with the Subasri Realty Private Limited, Promoter Group Company

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

“RESOLVED THAT pursuant to Regulation 18, 23 and other applicable regulations of the SEBI (LODR) Regulations, 2015 and Section 177(4)(IV), Section 188(1) of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of the Board and its Powers) Rules, 2014 and other applicable provisions thereunder, (including any statutory modifications and/or re-enactments made thereunder from time to time), and as per the Articles of Association of the Company, consent of the members be and is hereby accorded for ratification/approval of material related party transactions entered into by the Company with respect to loan agreements executed with Subasri Realty Private Limited, Promoter Group Company as set out in the explanatory statement annexed to the notice convening this meeting.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board / Committee be and is hereby authorized to agree, make, accept and finalize all such terms, condition(s), modification(s) and alteration(s) as it may deem fit within the aforesaid limits, to resolve and settle all questions, difficulties or doubts that may arise with regard to such payment and to finalize and execute all agreements, documents and writings and to do all acts, deeds and things in this connection and incidental as the Board / Committee in its absolute discretion may deem fit without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have been given approval thereto expressly by the authority of this resolution.”

11. Ratification of Material Related Party Transactions entered with Sivels Holdings Private Limited, Promoter Group Company

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

“RESOLVED THAT pursuant to Regulation 18, 23 and other applicable regulations of the SEBI (LODR) Regulations, 2015 and Section 177(4)(IV), Section 188(1) of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of the Board and its Powers) Rules, 2014 and other applicable provisions thereunder, (including any statutory modifications and/or re-enactments made thereunder from time to time), and as per the Articles of Association of the Company, consent of the members be and is hereby accorded for ratification/approval of material related party transactions entered into by the Company with respect to loan agreements executed with Sivels Holdings Private Limited, Promoter Group Company as set out in the explanatory statement annexed to the notice convening this meeting.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board / Committee be and is hereby authorized to agree, make, accept and finalize all such terms, condition(s), modification(s) and alteration(s) as it may deem fit within, to resolve and settle all questions, difficulties or doubts that may arise with regard to such payment and to finalize and execute all agreements, documents and writings and to do all acts, deeds and things in this connection and incidental as the Board / Committee in its absolute discretion may deem fit without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have been given approval thereto expressly by the authority of this resolution.”

12. Consent of Omnibus approval for Related Party Transactions (RPT) with Subasri Realty Private Limited, Promoter Group Company

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

“RESOLVED THAT pursuant to Regulation 18, 23 and other applicable regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR Regulations”), Section 188 of the Companies Act, 2013 (“Act”) and the Rules and Regulations read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, including any statutory modifications and/or re-enactments made thereunder from time to time and other applicable provisions and rules made thereto, on the recommendation of the Board of Directors, the consent of the Members of the Company be and is hereby accorded to the Company to enter into material related party transactions with Subasri Realty Private Limited, the Promoter Group Company and execute agreements with Subasri Realty Private Limited (related party) as per the terms which may be decided by the Board of Directors or its committee there of.

RESOLVED FURTHER THAT the Board of Directors and the Company Secretary of the Company be and are hereby severally authorised to execute the agreements for availing services from the related party and to do all such acts, things and deeds as may be deemed essential and incidental for the purpose.”

13. Consent of Omnibus approval for Related Party Transactions (RPT) with Gay Travels Private Limited, Promoter Group Company

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

“RESOLVED THAT pursuant to Regulation 18, 23 and other applicable regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR Regulations”), Section 188 of the Companies Act, 2013 (“Act”) and the Rules and Regulations read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, including any statutory modifications and/or re-enactments made thereunder from time to time, and other applicable provisions and rules made thereto, on the recommendation of the Board of Directors, the consent of the Members of the Company be and is hereby accorded to the Company to enter into material related party transactions with Gay Travels Private Limited, the Promoter Group Company, and execute agreements with Gay Travels Private Limited, (related party) as per the terms which may be decided by the Board of Directors or its committee thereof.

RESOLVED FURTHER THAT the Board of Directors and the Company Secretary of the Company be and are hereby severally authorised to execute the agreements for availing services from the Related parties and to do all such acts, things and deeds as may be deemed essential and incidental for the purpose.”

14. Consent of Omnibus approval for Related Party Transactions (RPT) with India Cabs Private Ltd, Promoter Group Company

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

“RESOLVED THAT pursuant to Regulation 18, 23 and other applicable regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR Regulations”), Section 188 of the Companies Act, 2013 (“Act”) and the Rules and Regulations read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, including any statutory modifications and/or re-enactments made thereunder from time to time, and other applicable provisions and rules made thereto, on the recommendation of the Board of Directors, the consent of the Members of the Company be and is hereby accorded to the Company to enter into material related party transactions with India Cabs Private Limited, the Promoter Group Company, and execute agreements with India Cabs Private Limited, (related party) as per the terms which may be decided by the Board of Directors or its committee thereof.

RESOLVED FURTHER THAT the Board of Directors and the Company Secretary of the Company be and are hereby severally authorised to execute the agreements for availing services from the Related parties and to do all such acts, things and deeds as may be deemed essential and incidental for the purpose.”

Place: Chennai
Date: 26.08.2020

By Order of the Board
for ARUNA HOTELS LIMITED
Sd/-
M.S.DAVID
MANAGING DIRECTOR
DIN: 08539011

NOTES:

1. In view of the global outbreak of the COVID-19 pandemic, the Ministry of Corporate Affairs ('MCA') has vide its General Circular No.20/2020 dated May 5, 2020 in relation to 'Clarification on holding of AGM through VC or OAVM read with General Circular No. 14/2020 dated April 08, 2020 and the General Circular No. 17/2020 dated April 13, 2020 in relation to 'Clarification on passing of ordinary and special resolutions by companies under the Companies Act, 2013 and the rules made thereunder on account of the threat posed by Covid-19 (collectively referred to as 'MCA Circulars') and SEBI vide its circular dated May 12, 2020 in relation to 'Additional relaxation as to compliance with certain provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Covid-19 pandemic' (SEBI Circular) permitted the holding of the AGM through VC/OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ('Act'), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') MCA Circulars and SEBI Circular, the AGM of the Company is being held through VC/OAVM on Monday, the 21st day of September, 2020 at 11.00 a.m.(IST).
2. As per the provisions of Clause 3. A. II. of the General Circular No. 20/2020 dated May 05, 2020, the matters of Special Business as Item Nos.4, 5, 6, 7, 8, 9, 10, 11, 12, 13 and 14 of the accompanying Notice, are considered to be unavoidable by the Board and hence, forming part of this Notice.
3. The Explanatory Statement pursuant to Section 102 of the Act setting out material facts concerning the business under Item Nos.4, 5, 6, 7, 8, 9, 10, 11, 12, 13 and 14 is annexed hereto. The relevant details, pursuant to Regulation 26(4) and 36(3) of the SEBI Listing Regulations and Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India, in respect of Directors retire by rotation /seeking appointment/re-appointment at this AGM are also annexed. Requisite declarations have been received from Director/s for seeking re-appointment.
4. Pursuant to the provisions of the Act, a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/ herself and the proxy need not be a member of the company. Since this AGM is being held pursuant to the MCA circulars through VC/OAVM, the requirement of physical attendance of the members has been dispensed with. Accordingly, in terms of MCA circulars and the SEBI circular, the facility for appointment of proxies by the members will not be available for this AGM and hence the Proxy Form, Attendance Slip and Route Map of AGM are not annexed to this notice.
5. Since the AGM will be held through VC/ OAVM, the route map of the venue of the Meeting is not annexed hereto.
6. Institutional Investors, who are Members of the Company, are encouraged to attend and vote at the 58th AGM through VC/OAVM facility. Corporate Members intending to appoint their authorised representatives pursuant to Section 112 and 113 of the Act, as the case may be, to attend the AGM through VC/OAVM or to vote through remote e-Voting are requested to send a certified copy of the Board Resolution/authorization letter to the Scrutinizer by email at kjr@mdassociates.co.in with a copy marked to helpdesk.evoting@cdslindia.com.
7. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under section 103 of the Act.
8. In line with the MCA Circular dated May 5, 2020 and SEBI Circular dated May 12, 2020, the Notice of the AGM along with the Annual Report 2019-2020 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company / Depositories. The Notice convening the 58th AGM has been uploaded on the website of the Company at www.arunahotels.com and may also be accessed from the relevant section of the website of the Stock Exchange i.e. BSE Limited at www.bseindia.com. The AGM Notice is also available on the website of CDSL at www.evotingindia.com.
9. Members holding shares in physical mode, who have not registered / updated their email addresses with the Company, are requested to register / update the same by writing to the Company with details of folio number and attaching a self-attested copy of PAN card to Company's Registrar and Share Transfer Agents

ARUNA HOTELS LIMITED

for its Share Registry Work (Physical and Electronic) are M/s. MCS Share Transfer Agents Limited, having their office premises at 201, D Wing, 2nd Floor, Gokul Industrial Estate Building, Sagbaug, Marol Co-op Industrial Area, B/H Times Square, Andheri (E), Mumbai – 400 059.

10. The Company's Registrar and Share Transfer Agents (RTA) its Share Registry Work (Physical and Electronic) are M/s. MCS Share Transfer Agents Limited, having their office premises at 201, D Wing, 2nd Floor, Gokul Industrial Estate Building, Sagbaug, Marol Co-op Industrial Area, B/H Times Square, Andheri (E), Mumbai – 400 059. The Register of Members and Transfer Books of the Company will be closed from September 15, 2020 to September 21, 2020 (both days inclusive).
11. As per Regulation 40 of the SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact Company's Registrars and Transfer Agent, MCS Share Transfer Agents Limited ('RTA') at helpdesknum@mcsregistrars.com for assistance in this regard.
12. Pursuant to the provisions of Section 124 of the Act, Investor Education and Protection Fund Authority (Accounting, Audit, transfer and Refund) Rules, 2016 read with the relevant circulars and amendments thereto ('IEPF Rules'), the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the Investors Education and Protection Fund (IEPF) administered by the Central Government. The Shares in respect of such unclaimed dividend are also liable to be transferred to the Demat account of the IEPF Authority. As on date, there are no unclaimed dividends.
13. Members are requested to intimate changes, if any, pertaining to their name, postal address, e-mail address, telephone/mobile numbers, PAN, registering of nomination, power of attorney registration, Bank details such as name of the Bank, and branch details, Bank Account number, MICR Code, IFSC Code, to their DPs in case the shares are held in electronic form and to the RTA at helpdesknum@mcsregistrars.com in case the shares are held in physical form, quoting your folio number.
14. Members can avail the facility of nomination in respect of shares held by them pursuant to the provisions of Section 72 of the Act and Rules thereon. Members desiring to avail this facility may send their nomination in the prescribed Form No. SH - 13 duly filled in to M/s. MCS Share Transfer Agents Limited (RTA), at their mail address at helpdesknum@mcsregistrars.com If a member desires to cancel the earlier nomination, he/she may submit the same in form SH-14. Members holding shares in electronic form may contact their respective Depository Participant (DP)/RTA for availing this facility.
15. To support the 'Green Initiative', Members who have not yet registered their email addresses are requested to register the same with their DPs in case the shares are held by them in electronic form and with the Company / RTA in case the shares are held by them in physical form.
16. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or RTA, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such members after making requisite changes.
17. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
18. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the Members during the AGM. All documents referred to in the Notice will also be available for inspection without any fee by the Members from the date of circulation of this Notice up to the date of AGM. Members seeking to inspect such documents can send an email to cs@ahlchennai.com stating their DP ID / Client ID / or Folio No. Documents for inspection will be available electronically, without any fee, from the date of circulation of the Notice of AGM up to the date of AGM. Members seeking to inspect such documents can

send an e-mail to cs@ahlchennai.com stating their DP ID / Client ID / or Folio No.

19. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before September 20, 2020 through email on cs@ahlchennai.com. The same will be replied by the Company suitably.

20. Profile of Directors forms part of Corporate Governance Report. Details of Directors are also attached to this Notice, as required under the Listing Regulations.

21. Recorded transcript of the AGM will be made available on the website of the Company at www.arunahotels.com

22. Voting through electronic means

(i) In compliance with the provisions of Section 108 of the Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time and Regulation 44 of SEBI Listing Regulations, the Company is pleased to offer e-voting facility to its members to exercise their right to vote at the 58th AGM by electronic means in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorised agency. The facility of casting votes by a member using remote e-Voting system as well remote e-Voting during the AGM will be provided by CDSL.

(ii) The remote e-voting period commences on Friday, September 18, 2020 at 9.00 A.M. (IST) and ends on Sunday, September 20, 2020 at 5.00 P.M. (IST). During this period, Members holding shares either in physical form or in dematerialised form, as on Monday, September 14, 2020 i.e. cut-off date, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Those Members who will be present in the AGM through VC/OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.

(iii) The Members who have cast their vote by remote e-voting prior to the AGM shall be eligible to participate/attend in the AGM through VC/OAVM facility, but shall not be entitled to cast their vote again.

(iv) The facility for voting through electronic voting system which shall be made available at the meeting for members attending the meeting who have not already cast their vote by remote e-voting. Such members shall be able to exercise their right at the meeting.

(v) The members who have cast their vote by remote-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

(vi) The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date.

(vii) Mr. M. Damodaran, Managing Partner of M. Damodaran & Associates LLP, Practicing Company Secretaries, has been appointed as the Scrutinizer to scrutinize the voting during the AGM and remote e-voting process in a fair and transparent manner.

(viii) A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of e-Voting before the AGM as well as remote e-Voting during the AGM. Any person who acquires the shares of the Company and becomes the Member of the Company after sending/despatch of the Notice and holding shares as of cut-off date i.e. Monday, 14th day of September 2020, may obtain the login ID and password by sending a request at www.evotingindia.com. However, if he/she is already registered with CDSL for remote e-Voting, then he/she can use his/her existing user ID and password for casting the vote.

(ix) The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be

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held, allow voting, by use of remote e-Voting system for all those Members who are present during the AGM through VC/OAVM but have not cast their votes by availing the remote e-Voting facility. The remote e-Voting module during the AGM shall be disabled by CDSL for voting 15 minutes after the conclusion of the Meeting.

The manner of voting remotely by Members holding shares in dematerialized mode, physical mode and for Members who have not registered their email addresses is provided in the instructions for e-voting section as follows;

(x) Instructions for remote e-voting are as under:

- a. The shareholders should log on to the e-voting website <https://www.evotingindia.com>
- b. Click on “Shareholders” module.

Now Enter your User ID:

- (i) For CDSL: 16 digits Beneficiary ID,
- (ii) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
- (iii) Members holding shares in Physical Form should enter Folio Number registered with the Company.

(OR)

Alternatively, if you are registered for CDSL’s EASI/EASIEST e-services, you can log-in at <https://www.cdslindia.com> from Login-Myeasi using your login credentials. Once you successfully log-in to CDSL’s EASI/EASIEST e-services, click on e-voting option and proceed directly to cast your vote electronically

- c. Next enter the Image Verification as displayed and Click on **Login**.
- d. If you are holding shares in demat form and had logged on to <https://www.evotingindia.com> and voted on an earlier voting of any company, then your existing password is to be used.
- e. If you are a first-time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10-digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders).
	<ul style="list-style-type: none">• Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number. Please send a request to RTA’s email id at helpdesknum@csregistrars.com get sequence number.
DOB#	Enter the Date of Birth (DOB) as recorded in your demat account or in the company records for the said demat account or folio in DD/MM/YYYY format.
Dividend bank details#	Enter the dividend bank details as recorded in your demat account or in company records for the said demat account or Folio

- f. After entering these details appropriately, click on “**SUBMIT**” tab.
- g. Members holding shares in physical form will reach directly the Company selection screen. However, Members holding shares in demat form will now reach ‘**Set Password**’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- h. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

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- i. Click on the EVSN number. A voting page will open containing Resolutions to be passed by Members of “Aruna Hotels Limited” on which you choose to vote.
- j. **On the voting page, you will see “RESOLUTION DESCRIPTION”** and against the same the option “YES / NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- k. Click on the “**RESOLUTIONS FILE LINK**” if you wish to view the entire Resolution details.
- l. After selecting the resolution, you have decided to vote on, click on “**SUBMIT**”. A confirmation box will be displayed. If you wish to confirm your vote, click on “**OK**”, else to change your vote, click on “**CANCEL**” and accordingly modify your vote.
- m. Once you “**CONFIRM**” your vote on the resolution, you will not be allowed to modify your vote.
- n. You can also take out print of the voting done by you by clicking on “**CLICK HERE TO PRINT**” option on the Voting page.
- o. If Demat account holder has forgotten the changed/login password then enter the User ID and Image Verification code (Captcha code) and click on Forgot Password by entering the details as prompted by the system.
- p. Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xi) Instructions for e-voting during the AGM are as under:

1. The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system available during the AGM.
3. If any votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in this AGM through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting is available only to the shareholders attending this AGM.

General guidelines for e-voting:

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by E-mail to kjr@mdassociates.co.in.
 2. It is strongly recommended that you do not share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details /Password?” or “Physical User Reset Password?” option available on <https://www.evotingindia.com> to reset the password.
- (xii) Persons who become a Member of the Company after the despatch of Notice of 58th AGM and holding shares as of the Cut-off-Date, may refer to the notice available in Company’s website www.arunahotels.com or in CDSL’s e-voting website i.e. <https://www.evotingindia.com> under Notices/Results option and follow e-voting procedure mentioned in the notice. However, if the Member is already registered with CDSL for remote e-voting, then the existing User ID and Password can be used for casting vote.

- (xiii) You can also update your mobile number and e-mail ID in the user profile details of the folio which may be used for sending future communication(s).
- (xiv) The Scrutinizer shall immediately after the conclusion of voting at the AGM unblock the votes cast through remote e-voting and votes cast at the AGM, in the presence of at least two witnesses not in the employment of the Company and shall make, not later than 48 hours of the conclusion of the AGM, a consolidated Scrutinizer's report (both remote e-voting and voting at the AGM) of the total votes cast in favour or against, if any, to the Chairman of the AGM or a person authorised by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- (xv) The results declared along with the report of the Scrutinizer will be placed on the website of the Company viz., www.arunahotels.com and on the website of CDSL immediately after the results are declared by the Chairman of the AGM or a person authorized by him and will be simultaneously communicated to the stock exchange at www.bseindia.com on which the securities of the Company are listed.

In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Share holders and e-voting user manual for Shareholders available at the download section of <https://www.evotingindia.com> or send a request through E-mail to: helpdesk.evoting@cdslindia.com. Shareholders may also contact (i) Mr. Nitin Kunder (022-23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542) (ii) Mr. Subodh of MCS Share Transfer Agent Limited (RTA), Tel. Nos.: 022-28516020/6021/6023 and at the designated Email-ID: helpdesk@mcsregistrars.com or (iii) the Company on Email-ID: cs@ahlichennai.com for any grievances connected with voting by electronic means.

- (xvi) Disclosures contained in this Notice and the Explanatory Statement are made in compliance with Regulation 36(3) of the LODR and Secretarial Standards on General Meeting (SS-2) prescribed by The Institute of Company Secretaries of India.

23. Instructions for participating at the AGM through VC/OAVM are as under:

1. Shareholders will be provided with a facility to attend the AGM through VC/ OAVM and for e-voting by CDSL. Shareholders may access the same at <https://www.evotingindia.com> under Shareholders/ Members login by using the remote e-voting credentials. The link for VC/OAVM will be available in Shareholder/Members login where the EVSN of Company will be displayed. Please note that the Shareholders need to use their 16-digit Demat Account Number or Folio Number as User ID. In case any shareholder forgets their password, they can retrieve the same by clicking on 'forgot password' option. System will then prompt for some validation and shareholders will then get the password on their registered E-mail ID.
2. Large shareholders (i.e. shareholders holding 2% or more shareholding), Promoter, Institutional Investors, Directors, Key Managerial Personnel, Chairman/Chairpersons of Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors, etc. are allowed to attend the AGM without restriction on account of first-come-first-serve basis.
3. The Members can join the AGM in the VC/OAVM mode 30 minutes before the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The Members will be able to view the proceedings on Central Depository Services (India) Limited's ('CDSL') e-Voting website at www.evotingindia.com. The facility of participation at the AGM through VC/OAVM will be made available to at least 1,000 Members on a first come first served basis as per the MCA Circulars.
4. Members are requested to join the proceedings of the AGM through desktops/laptops for better experience and smooth participation. Further, Members are required to allow Camera and use Internet with a high-speed for seamless participation during this AGM.
5. Please note that participants connecting from mobile devices (smartphones) or tablets, or through laptop using mobile hotspot may experience audio/video loss due to fluctuation in their respective internet bandwidth connection/network. It is therefore recommended to use a stable Wi-Fi or LAN connection to mitigate any kind of aforementioned glitches.

6. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker and send their request mentioning their name, demat account number/ folio number, Email-ID, mobile number at Company's Email-ID: cs@ahlchennai.com. Only those shareholders who have registered themselves as a "SPEAKER" on or before 15th September, 2020 in advance will be allowed to express their views /ask questions during the AGM. The Company may limit the number of speakers and/or abate limited time for speaking at the AGM.
7. Members who need any technical assistance or support before or during the AGM are requested to contact CDSL at toll-free No. 022-23058542/43 or write to them at helpdesk.evoting@cdslindia.com.

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("Act") forming part of the Notice of the 58th Annual General Meeting of the Company.

STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

The following Statement sets out all material facts relating to the Special Business mentioned in the Notice:

In respect of Item No.4:

The existing Articles of Association (AOA) are based on the Companies Act, 1956 and several regulations in the existing AOA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AOA are no longer in conformity with the Act. On 12th September, 2013, the Ministry of Corporate Affairs ("MCA") had notified 98 Sections for implementation. Subsequently, on 26th March, 2014, MCA notified most of the remaining Sections (barring those provisions which require sanction / confirmation of the National Company Law Tribunal ("Tribunal"). With the coming into force of the Act, several regulations of the existing AOA of the Company require alteration or deletions in several articles. Given this position, it is considered expedient to replace wholly the existing AOA by a new set of Articles. The new AOA to be substituted in place of the existing AOA are based on "Table-F" of the Act which sets out the model articles of association for a company limited by shares. Pursuant to Section 14 of the Act, the consent of the Members by way of Special Resolution is required for alteration of AOA of the Company. The Board recommends the Special Resolution set forth in Item No. 4 of the Notice for approval of the Members. The proposed new draft AOA is being uploaded on the Company's website for perusal by the Members. The said documents will also be available for electronic inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM, i.e. September 21, 2020. Members seeking to inspect such documents can send an email to cs@ahlchennai.com. None of the Directors or Key Managerial Personnel of the Company including their relatives is interested or concerned in the Resolution except to the extent of their shareholding, if any, in the Company.

In respect of Item No.5:

Mrs. Freeda Gnanaselvam Kanagiah (DIN: 07350172) was appointed as Independent Woman Director of the Company pursuant to Section 149 of the Companies Act, 2013 ("the Act") read with Companies (Appointment and Qualification of Directors) Rules, 2014, by the Shareholders at the Annual General Meeting (AGM 2015) held on December 30, 2015 to hold office up to this Annual General Meeting (AGM 2020) (1st term as per the explanation to Section 149(10) and 149(11) of the Act.)

The Nomination and Remuneration Committee (NRC) at its Meeting held on August 26, 2020 after taking into account the performance evaluation of this Independent Woman Director, during her first term of five years and considering the knowledge, acumen, expertise and experience in her field and substantial contribution made by Mrs. Freeda Gnanaselvam Kanagiah during her tenure as an Independent Woman Director since her appointment, has recommended to the Board that her continued association as an Independent Woman Director would be in the interest of the Company. Based on the above, the Nomination & Remuneration Committee and the Board has recommended the re-appointment of Mrs. Freeda Gnanaselvam Kanagiah as Independent Woman Director on the Board of the Company to hold office for the second term of 5 (five) consecutive years commencing from the date of this Annual General Meeting (AGM 2020) upto the Annual General Meeting for the financial year 2024-2025 (AGM 2025) and not liable to retire by rotation.

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The Company has received a notice in writing pursuant to Section 160 of the Companies Act, 2013 from a Member proposing the candidature of Mrs. Freeda Gnanaselvam Kanagiah for her appointment to the office of Independent Woman Director.

Mrs. Freeda Gnanaselvam Kanagiah has a rich experience in the field of Hotel Industry more than a decade.

Mrs. Freeda Gnanaselvam Kanagiah has given a Declaration to the Board that she meets the criteria of Independence as provided in Section 149 (6) of the Companies Act, 2013 and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. In terms of proviso to sub-section (5) of Section 152, the Board of Directors is of opinion that Mrs. Freeda Gnanaselvam Kanagiah fulfils the conditions specified in the Act for their appointment as an Independent Director.

The Company has also received from Mrs. Freeda, the Independent Woman Director: -

- a) The consent in writing to act as Director
- b) Intimation that she is not disqualified under section 164(2) of the Companies Act, 2013
- c) A declaration to the effect that she is not debarred from holding the office of Director pursuant to any Order issued by the Securities and Exchange Board of India (SEBI).
- d) A declaration to the effect that she meets the criteria of independence as provided in clause (b) of sub-regulation (1) of regulation 16 of SEBI LODR Regulations and that she is not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact her ability to discharge her duties with an objective independent judgment and without any external influence.

Copy of Appointment letter will be available for electronic inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM, i.e. September 21, 2020. Members seeking to inspect such documents can send an email to cs@ahlchennai.com.

The Board recommend the resolution for re-appointment of Mrs. Freeda Gnanaselvam Kanagiah as the Independent Woman Director at item No.5 as Special Resolution for your approval.

Mrs. Freeda Gnanaselvam Kanagiah is concerned or interested in the resolutions of the accompanying notice relating to her own appointment.

None of the other Directors, Key Managerial Personnel and relatives thereof are concerned or interested in the Resolution as item No.5.

In respect of Item No.: 6

The Members of the Company at their 53rd Annual General Meeting (AGM) held on 30th December, 2015, has approved by way of Special Resolution under Section 180(1)(c) of the Companies Act, 2013, borrowings over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amount already borrowed and outstanding at any point of time shall not be in excess of Rs. 100 crores (Rupees One hundred crores only).

The Board of Directors of the Company shall not, except with the consent of Company by Special Resolution borrow money together with the money already borrowed, if any (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), exceeding the aggregate of the paid up capital and its free reserves as per the provisions of Section 180(1)(c) of the Companies Act, 2013 ("the Act") and its rules thereunder.

It is therefore, necessary for the members to pass a Special Resolution under Section 180(1)(c) of the Companies Act, 2013, as set out at Item No. 6 of the Notice, to enable the Board of Directors to borrow money upto Rs. 200 Crores (Rupees Two Hundred Crores only).

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The Board recommends the Special Resolution as per the accompanying Notice, for approval by the Shareholders of the Company.

None of the Directors and the Key Managerial Personnel of the Company and their respective relatives are concerned or interested in the passing of the above resolution.

In respect of Item No.: 7

Pursuant to the provisions of Section 188(1) of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of the Board and its Powers) Rules, 2014 and other applicable provisions there under, Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) and the Company's Policy on Related Party Transactions, all Material Related Party Transactions shall require the approval of the shareholders as per the Listing Related Party Transactions, even if such transactions are in the ordinary course of business of the concerned company and at an arm's length basis.

A transaction with a related party shall be considered material under the Listing Regulations, if the transaction(s) in a contract to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual turnover of the company as per the last audited financial statements of the company.

As per Regulation 2(zc) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 members of the Promoter Group shall also come within the meaning of a related party. Therefore, Gay Travels Private Limited (Promoter Group Company) is a related party of the Company and the Company has entered into various transactions with it as disclosed in the notes forming part of the financial statements. This borrowings in the form of unsecured loan was taken from the Promoter Group Company of the Company, as a precondition of credit facility provided by banker of the Company. As per the provisions and covenants in the loan documents executed with HDFC Bank Limited, Company is required to bring the additional subordinate loans from the Shareholder Promoters of the Company. Hence, the Company had approached the Promoter Group Company to avail unsecured loans from them to meet the stipulations laid down by the Bank and has also entered into loan agreements with each of this Promoter Group Company.

Further, the company has also availed air tickets booking services from the said Promoter Group Company.

Name of the Related Parties	Relationship	Nature of transaction	Transaction amount (Rs in lakhs)
Gay Travels Private Limited, (being Promoter Group Company)	Promoter Shareholder (Promoter Group Company)	Borrowings availed from the Promoter Shareholder, in the form of Unsecured loan, being a precondition of credit facility provided by the Banker of the Company.	3754.78/- (Includes Interest)
		Air Ticket Service	6.05/-

The aforementioned transactions were carried out in the financial years 2018, 2019 and 2020 and in terms of aggregate value in respect of the above-mentioned party, has exceeded 10% of the Company's annual turnover for each of the said financial years. The transactions have been continued in the financial year 2020-2021 and are expected to exceed the threshold limits under the Listing Regulations and other laws as may be applicable from time to time so as to qualify as material related party transactions. Going forward also, the Company intends to continue such transactions with the Promoter Group Company.

Accordingly, as per Regulation 23 of the SEBI Listing Regulations, ratification of the Members is sought for the material related party transaction undertaken whether by way of continuation/extension/renewal/modification of earlier material related party transactions (RPT) to be undertaken by the Company.

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Accordingly, the Company proposes to obtain approval of its Members for ratifying as also for giving further approval to the Board for carrying out/continuing with the transactions with the Promoter Group Company, as this amounts to RPT falling within the purview of the SEBI Listing Regulations and all these transactions in aggregate, are material RPT under the SEBI Listing Regulations.

The Members may please note that as per SEBI Listing Regulations, 2015 and Companies Act, 2013, related parties of the Company shall abstain from voting on said resolution under Item No.7.

None of the Directors and key managerial personnel of the Company or their relatives are concerned or interested in the resolution except the common directors.

The Board of Directors at its meeting held on August 26, 2020 recommended passing of the resolutions set out in item No.7 as an Ordinary resolution.

In respect of Item No.: 8

Pursuant to the provisions of Section 188(1) of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of the Board and its Powers) Rules, 2014 and other applicable provisions thereunder, Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and the Company's Policy on Related Party Transactions all Material Related Party Transactions shall require the approval of the shareholders as per the Listing Regulations even if such transactions are in the ordinary course of business of the concerned company and at an arm's length basis.

A transaction with a related party shall be considered material under the Listing Regulations, if the transaction(s) in a contract to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual turnover of the company as per the last audited financial statements of the company.

As per Regulation 2(zc) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 members of the Promoter Group shall also come within the meaning of a related party. Therefore, Malar Publications Private Limited, Promoter Group Company, is a related party of the Company and the Company has entered into various transactions with it as disclosed in the notes forming part of the financial statements. This borrowings in the form of unsecured loan was taken from the Promoter Group Company of the Company, as a precondition of credit facility provided by banker of the Company. As per the provisions and covenants in the loan documents executed with HDFC Bank Limited, Company is required to bring the additional subordinate loans from the Shareholder Promoters of the Company. Hence, the Company had approached the Promoter Group Company to avail unsecured loans from them to meet the stipulations laid down by the Bank and has also entered into loan agreements with each of this Promoter Group Company.

Name of the Related Parties	Relationship	Nature of transaction	Transaction amount (Rs in lakhs)
Malar Publications Private Limited (being Promoter Group Company)	Promoter Group Company	Borrowings availed from the Promoter group company, in the form of Unsecured loan, being a precondition of credit facility provided by the Banker of the Company.	1358.09/- (Includes Interest)

The aforementioned transactions were carried out in the financial years 2018, 2019 and 2020 and in terms of aggregate value in respect of the above-mentioned party, has exceeded 10% of the Company's annual turnover for each of the said financial years. The transactions have been continued in the financial year 2020-2021 and are expected to exceed the threshold limits under the Listing Regulations and other laws as may be applicable from time to time so as to qualify as material related party transactions. Going forward also, the Company intends to continue such transactions with the Promoter Group Company.

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Accordingly, as per Regulation 23 of the SEBI Listing Regulations, ratification of the Members is sought for the material related party transaction undertaken whether by way of continuation/extension/renewal/modification of earlier material related party transactions (RPT) to be undertaken by the Company.

Accordingly, the Company proposes to obtain approval of its Members for ratifying as also for giving further approval to the Board for carrying out/continuing with the transactions with the Promoter Group Company, as this amounts to RPT falling within the purview of the SEBI Listing Regulations and all these transactions in aggregate, are material RPT under the SEBI Listing Regulations.

The Members may please note that as per SEBI Listing Regulations, 2015 and Companies Act, 2013, related parties of the Company shall abstain from voting on said resolution under Item No.8.

None of the Directors and key managerial personnel of the Company or their relatives are concerned or interested in the resolution except the common directors. The Board of Directors recommends the ordinary resolution for your approval.

In respect of Item No.: 9

Pursuant to the provisions of Section 188(1) of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of the Board and its Powers) Rules, 2014 and other applicable provisions thereunder, Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and the Company's Policy on Related Party Transactions all Material Related Party Transactions shall require the approval of the shareholders as per the Listing Regulations even if such transactions are in the ordinary course of business of the concerned company and at an arm's length basis.

A transaction with a related party shall be considered material under the Listing Regulations, if the transaction(s) in a contract to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual turnover of the company as per the last audited financial statements of the company.

As per Regulation 2(zc) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 members of the Promoter Group shall also come within the meaning of a related party. Therefore, Rani Printers Private Limited, Promoter Group Company, is a related party of the Company and the Company has entered into various transactions with it as disclosed in the notes forming part of the financial statements. This borrowings in the form of unsecured loan was taken from the Promoter Group Company of the Company, as a precondition of credit facility provided by banker of the Company. As per the provisions and covenants in the loan documents executed with HDFC Bank Limited, Company is required to bring the additional subordinate loans from the Shareholder Promoters of the Company. Hence, the Company had approached the Promoter Group Company to avail unsecured loans from them to meet the stipulations laid down by the Bank and has also entered into loan agreements with each of this Promoter Group Company.

Name of the Related Parties	Relationship	Nature of transaction	Transaction amount (Rs in lakhs)
Rani Printers Private Limited (being Promoter Group Company)	Promoter Shareholder (Promoter Group Company)	Borrowings availed from the Promoter Shareholder, in the form of Unsecured loan, being a precondition of credit facility provided by the Banker of the Company.	560.16/- (Includes Interest)

The aforementioned transactions were carried out in the financial years 2018, 2019 and 2020 and in terms of aggregate value in respect of the above-mentioned party, has exceeded 10% of the Company's annual turnover for each of the said financial years. The transactions have been continued in the financial year 2020-2021 and are expected to exceed the threshold limits under the Listing Regulations and other laws as may be applicable

ARUNA HOTELS LIMITED

from time to time so as to qualify as material related party transactions. Going forward also, the Company intends to continue such transactions with the Promoter Group Company.

Accordingly, as per Regulation 23 of the SEBI Listing Regulations, ratification of the Members is sought for the material related party transaction undertaken whether by way of continuation/extension/renewal/ modification of earlier material related party transactions (RPT) to be undertaken by the Company.

Accordingly, the Company proposes to obtain approval of its Members for ratifying as also for giving further approval to the Board for carrying out/continuing with the transactions with the Promoter Group Company, as this amounts to RPT falling within the purview of the SEBI Listing Regulations and all these transactions in aggregate, are material RPT under the SEBI Listing Regulations.

The Members may please note that as per SEBI Listing Regulations, 2015 and Companies Act, 2013, related parties of the Company shall abstain from voting on said resolution under Item No.9.

None of the Directors and key managerial personnel of the Company or their relatives are concerned or interested in the resolution except the common directors.

The Board of Directors recommends the ordinary resolution for your approval.

In respect of Item No.: 10

Pursuant to the provisions of Section 188(1) of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of the Board and its Powers) Rules, 2014 and other applicable provisions there under, Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and the Company's Policy on Related Party Transactions all Material Related Party Transactions shall require the approval of the shareholders as per the Listing Regulations even if such transactions are in the ordinary course of business of the concerned company and at an arm's length basis.

A transaction with a related party shall be considered material under the Listing Regulations, if the transaction(s) in a contract to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual turnover of the company as per the last audited financial statements of the company.

As per Regulation 2(zc) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 members of the Promoter Group shall also come within the meaning of a related party. Therefore, Subasri Realty Private Limited, Promoter Group Company is a related party of the Company and the Company has entered into various transactions with it as disclosed in the notes forming part of the financial statements. This borrowings in the form of unsecured loan was taken from the Promoter Group Company of the Company, as a precondition of credit facility provided by banker of the Company. As per the provisions and covenants in the loan documents executed with HDFC Bank Limited, Company is required to bring the additional subordinate loans from the Shareholder Promoters of the Company. Hence, the Company had approached the Promoter Group Company to avail unsecured loans from them to meet the stipulations laid down by the Bank and has also entered into loan agreements with each of this Promoter Group Company.

Name of the Related Parties	Relationship	Nature of transaction	Transaction amount (Rs in lakhs)
Subasri Realty Private Limited (being Promoter Group Company)	Promoter Shareholder (Promoter Group Company)	Borrowings availed from the Promoter Shareholder, in the form of Unsecured loan, being a precondition of credit facility provided by the Banker of the Company.	1656.67/- (Includes Interest)

The aforementioned transactions were carried out in the financial years 2018, 2019 and 2020 and in terms of aggregate value in respect of the above-mentioned party, has exceeded 10% of the Company's annual turnover for each of the said financial years. The transactions have been continued in the financial year 2020-2021 and are expected to exceed the threshold limits under the Listing Regulations and other laws as may be applicable from time to time so as to qualify as material related party transactions. Going forward also, the Company intends to continue such transactions with the Promoter Group Company.

Accordingly, as per Regulation 23 of the SEBI Listing Regulations, ratification of the Members is sought for the material related party transaction undertaken whether by way of continuation/extension/renewal/modification of earlier material related party transactions (RPT) to be undertaken by the Company.

Accordingly, the Company proposes to obtain approval of its Members for ratifying as also for giving further approval to the Board for carrying out/continuing with the transactions with the Promoter Group Company, as this amounts to RPT falling within the purview of the SEBI Listing Regulations and all these transactions in aggregate, are material RPT under the SEBI Listing Regulations.

The Members may please note that as per SEBI Listing Regulations, 2015 and Companies Act, 2013, related parties of the Company shall abstain from voting on said resolution under Item No.10.

None of the Directors and key managerial personnel of the Company or their relatives are concerned or interested in the resolution except the common directors.

The Board of Directors recommends the ordinary resolution for your approval.

In respect of Item No.: 11

Pursuant to the provisions of Section 188(1) of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of the Board and its Powers) Rules, 2014 and other applicable provisions thereunder, Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and the Company's Policy on Related Party Transactions all Material Related Party Transactions shall require the approval of the shareholders as per the Listing Regulations even if such transactions are in the ordinary course of business of the concerned company and at an arm's length basis.

A transaction with a related party shall be considered material under the Listing Regulations, if the transaction(s) in a contract to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual turnover of the company as per the last audited financial statements of the company.

As per Regulation 2(zc) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 members of the Promoter Group shall also come within the meaning of a related party. Therefore, Sivels Holdings Private Limited, Promoter Group Company is a related party of the Company and the Company has entered into various transactions with it as disclosed in the notes forming part of the financial statements. This borrowings in the form of unsecured loan was taken from the Promoter Group Company of the Company, as a precondition of credit facility provided by banker of the Company. As per the provisions and covenants in the loan documents executed with HDFC Bank Limited, Company is required to bring the additional subordinate loans from the Shareholder Promoters of the Company. Hence, the Company had approached the Promoter Group Company to avail unsecured loans from them to meet the stipulations laid down by the Bank and has also entered into loan agreements with each of this Promoter Group Company.

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Name of the Related Parties	Relationship	Nature of transaction	Transaction amount (Rs in lakhs)
Sivels Holdings Private Limited (being Promoter Group Company)	Promoter Group Company	Borrowings availed from the Promoter group company, in the form of Unsecured loan, being a precondition of credit facility provided by the Banker of the Company.	90/-

In the financial year 2019-2020, the aforementioned transaction in terms of aggregate value in respect of all the above-mentioned party, has exceeded 10% of the Company's annual turnover for the relevant year. The transactions have been continued in the financial year 2020-2021 and are expected to exceed the threshold limits under the Listing Regulations and other laws as may be applicable from time to time so as to qualify as material related party transactions. Going forward also, the Company intends to continue such transactions with the Promoter Group Company.

Accordingly, as per Regulation 23 of the SEBI Listing Regulations, ratification of the Members is sought for the material related party transaction undertaken whether by way of continuation/extension/renewal/modification of earlier material related party transactions (RPT) to be undertaken by the Company.

Accordingly, the Company proposes to obtain approval of its Members for ratifying as also for giving further approval to the Board for carrying out/continuing with the transactions with the Promoter Group Company, as this amounts to RPT falling within the purview of the SEBI Listing Regulations and all these transactions in aggregate, are material RPT under the SEBI Listing Regulations.

The Members may please note that as per SEBI Listing Regulations, 2015 and Companies Act, 2013, related parties of the Company shall abstain from voting on said resolution under Item No.11.

None of the Directors and key managerial personnel of the Company or their relatives are concerned or interested in the resolution except the common directors.

The Board of Directors recommends the ordinary resolution for your approval.

In respect of Item No.: 12

As per Regulation 2(zc) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"), members of the Promoter Group shall also come within the meaning of a related party. Further, under Regulation 23(4) of the SEBI LODR Regulations, all material related party transactions shall require the approval of the shareholders, even if such transactions are in the ordinary course of business of the concerned company and at an arm's length basis.

A transaction with a related party shall be considered material under the SEBI LODR Regulations, if the transaction(s) in a contract to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual turnover of the company as per the last audited financial statements of the company.

Our Company intends to enter into material related party transactions with our Promoter Group entity, Subasri Realty Private Limited, in the ordinary course of business and at arm's length basis. In view of the repetitiveness of the transactions, under Regulation 23(3) of the SEBI LODR Regulations and Section 177 of the Companies Act, 2013 read with, Rule 6A of the Companies (Meeting of Board and its Powers) Rules, 2014, an omnibus approval shall be passed for approving the transactions which shall be entered by our Company with the above-mentioned related party during the financial year 2020-2021.

The Board of Directors and the Audit Committee have vide their resolutions dated August 26th 2020 have approved the omnibus approval for entering into related party transactions with Subasri Realty Private Limited in terms of the below mentioned details and recommends the Shareholders to approve the omnibus

approval for the material related party transactions:

Name of the Party	Nature of Interest	Nature of transaction	Indicative base price or current contracted price	Period of transaction	Maximum value of transactions which shall be entered into
Subasri Realty Private Limited	Subasri Realty Private Limited is a member of the promoter group Company.	Building maintenance	As may be decided by the Board or its committee thereof from time to time	As may be decided by the Board or its committee thereof	Rs.100 lakhs

The omnibus approval shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year. The Audit Committee and the Board of Directors in their meeting dated August 26th 2020 have approved the criteria or granting the omnibus approval and have also justified the need of passing of the omnibus approval and that such approval shall be in the interest of the Company.

The above-mentioned transactions are expected to exceed the threshold limits under the Listing Regulations in the financial year 2020-2021 so as to qualify as material related party transactions. Owing to the repetitive nature of the above-mentioned transactions, as per Regulation 23 of the SEBI LODR Regulations, ratification of the Members is sought for the omnibus approval to be passed for entering into material related party transaction with the promoter group entity during the financial year 2020-2021.

The Members may please note that as per SEBI Listing Regulations, 2015 and Companies Act, 2013, related parties of the Company shall abstain from voting on said resolution under Item No.12.

None of the Directors and key managerial personnel of the Company or their relatives are concerned or interested in the resolution except the common directors.

The Board of Directors recommends the ordinary resolution for your approval.

In respect of Item No.: 13

As per Regulation 2(zc) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR Regulations”), members of the Promoter Group shall also come within the meaning of a related party. Further, under Regulation 23(4) of the SEBI LODR Regulations, all material related party transactions shall require the approval of the shareholders, even if such transactions are in the ordinary course of business of the concerned company and at an arm’s length basis.

A transaction with a related party shall be considered material under the SEBI LODR Regulations, if the transaction(s) in a contract to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual turnover of the company as per the last audited financial statements of the company.

Our Company intends to enter into material related party transactions with our Promoter Group entity, Gay Travels Private Limited in the ordinary course of business and at arm’s length basis. In view of the repetitiveness of the transactions, under Regulation 23(3) of the SEBI LODR Regulations and Section 177 of the Companies Act, 2013 read with, Rule 6A of the Companies (Meeting of Board and its Powers) Rules, 2014 an omnibus approval shall be passed for approving the transactions which shall be entered by our Company with the above-mentioned related party during the financial year 2020-2021.

The Board of Directors and the Audit Committee have vide their resolutions dated August 26th 2020 have approved the omnibus approval for entering into related party transactions with Gay Travels Private Limited

ARUNA HOTELS LIMITED

in terms of the below mentioned details and recommends the Shareholders to approve the omnibus approval for the material related party transactions:

Name of the Party	Nature of Interest	Nature of transaction	Indicative base price or current contracted price	Period of transaction	Maximum value of transactions which shall be entered into
Gay Travels Private Limited	Gay Travels is a member of the promoter group Company.	Booking of Air Tickets	As may be decided by the Board or its committee thereof from time to time	As may be decided by the Board or its committee thereof	Rs.25 lakhs

The omnibus approval shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year. The Audit Committee and the Board of Directors in their meeting dated August 26th 2020 have approved the criteria or granting the omnibus approval and have also justified the need of passing of the omnibus approval and that such approval shall be in the interest of the Company.

The above-mentioned transactions are expected to exceed the threshold limits under the Listing Regulations in the financial year 2020-2021 so as to qualify as material related party transactions. Owing to the repetitive nature of the above-mentioned transactions, as per Regulation 23 of the SEBI LODR Regulations, ratification of the Members is sought for the omnibus approval to be passed for entering into material related party transaction with the promoter group entities during the financial year 2020-2021.

The Members may please note that as per SEBI Listing Regulations, 2015 and Companies Act, 2013, related parties of the Company shall abstain from voting on said resolution under Item No.13.

None of the Directors and key managerial personnel of the Company or their relatives are concerned or interested in the resolution except the common directors.

The Board of Directors recommends the ordinary resolution for your approval.

In respect of Item No.: 14

As per Regulation 2(zc) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR Regulations”), members of the Promoter Group shall also come within the meaning of a related party. Further, under Regulation 23(4) of the SEBI LODR Regulations, all material related party transactions shall require the approval of the shareholders, even if such transactions are in the ordinary course of business of the concerned company and at an arm’s length basis.

A transaction with a related party shall be considered material under the SEBI LODR Regulations, if the transaction(s) in a contract to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual turnover of the company as per the last audited financial statements of the company.

Our Company intends to enter into material related party transactions with our Promoter Group entity, India Cabs Private Limited in the ordinary course of business and at arm’s length basis. In view of the repetitiveness of the transactions, under Regulation 23(3) of the SEBI LODR Regulations and Section 177 of the Companies Act, 2013 read with, Rule 6A of the Companies (Meeting of Board and its Powers) Rules, 2014 an omnibus approval shall be passed for approving the transactions which shall be entered by our Company with the above-mentioned related parties during the financial year 2020-2021.

The Board of Directors and the Audit Committee have vide their resolutions dated August 26th 2020 have

ARUNA HOTELS LIMITED

approved the omnibus approval for entering into related party transactions with India Cabs Private Limited in terms of the below mentioned details and recommends the Shareholders to approve the omnibus approval for the material related party transactions:

Name of the Party	Nature of Interest	Nature of transaction	Indicative base price or current contracted price	Period of transaction	Maximum value of transactions which shall be entered into
India Cabs Private Limited	India Cabs Private Ltd is a member of the promoter group Company.	Car hire charges / Cab service	As may be decided by the Board or its committee thereof from time to time	As may be decided by the Board or its committee thereof	Rs.25 lakhs

The omnibus approval shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year. The Audit Committee and the Board of Directors in their meeting dated August 26th 2020 have approved the criteria or granting the omnibus approval and have also justified the need of passing of the omnibus approval and that such approval shall be in the interest of the Company. The above-mentioned transactions are expected to exceed the threshold limits under the Listing Regulations in the financial year 2020-2021 so as to qualify as material related party transactions. Owing to the repetitive nature of the above-mentioned transactions, as per Regulation 23 of the SEBI LODR Regulations, ratification of the Members is sought for the omnibus approval to be passed for entering into material related party transaction with the promoter group entities during the financial year 2020-2021.

The Members may please note that as per SEBI Listing Regulations, 2015 and Companies Act, 2013, related parties of the Company shall abstain from voting on said resolution under Item No.14.

None of the Directors and key managerial personnel of the Company or their relatives are concerned or interested in the resolution except the common directors.

The Board of Directors recommends the ordinary resolution for your approval.

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

**Place: Chennai
Date: 26.08.2020**

**Sd/-
MS DAVID
MANAGING DIRECTOR
DIN: 08539011**

ARUNA HOTELS LIMITED

ADDITIONAL INFORMATION ON DIRECTOR RECOMMENDED FOR APPOINTMENT/ RE-APPOINTMENT AS REQUIRED UNDER REGULATION 36 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

DETAILS OF DIRECTOR SEEKING RE-APPOINTMENT

PARTICULARS	MRS. FREEDA GNANASELVAM KANAGIAH
Experience	10 years
Expertise in specific functional area	Rich experience in the Hotel Industry more than a decade
Director Identification Number (DIN)	07350172
Date of appointment	27.11.2015
Date of Birth/ Age	08.04.1959 / 61 years
Directorships held in other listed Companies in India	NIL
Membership in Committees	a. Chairman in Nomination and Remuneration Committee b. Member in Audit Committee c. Member in Stakeholders Relationship Committee
Shareholding held in Aruna Hotels Limited, if any	NIL
Number of Board Meetings attended during the year	5 (Five)
Sitting fees / Commission	Entitled to receive sitting fees and commission, at the discretion of the Board as applicable to non-executive Directors
Relation inter se with the directors	NIL

DETAILS OF DIRECTOR SEEKING RE-APPOINTMENT

PARTICULARS	MR. MURALIDHARAN RAMASAMY
Educational Qualification	Graduate in MBA (Finance)
Experience	10 years
Expertise in specific functional area	Has a rich experience more than a decade in the field of finance and accounts and has a great contribution in Media and Construction Industry.
Director Identification Number (DIN)	07092976
Date of appointment	02.03.2015
Date of Birth/ Age	19.06.1976 / 44 years
Directorships held in other listed Companies in India	NIL
Membership in Committees	Member in Audit Committee
Shareholding held in Aruna Hotels Limited, if any	NIL
Number of Board Meetings attended during the year	5 (Five)
Sitting fees / Commission	Entitled to receive sitting fees and commission, at the discretion of the Board as applicable to non-executive Directors
Relation inter se with the directors	NIL

Brief profile of the above Directors also forms part of Corporate Governance Report. The above Directors are not related to any of the Directors or Key Managerial Personnel of the Company.

ARUNA HOTELS LIMITED

BOARD'S REPORT

To the Members,

Your Company's Directors have pleasure in presenting before you the 58th Annual Report on the business and operations of the Company together with the Audited Financial Statements of Accounts for the Financial Year (FY) ended 31st March, 2020.

FINANCIAL SUMMARY

Standalone Financial Performance for the year ended March 31, 2020 is summarized below:

<i>Particulars</i>	<i>Rs. in lakhs</i>	<i>Rs. in lakhs</i>
	<i>Financial year ended March 31, 2020</i>	<i>Financial year ended March 31, 2019</i>
Revenue from Operations	-	-
Other Income (net)	10.49	82.60
Profit/Loss before Interest, Tax, Depreciation, Operational expenditure, Exceptional items and Tax Expense	10.49	82.60
Less: Operating Expenditure	(37.23)	(26.25)
Less: Finance costs	(403.06)	(444.29)
Less: Depreciation & amortization expense	(79.60)	(80.11)
Less: Other expenses (net)	(137.01)	(361.53)
Profit/ (Loss) before exceptional and Extraordinary items and tax	(646.40)	(829.58)
Exceptional Items	-	-
Profit/ (Loss) before Extraordinary items and tax	(646.40)	(829.58)
Extraordinary Items	-	-
Profit / (Loss) before tax	(646.40)	(829.58)
Tax expenses	(142.17)	(984.88)
Profit / (Loss) after tax	(788.57)	(1,814.46)
Total Comprehensive Income for the period (comprising profit/loss from ordinary activities after tax and other comprehensive income for the period)	(788.57)	(1,814.46)

Since the beginning of 2020 until now, the global widespread of COVID-19 is a fluid and challenging situation facing all the Industries. The Company has taken all possible effective measures to limit and keep the impact of COVID-19 under control in order to ensure business continuity with minimal disruption. Your Company will continue to pay close attention to the development of COVID-19 and will further evaluate and actively respond to such impact on the financial position and financial performance of the Company.

OPERATIONS & PERFORMANCE

Your Company is engaged into Hotel business. our Company has entered into a Memorandum of Agreement with M/s. Transform, proprietorship concern, to act as the Architect cum Project Management Consultant for the renovation and development of the Hotel building, almost civil works (Including internal and external part of the premises), electrical works, fire-fighting & fire alarm works, interior works, networking & CCTV works and other related works are under the Completion stage.

Post completion of the renovation process, the Hotel shall comprise of around 80 well designed rooms which are expected to be equipped with modern amenities/facilities. the COVID-19 pandemic, developed rapidly into global crisis, forcing governments to enforce lock-down of all economic activity. Due, to COVID-19 pandemic, the renovation has impacted re-opening of the Hotel. Moreover, the COVID-19 pandemic has brought the world to a standstill, with the hospitality, travel and tourism sector being the most affected due to travel restrictions across the world and within India. To that extent, the Company might face the reduction in business opportunities and consequential impact on its financial position.

The Company is accelerating efforts to complete the renovation process and re-open the hotel, but it is subjected to the easement of lockdown in the State of Tamil Nadu (specifically Chennai, where the Hotel is situated). The Hotel is on the final stage of completion of the renovation process.

Overall, your Company is hopeful of reviving its financial position with the commencement of its business operations.

DIVIDEND

As the Company has incurred loss in the year under review, after considering holistically the relevant circumstances, the Board of Directors has decided that it would be prudent, not to recommend Dividend to its shareholders.

TRANSFER TO RESERVES

Due to Loss, the Board of Directors of your Company, has decided not to transfer any amount to the Reserves for the year under review.

MAJOR EVENTS DURING THE YEAR

Except as stated below there have been no major events which have taken place during the year. Further no changes have taken place in the state of affairs of the Company and in the nature of business of the Company.

Material changes and commitments, if any, affecting the financial position of the company, having occurred since the end of the year and till the date of the report

The following are the material changes affecting the financial position of the Company, being engaged in a Hotel business, having occurred since the end of the year and till the date of the Report:

- a. The impact of the COVID-19 pandemic and ensuing lockdown has severely impacted the Indian Hotel and Hospitality sector in the March quarter (Q1) of Calendar year 2020.
- b. Post high performance in 2019, the coronavirus outbreak and containment measures announced by the Government has led to a steep drop in foreign and domestic travel, across both business and leisure segments.
- c. Glimpses of travel decline started in late February, and by March, the writing was on the wall that hotels would be facing a toughest test since the global financial crisis. However, with the slowdown of hotel developments, capital assistance is needed to help hotels sustain until demand returns.

- d. Moreover, your Company has stopped its hotel operations completely as it is under the renovation process. As already highlighted, due to COVID-19 pandemic, the renovation, could not be completed, which has in turn impacted the re-opening schedule of the Hotel. Hence, your Company was unable to generate any revenue during the financial year 2019-2020.
- e. Despite of this Covid-19 impact, your Company is making all efforts to complete the renovation process at the earliest, as it is already in the final stage of completion of the renovation process and is hopeful of reviving its financial position after the commencement of the hotel business gradually.
- f. The effect of such changes and commitments and an estimate of their financial impact cannot be provided at this stage.

DETAILS OF REVISION OF FINANCIAL STATEMENT OR THE REPORT

Your Company has not revised its financial statement or the Report in respect of any of the three preceding financial years either voluntarily or pursuant to the order of a judicial authority.

CAPITAL STRUCTURE

The paid up Equity Share Capital as at March 31, 2020 stood at Rs.900 Lakhs. The Company during the relevant financial year did not issue any shares or shares with differential voting rights nor has granted any stock options or sweat equity or debentures or bonds or warrants or any convertible instruments. There have been no instances of buyback or reduction of share capital. There has been no change in the authorized share capital of the Company or reclassification or sub-division of the authorised share capital during the relevant financial year.

CREDIT RATING

The Company has not availed any credit rating for the financial year 2019-2020.

INVESTOR EDUCATION AND PROTECTION FUND (“IEPF”)

For the financial year 2019-2020, the Company has not transferred any amount to the IPEF.

LISTING REQUIREMENTS:

Your Company’s Equity shares are listed on the BSE Limited. Listing fees have been paid to this Stock Exchange for the financial year 2019-2020.

DEMATERIALISATION OF SHARES:

The Company’s shares are compulsorily traded in dematerialised form on the BSE Stock Exchange. Equity Shares of the Company representing 67.25% of the Company’s equity share capital are dematerialized as on March 31, 2020. Under the Depository system, the International Securities Identification Number (ISIN) allotted to the Company’s shares is INE957C01019.

DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to Clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, the Board of Directors of your Company hereby confirm and report that:

- a) in the preparation of the annual accounts for the financial year ended 31st March, 2020, the applicable accounting standards have been followed and there are no material departures;
- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the same period ;

- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the annual accounts on a going concern basis;
- e) the Directors have laid down internal financial controls to be followed by the Company and ensured that such Internal financial controls are adequate and were operating effectively; and
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and ensured that such systems are adequate and are operating effectively.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

Based on the internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory and secretarial auditors and reviews performed by the management, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2019-2020.

DIRECTORS

The Board of Directors of Aruna Hotels Limited currently comprises of five Directors with a balanced combination of Executive, Non-Executive and Independent Directors.:

Executive Director:

- a. Consequent upon resignation of Mr. Vaithyalingham Anbalagan as Managing Director on August 23, 2019, Mr. David Susainadar has been appointed as Managing Director for a period of 3 (three) years with effect from August 29, 2019 and was approved by the shareholders as on September 30, 2019.

Non-Executive, Non-Independent Directors:

- b. In accordance with the requirements of the Act and Company's Articles of Association, Mr. Muralidharan Ramasamy, retires by rotation and being eligible offers himself for re-appointment. A resolution seeking shareholders' approval for his re-appointment forms part of this Notice.
- c. Rajakumar kumaravelayatha Nadar, Non executive Non Independent Director.

Non-Executive, Independent Directors:

- d. Mr. Suyambu Narayanan, Non-Executive, Independent Director.
- e. Mrs. Freeda Gnanaselvam Kanagiah was appointed as an Independent Woman Director of the Company at the 53rd Annual General Meeting (AGM) held on December 30, 2015 to hold office for a term of 5 (five) consecutive years with effect from November 27, 2015 not liable to retire by rotation, up to this AGM (AGM 2020). A resolution for re-appointment of Mrs. Freeda Gnanaselvam Kanagiah as an Independent Woman Director for a second term of 5 (five) years with effect from the conclusion of this Annual General Meeting (AGM 2020) up to the Annual General Meeting for the financial year 2024-2025 (AGM 2025) and not liable to retire by rotation has been proposed for approval of Members at this AGM.

Pursuant to the provisions of Section 149 of the Companies Act, 2013, the Independent Directors have submitted declarations that each of them meets the criteria of Independences as provided in Section 149(6) of the Act along with the Rules frame thereunder and Regulation 16(1)(b) of the SEBI Listing Regulations.

During the year under review, the Company had no pecuniary relationship or transactions with the Company, other than reimbursement of expenses, if any incurred by them for the purpose of attending meetings of the Board / Committee of the Company.

KEY MANAGERIAL PERSONNEL:

Pursuant to the provisions of Section 203 of the Companies Act, the Key Managerial Personnel of the Company as on March 31, 2020 are:

a. Mr. Nagaraj P, Chief Financial Officer (CFO)

During the year under review, Mr. Ajay Shukla resigned from the post of Company Secretary (KMP) with effect from February 19, 2020. Ms. K. Lakshmi has been appointed as Company Secretary and Compliance Officer with effect from June 30, 2020 approved at the Board Meeting dated June 30, 2020.

MEETINGS OF THE BOARD:

Five (5) Board Meetings were held during the financial year under review and the gap between two meetings did not exceed one hundred and twenty days. The said meetings were held on 21.05.2019, 10.08.2019, 29.08.2019, 11.11.2019 and 11.02.2020. The necessary quorum was present for all the meetings. Other details including the composition of the Board and the Committee Meetings thereof held during the year under review (FY 2019-2020) are given in the Corporate Governance Report forming part of this Report.

MEETING OF THE INDEPENDENT DIRECTORS:

During the year, one Meeting of Independent Directors was held on February 21, 2020.

BOARD EVALUATION:

The Board of Directors has carried out an annual evaluation of its own performance, board committees, Individual Directors pursuant to the provisions of the Act and SEBI Listing Regulations.

The performance of the Board was evaluated by the Board after seeking inputs from all the Directors based on the criteria such as Composition of Board and structure, effectiveness of board processes, information and functioning, etc.,

The performance of the Committees was evaluated by the Board after seeking inputs from the Committee members based on the criteria such as the composition of Committees, effectiveness of committee meetings etc.,

The above criteria are broadly based on the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on January 05, 2017.

In a separate meeting of Independent Directors, performance of Non-Independent Directors, the Board as a whole and the Chairman of the Company was evaluated, taking into account the views of Executive Directors and Non-Executive Directors.

The Board and the Nomination and Remuneration Committee reviewed the performance of individual Directors on the basis of criteria such as the contribution of the individual Director to the Board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.

At the Board Meeting that followed the meeting of the Independent Directors and meeting of NRC, the performance of the Board, its Committees, and individual Directors was also discussed. Performance evaluation of Independent Directors was done by the entire Board, excluding the Independent Director being evaluated.

INSOLVENCY AND BANKRUPTCY CODE, 2016 (IBC)

A civil appeal under section 62 of Insolvency and Bankruptcy Code (I&B Code) has been filed against the company before the Hon'ble Supreme Court of India. The matter is currently pending before the Hon'ble Supreme Court of India.

CORPORATE SOCIAL RESPONSIBILITY (CSR):

Under Section 135 of the Companies Act, 2013, every company having net worth of at least Rs 500 crore, turnover of Rs 1,000 crore or more, or a minimum net profit of Rs. 5 crores during the immediately preceding financial year has to make CSR expenditure.

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

SUBSIDIARY

Your Company has no subsidiary as on date of this balance sheet. Hence, a statement containing the salient features of financial statements of the Company's subsidiaries in Form AOC-1 is not applicable.

ASSOCIATES AND JOINT VENTURES

Your Company has no Associates or Joint Ventures as on date of this balance sheet.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company falls within the scope of the definition "Infrastructure Company" as provided by the Act. Accordingly, the Company is exempt from the provisions of Section 186 of the Act with regards to Loans, Guarantees and Investments.

CORPORATE GOVERNANCE

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

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION AND OTHER DETAILS.

The Company's policy on Directors' appointment is available on <https://www.arunahotels.com>.

The policy on remuneration and other matters provided in Section 178(3) of the Act has been disclosed in the Corporate Governance Report, which forms part of the Board's Report and the same are also available on <https://www.arunahotels.com>.

POLICY ON VIGIL MECHANISM (WHISTLEBLOWER POLICY)

The Company has formulated and established the necessary Vigil Mechanism (Whistleblower Policy) for employees including Directors of the Company in confirmation with Section 177(9) of the Act and the Regulation 22 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to report genuine concerns about unethical behaviour. The details of the policy have been disclosed in the Corporate Governance Report, which is a part of this report and is also available [on www.arunahotels.com](https://www.arunahotels.com).

AUDIT COMMITTEE:

The details pertaining to the composition of the Audit Committee are included in the Corporate Governance Report, which is a part of this report.

AUDITORS:**(i) Statutory Auditors:**

At the 53rd AGM held on December 30, 2015, the members approved appointment of M/s Bala & Co., Chartered Accountants, Chennai (Firm Registration No.: 000318S) as Statutory Auditors of the Company to hold office for a term of five years from the conclusion of 53rd AGM till the conclusion of this 58th AGM (AGM 2020) subject to ratification of their appointment by Members at every AGM. A resolution for re-appointment of M/s Bala & Co., Chartered Accountants, Chennai (Firm Registration No.: 000318S) as Statutory Auditors of the Company for a second term of 5 (five) years with effect from the conclusion of this Annual General Meeting (AGM 2020) up to the conclusion of the Annual General Meeting for the financial year 2024-2025 (AGM 2025) has been proposed for approval of Members at this Annual General Meeting.

(ii) Internal Auditors:

In accordance with the provisions of Section 138 of the Companies Act, 2013 and Rules made there under M/s Venkat & Rangaa, (FRN:004597), Chartered Accountants were the Internal Auditors of the Company for the year under review.

The GSPU & Associates, chartered Accountants (FRN :011266S), Trivandrum , were appointed as the Internal Auditors of the company for the FY 2020-21

(iii) Secretarial Auditors:

M/s J. Jothi & Associates, Practicing Company Secretaries, Chennai, were appointed to conduct the secretarial audit of the Company for the year 2019-2020, as required under Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and other applicable provisions of the Act.

RISK MANAGEMENT COMMITTEE:

Pursuant to the Regulation 21 of SEBI Listing Regulations, the provisions of this regulation shall be applicable to top 500 listed entities vide Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, dated May 09, 2018 effective from April 01, 2019, determined on the basis of Market capitalization, as at the end of the immediate previous financial year. As we do not fall under the top 500 listed entities, Risk Management Committee has not been established.

TRANSACTIONS WITH RELATED PARTIES:

Transactions with related Party that fall under the scope of Section 188(1) of the Act. entered into are at Arm's Length Basis. However, the information on transactions with related parties pursuant to Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 are given in **Annexure I** in Form AOC-2 and the same forms part of this report.

EXTRACT OF ANNUAL RETURN:

As per the requirements of Section 92(3) of the Act and Rules framed thereunder, the extract of the Annual Return for the Financial year 2019-2020 is given in **Annexure II** in the prescribed form No.: MGT-9 which is a part of this Report. The same is available on www.arunahotels.com

AUDITORS REPORT AND SECRETARIAL AUDIT REPORT:

The Statutory Auditors’ Report and the Secretarial Audit Report do not contain any qualifications, reservations, or adverse remarks or disclaimer. Secretarial audit report in Form MR-3 is attached to this report. Secretarial Auditor’s Report is attached to this report as **Annexure III**.

COST AUDITORS:

Maintenance of cost records as specified by the Central Government under Section 148 (1) of the Act is not applicable to the Company.

DEPOSITS

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

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

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

(Rs. In lakhs)

S. No	Name	Remuneration paid during the FY 2019-2020	Remuneration paid during the FY 2018-2019
1.	Executive Director V . Anbalagan (resigned with effect from 23.09.2019)	-	-
	Mr. David Susainadar (appointed with effect from 29.08.2019 as Managing Director of the Company)	2.47	-
2.	Chief Financial Officer (KMP) Mr. Nagaraj P	3.68	3.53
3.	Company Secretary (KMP) Mr. Ajay Shukla	6.24	5.53

Mr. Ajay Shukla resigned from the post of Company Secretary with effect from February 19, 2020

It is affirmed that the Remuneration is as per the Remuneration policy for the Directors, Key Managerial Personnel and other employees adopted by the Company.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS:

During the year under review, no significant material orders were passed by the Regulators or Courts or Tribunals impacting the going concern status and the Company’s operations. However, Members attention is drawn to the Statement on Contingent Liabilities and Commitments in the Notes forming part of the Financial Statement.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company ensures safe and harassment – free workplace for every individual working in the Company. The Company has complied with the applicable provisions of the aforesaid Act, and Rules framed thereunder.

The Company has in place an Anti-Sexual Harassment policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. All employees, permanent and contractual, are covered under this policy.

During the Financial Year 2019-2020, the Company was under Renovation Process and currently working Employees, either regular or contractual were below 10 in numbers.

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 mandates all the workplace to constitute Internal Complaints Committee (ICC) for receiving complaints of sexual harassment of women in all Ministries/Departments of Union as well as State Governments and in the private sector too. As, the Company has less than ten employees, the Company is not required to Constitute Internal Complaints Committee (ICC) as per the requirement of prevention of sexual harassment Policy. Further, the Company management also has not received any complaints regarding sexual harassment during the year under review.

Status of Complaints as on March 31, 2020

S. No	Particulars	Number of Complaints
1	Number of complaints filed during the financial year	Nil
2.	Number of complaints disposed off during the financial year	Nil
3.	Number of Complaints pending at the end of the financial year	Nil

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

1. Conservation of Energy

Conservation of energy is of utmost significance for the company. Although the operations of Company are not energy intensive, however, every effort is made to ensure optimum use of energy by using energy- efficient processes and other equipment.

2. Technology Absorption, Adaptation and Innovation

The efforts made towards technology absorption: The Company has not carried out any Technology Absorption. The benefits derived like product improvement, cost reduction, product development or import substitution: Not In case of imported technology (imported during the last three years reckoned from the beginning of the financial year): Not applicable.

The expenditure incurred on Research and Development: Not applicable

3. Foreign Exchange Earning and Outgo

There were no foreign exchange inflows or outflows.

DISCLOSURE REQUIREMENTS:

As per SEBI Listing Regulations, the Corporate Governance Report with the Practicing Company Secretary's Certificate thereon, and the Management Discussion and Analysis are attached as a separate section which forms part of the Annual Report.

As per Regulation 34 of the SEBI Listing Regulations, the Business Responsibility Report forms a part of the Annual Report.

The Company has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems are adequate and operating effectively.

REPORTING OF FRAUDS BY AUDITORS:

During the year under review, under Section 143(12) of the Act, neither the statutory auditors nor the secretarial auditor have reported to the audit committee, any instance of fraud committed against the Company by its officers or employees, the details of which would be required to be mentioned in this Report.

DECLARATION BY INDEPENDENT DIRECTORS

The Company has received necessary declaration from every independent Director under Section 149(7) of the Companies Act, 2013, that he / she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

COMMITTEES OF THE BOARD

Currently, the Board has three committees: The Audit Committee, the Nomination and Remuneration Committee and the Stakeholders' Relationship Committee. The composition of all committees consists of Independent Directors in majority. A detailed note on the composition of the Board and its committees is provided in the Corporate Governance Report section which forms part of this Annual Report.

FAILURE TO IMPLEMENT ANY CORPORATE ACTION

There have been no such instances in the financial year 2019-20.

RISK MANAGEMENT POLICY

Internal compliance and control policies and procedures of the Company and policies for the monitoring and evaluation of risk management systems to assess the effectiveness of those systems in minimizing risks that may impact adversely on the business objectives of the Company were established.

ACKNOWLEDGEMENT

The Directors thank the Company's employees, customers, vendors, investors and academic partners for their continuous support.

The Directors also thank the Government of India, Governments of various States in India, Governments of various countries and concerned Government departments and agencies for their co-operation.

The Directors regret the loss of life due to COVID-19 pandemic and are deeply grateful and have immense respect for every person who risked their life and safety to fight this pandemic.

The Directors appreciate and value the contribution made by every member of the AHL Family.

Date: 26.08.2020

Place: Chennai

On behalf of the Board of Directors

Sd/-
M S David
Managing Director
DIN: 08539011

Sd/-
Muralidharan Ramasamy
Director
DIN: 07092976

MANAGEMENT DISCUSSION AND ANALYSIS REPORT**OVERVIEW OF THE INDUSTRY**

The Hotels and hospitality sector in India have declined sharply in the first quarter of 2020, as the COVID-19 outbreaks impacts various segments of the sector. On March 11, 2020, the World Health Organization (WHO), declared COVID-19 a global pandemic. Coming off a high-performance base in 2019, the COVID-19 outbreak and the containment measures introduced by the government have resulted in a sever drop in foreign and domestic travel, across both the tourism and business travellers segments - as per the report 'India Hospitality Industry Review 2019.

In the third week of March 2020, at an all-India level, the hotel sector witnessed a decline of more than 65 percent in occupancy levels as compared to the same period of the previous year. As travel restrictions around the world intensified further, second and third quarters of 2020 are likely to be similarly impacted. Nearly 30% of the hotel and hospitality industry revenue had been impacted as the COVID-19 pandemic situation has not improved due to continuous lockdown that was announced globally. With more than 60 percent of organized hotels in India already shut and several others operational with single digit occupancies, a recovery will be gradual. Industry estimates indicate that in India, branded and organized hotels annual revenue is Rs.38,000 crores.

As the sector navigates turbulent times through the pandemic, growth and development of Hotels in India is also likely to be impacted in the next two years. The global economy was already sluggish, with growth rates declining due to lower infrastructure spends, increased trade barriers, geopolitical stress and social unrest in many countries. The world is still coming to terms with the COVID-19 outbreak and there is no doubt that the pandemic will change the world as we know it. With the globalized world going into partial or complete shutdown, the overall impact on human life, economic growth and businesses is immeasurable, both in the short term and long term due to the uncertainty as things evolve.

While most Economists and Analysts currently expect the global economy to rebound, by some measure in the latter part of 2020, the exact timeline cannot be determined till the virus is contained across the globe. Nearer home, the Indian hotels sector has been hit hard, grappling with significantly low demand, with very few future bookings. Essentially, all transient demand has completely vanished – the remaining is largely on account of either a few long stay guests, or hotels having been prescribed by the Government for the international travelers returning to India. Nothing could have ever prepared us for the COVID-19-shock and although, the current crisis is unlike any other we have ever faced, not all is lost. The Indian hotels sector can recover from this crisis as well, by adjusting strategies in the near term and preparing for the future.

The overall occupancy in the branded hotels segment in 2020 is estimated to decline by 16.7 – 20.5 percentage points over 2019, while ADRs (Average daily rate) are estimated to decline by 7% to 8% for the year. As a result, RevPAR (revenue per available room) will witness a significant decline of 31% to 36.2%.

COVID-19 will significantly impact the GDP growth forecast in 2020. The Travel & Tourism sector across the globe is undoubtedly the biggest casualty of the COVID-19 pandemic. Several countries have issued travel advisories and are in lock down mode, with all major global business, social and sporting events getting cancelled since February.

Impact on Global Travel & Tourism Sector – a Few Alarming Estimates

- IATA estimates that global airlines need an emergency fund of up to US\$ 200 billion as they fight for survival.
- According to the World Travel and Tourism Council, the COVID-19 pandemic could slash 50 million jobs worldwide in the travel and tourism industry, reflecting a 12-14% reduction in jobs
- International travel could be adversely impacted by up to 25% this year, equivalent to a loss of three months of travel
- The industry could take up to 10 months to recover after the outbreak is over.

INDUSTRY ANALYSIS:

India is a large market for travel and tourism. It offers a diverse portfolio of niche tourism products - cruises, adventure, medical, wellness, sports, MICE, eco-tourism, film, rural and religious tourism. India has been recognized as a destination for spiritual tourism for domestic and international tourists. In his Independence speech from Red Fort, Prime Minister Narendra Modi urged people to visit 15 domestic tourist destinations in India by 2022 to promote tourism. India ranked 34 in the Travel & Tourism Competitiveness Report 2019 published by the World Economic Forum.

Total contribution by travel and tourism sector to India's GDP is expected to increase from Rs 15.24 lakh crore (US\$ 234.03 billion) in 2017 to Rs 32.05 lakh crore (US\$ 492.21 billion) in 2028. Total earning from the sector in India is targeted to reach US\$ 50 billion by 2022.

As of 2019, 4.2 crore jobs were created in the tourism sector in India, which was 8.1 per cent of the total employment in the country. International Tourists arrival is expected to reach 30.5 billion by 2028. e-Visa facility was offered to 169 countries as of December 2019.

During 2019, foreign tourist arrivals (FTAs) in India stood at 10.89 million, achieving a growth rate of 3.20 per cent y-o-y. During 2019, FEEs from tourism increased 4.8 per cent y-o-y to Rs 1,94,881 crore (US\$ 29.96 billion). In 2019, arrivals through e-Tourist Visa increased by 23.6 per cent y-o-y to 2.9 million.

Under the Swadesh Darshan scheme, 77 projects have been sanctioned of worth Rs 6,035.70 crore (US\$ 863.60 million). In Union Budget 2020-21, the Government has allotted Rs 1,200 crore (US\$ 171.70 million) for the development of tourist circuits under Swadesh Darshan for Northeast.

The launch of several branding and marketing initiatives by the Government of India such as 'Incredible India!' and 'Athiti Devo Bhava' has provided a focused impetus to growth. The Indian Government has also released a fresh category of visa - the medical visa or M-visa, to encourage medical tourism in the country. The Government is working to achieve one per cent share in world's international tourist arrivals by 2020 and two per cent share by 2025.

In October 2018, Statue of Sardar Vallabhbhai Patel, also known as 'Statue of Unity', was inaugurated as a tourist attraction. It is the tallest statue in the World standing at a height of 182 metres. It is expected to boost the tourism sector in the country and put India on the world tourism map. In February 2019, the visiting hours were increased by additional two hours and the place was equipped with E-bike tours. Over 29 lakh tourists visited the Statue of Unity since it was inaugurated, resulting in a revenue of Rs 82.51 crore (US\$ 11.81 million).

The Government is also making serious efforts to boost investment in the tourism sector. In the hotel and tourism sector, 100 per cent FDI (Foreign Direct Investment) is allowed through the automatic route. A five-year tax holiday has been offered for 2-, 3- and 4-star category hotels located around UNESCO World Heritage sites (except Delhi and Mumbai).

Hotel and Tourism sector received cumulative FDI inflow of US\$ 15.28 billion between April 2000 and March 2020.

In Union Budget 2019-20, the Government introduced a Tax Refund for Tourists (TRT) scheme in line with countries like Singapore to encourage tourists to spend more in India and boost tourism. The Government of India also announced to develop 17 iconic tourist sites in India into world-class destinations as per Union Budget 2019-20.

POST COVID PANDEMIC RECOVERY:

In accordance to Business Line (Source), the Hotel industry faces a loss of Rs.620 crores. Until customers will tip-toe to come back to normal travel, the hotels must also tread softly to re-open.

- The number one consideration post COVID-19 will be in health and safety which translates into hygiene and sanitation issues of the hotel. The key is to provide physical evidence of the hotel's concern for health and safety. In the aftermath of the terror attack on the Taj Hotel, hotels responded assuredly to

security fears by erecting security checks at the gates of the hotel along with self and baggage screening in the portico prior to entering the hotel. This time, the checks and screening will have to be erected for health purposes. The security will check for fever with a remote thermometer, shower a light sanitizer mist, keep hand sanitizers at the reception, elevator lobbies and guest rooms. Ensure the circulation of fresh air in guest rooms and display indoor air quality. The guest room will have a sign mentioning “This room has been sanitized for your health and safety”.

- Hotels must plan now to do a soft-opening with one floor or two with only essential facilities and staff. The essential services will include housekeeping, a section of the kitchen, the coffee shop/dining room, a bar, engineering, front desk and security. This will ensure fewer people about. The staff positioned should be experienced, multi-skilled and loyal employees. It will be a while when other regular staff will be required. All staff should continue to wear surgical gloves and masks to give confidence to the guests.
- Food menus must be choices of Table d’hote menus (a menu where multi-course meals with only a few choices are charged at a fixed total price) each day instead of a full a la carte menu(having dishes listed separately and individually priced). It will save the cost of having high food inventories. Hotels have to take into account that supply chain vendors will take time to respond to full capacity. Tables in the restaurant should be spaced out. Self-service as far as possible should be encouraged to reduce human contact.
- Since 95% accommodation lies in the low-priced sector like Bed & Breakfast, budget hotels and guest houses, the country can ride on India’s large domestic tourism to kick start the industry. Inbound traffic on the other hand is bound to be slow because of fear of travel and recessionary conditions restricting disposable income. Corporate travel will perhaps revive the chain hotels though the lock down has shown that corporate travel can be limited with technology aided communication. They may encourage domestic corporate travel. From the marketing standpoint, it is vital to keep communicating with loyal guests, especially the domestic market, through digital marketing and social media during the lockdown and after. The hotels can showcase their contributions to the coronavirus cause.
- The second great consideration is liquidity (finance). Federation of Associations in Indian and Tourism Industry) has already made an appeal to the PM for certain concessions (Economic Times).Support the payment of employee salaries for twelve months. Have a twelve months moratorium on EMIs, advance tax, PF, ESIC, GST, Excise, State levies, bank guarantees, custom duties and security deposits. It may be mentioned that the government has already given a moratorium of three-four months for existing interest and principal payments to banks.
 - Have support for power and water charges.
 - Interest free loans for working capital.
 - In addition to the above hotels may like to:
 - Renegotiate re-financing loans with better payment plans.
 - Avoiding Discount Panic
 - Enforce rigid cost-control in energy consumption. (Closing of floors will contribute to energy savings).
 - Extend payment cycles with vendors.
 - Only buy essentials for existing occupancy levels.

The third consideration is to move more towards AI and other technology. The Covid-19 has hastened the need to use technology to allow least contact with humans. Here are some suggestions:

- Self-check-in with codes given on the guest’s mobile to open assigned guest rooms;
- Guest mobile apps should be able to connect to all buttons and switches in the room to avoid using fingers for touch. It would include controlling the room temperature, switching on lights, controlling the temperature of the shower, remote for the television etc.
- Virtual views on the TV of restaurants, lobby, and bars to see the atmosphere to avoid crowds; Have gourmet food dispensers on floor pantries. People are going to use in-room dining more; Digital payments of bills and food and beverage at kiosks which will give out receipts much like the ATMs.

- Liquor options in the guest room mini-bar which will automatically bill the guest folio when bottles are withdrawn from the bar. Self-service room amenities from dispensers in the floor Housekeeping store; Self-monitoring gadgets for fever; Revenue Management Software to do the predictions of room occupancy and rates; Big Data analytics to constantly determine the behaviour and attitude of guests to give them customized services; Robots for cleaning carpeted and other surfaces and automated dish washing.

Key to the Revival:

With new confirmed cases being reported daily, the penetration of the COVID-19 virus in India has caused mass hysteria, the reverberations of which are expected to continue well into the second quarter of the calendar year 2020. The current situation is extremely grim, as domestic flights have been ordered to shut shop from 25th March 2020 and all other demand segments such as MICE (Meetings, Incentives, Conferences and Exhibitions), business, social and sporting events have been cancelled or deferred indefinitely for the foreseeable future. The silver lining to such devastation is that it has brought multiple representative bodies from Travel, Tourism and Hotels to collectively make representations to the Government and the Prime Minister's Office. In all likelihood, the Government should announce measures to revive and support the distressed sectors, with specific focus to the hospitality sector, among others. Government assistance in revival of demand will go a long way in cushioning the blow to the sector, should include, in large part, assistance to domestic travellers.

COMPANY OVERVIEW

Our Company is presently under the process of renovating the Hotel premises. For this purpose, our Company has entered into a Memorandum of Agreement with M/s. Transform, proprietorship concern, to act as the Architect cum Project Management Consultant for the renovation and development of the Hotel building, almost civil works (Including internal and external part of the premises), electrical works, fire-fighting & fire alarm works, interior works, networking & cctv works and other Works etc, under the Completion stage. Post completion of the renovation process, our Hotel shall comprise of around 80 well designed rooms which are expected to be equipped with modern amenities/facilities. The hotel is on the final stage on renovation process.

FINANCIALS

Your Company has incurred a loss before tax of Rs646.40 lakhs during the financial year 2019-2020 as compared to loss before tax of Rs829.58 lakhs in the previous year 2018-19. Since the beginning of 2020 until now, the global widespread of COVID-19 is a fluid and challenging situation facing all the Industries. The Company has taken all possible effective measures to limit and keep the impact of COVID-19 under control in order to ensure business continuity with minimal disruption. Your Company will continue to pay close attention to the development of COVID-19 and will further evaluate and actively respond to such impact on the financial position and financial performance of the Company.

RISK MANAGEMENT

Industry Risk – General Economic Conditions:

Due to increased globalization, the ripple effect of COVID-19 pandemic has reverberated through every corner of the globe, causing loss of lives and jobs as well as a slump in general economic activities. This virus effect has brought untold pain and hardships to many individuals and organisations from all corners of the world. Undeniably, hotels are one of the hardest hit industries by COVID-19. As a result of massive cancellations of flights, tours, events, hotel reservations and a resultant decline in inbound travel hotel occupancy rates and average room rates have dropped sharply causing unprecedented declines in profit margins. The problem is compounded by lockdowns and other social distancing protocols announced by Governments in an attempt to flatten the curve. Governments are in a dilemma as to how to flatten the curve without flattening their economies. Though hotels are experiencing substantial revenue losses, utilities, wages and salaries as well as other recurrent expenditure and statutory payments have to be made. From all intents and purposes, the hotel industry is headed for an unprecedented slump from COVID-19. However, the fear of travelling and enforcement of social distancing protocols will not go away soon after the pandemic subsides. COVID-19

will leave the hotel industry badly bruised and there is a general agreement that the industry will not be the same long after the lockdowns and travel restrictions have been lifted. But hoteliers cannot afford to follow the existing model of operations. Hotels must adopt survival strategies against COVID-19. This calls for repackaging the hotel service to make it more attractive in this COVID-19 era. It must be emphasized that the extent of the impact of COVID-19 on the entire economies of destinations and along the tourism value chain, requires Government to provide leadership in managing the situation. Indeed, in most destinations, governments have instituted a number of austerity measures to help cushion businesses including hotels and restaurants off the debilitating effect of the pandemic. This has been in the form of relief funds, tax cuts, subsidies, credit facilities and employment support.

SURVIVAL Strategies:

However, hotels must also take their destiny into their own hands. A journey of a thousand miles begins with a step. Hotel Managers must take step to institute crisis management plans which must embody survival strategies viz., Cost-cutting, Orderliness, Virtualization, Integration and Domestication (COVID).

- a. **Cost-cutting:** Decline in demand for hotel accommodation resulting in decline in REVPAR requires hotels to embark on cost-cutting measures. Managers must identify non-essential services and areas with significant declines in demand during this period and mark them for cost-cutting in order to minimize or eliminate losses. This could be carried out by first shutting down unnecessary or redundant equipment in order to reduce utility bills. These include reducing the number of elevators and escalators in use, closing down some guest room floors and restaurants. Another area to be targeted for cost cutting is labour cost. Specific measures in this area include laying off some of the temporary employees, negotiating salary reductions, requesting employees to clear their outstanding leave and take no-pay leave as well as initiating no-pay leave and advance leave. Temporal staff could be laid off;
- b. **Orderliness:** COVID-19 has brought about a new normal. The new normal includes social distance and health protocols which must be religiously adhered to. Orderliness here includes sanitation, health and safety as well as operational procedures. Hotels must strive to balance the need to reduce unnecessary expenses in order to improve the bottom-line and the moral responsibility to ensure the health and safety of their employees and guests. Strict adherence to sanitation, health and safety protocols must be ensured because any reported incident of spread of the virus in a particular hotel will seriously affect the brand image of that hotel in particular and the destination as a whole.
- c. **Virtualization:** Another aspect of the new normal is that we must as much as possible, avoid social contacts and live in a virtual world. For instance, apps like zoom, skype have facilitated videoconferencing. The reality is that there will be less people willing to go to a travel agency to book a hotel or a tour. Also, hotels must leverage technology to fulfil social distance and lockdown requirements. Under the new normal, robots, automated systems and digital systems will have to be deployed by hotels. The use of robots to sanitize and disinfect guestrooms and other public areas helps to avoid the spread of the virus through humans. Hotels should also integrate Customer Relationship Management System (CRM) systems into their websites and automate their revenue management systems (RMS) as this will help to collect and analyse customer data which could be used to tailor the hotel product to the needs of customers. Also, since the majority of people are staying at home in conformance to isolation and social distancing protocols, hoteliers should ensure that their hotels and activities are active on social media platforms. Certain functions such as reservations, digital marketing, sales and customer service support could be undertaken at home. Meetings could be held online. Hotels must also adopt digital marketing strategies including social media marketing, e-reservations and search engine optimization.
- d. **Integration:** The COVID-19 pandemic has affected every hotel. To deal with the pandemic, there is the need for hotels to integrate their efforts and embark on common programmes that will benefit all hotels at a destination. The hotels association at the destination should unify the efforts of its members towards finding a common solution to the problem. The hotels association is in a better position to negotiate with government and the national tourism authority for austerity packages like tax cuts that will help reduce the burden on members. Hotel associations can also provide technical and financial support for members.
- e. **Domestication:** The reality is that the tourists are no longer coming because borders and airports have been closed, cities are on lockdown, flight restrictions have been imposed and travel advisories have been issued. As a result of the pandemic, coupled with lockdowns and flight restriction, the inbound tourism market is almost non-existent, so for hotels to survive, they must reach out to the

local residents through innovative promotional packages. Hotels, including upscale hotels and resorts which traditionally cater for the inbound market should reorient their marketing strategies towards the domestic market. For hotels to succeed at this, they should discount their rates and repackage their products. For instance, hotels could enter into arrangements with local health authorities and come up with 'quarantine packages' for local residents who have to be isolated. In the same vein, there could be special packages for frontline health workers who may want to detach from their families for a while due to the risk of infecting them. Human contact should be reduced as much as possible and social distance protocols should be strictly adhered to. Meals should be delivered to guestrooms on trolleys or by robots. Protocols on how to monitor guests under quarantine should be developed and enforced in collaboration with medical officers.

Socio-political Risks:

In addition to economic risks, your Company faces risks from the socio-political environment nationally and internationally. It is affected by events like political instability, conflict between nations, threat of terrorist activities, occurrence of infectious diseases, extreme weather conditions and natural calamities. These may affect travel and business activity considerably. The impact of political shocks on hotel performance is typically less widespread than that from economic downturns. Disruption to hotel performance typically concentrates on locations directly experiencing political turmoil and demonstrations. The relative impact of political instability varies widely depending on both the actual and perceived severity of events. The hotel industry is becoming more resilient to shocks from terrorism.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has institutionalized an adequate system of internal controls, with documented procedures covering all corporate functions of units. Internal controls provide reasonable assurance regarding the effectiveness and efficiency of operations, the adequacy of safeguards for assets, the reliability of financial controls and compliance with applicable laws and regulations. The internal audit provides a positive assurance, based on the audits of operating units and corporate functions. It converges process framework, risk and control of covering all critical and important functions inter-alia revenue management, purchase, finance, human resources and safety.

A framework for each functional area is identified based on risk assessment and control, allowing the unit to identify and mitigate high-risk areas. These policies and procedures are updated periodically and monitored by Internal Auditor.

The Board's and Audit Committee oversee the adequacy of the internal control environment through periodic reviews of audit findings and monitoring implementations of internal audit recommendations through Compliance reports. The Statutory Auditors have opined in their report that there are adequate internal controls over financial reporting at the Company.

HUMAN CAPITAL

The Human Resource Policies and Practices of your company's employees are its most valuable asset who enables the Company to deliver a level of service that is among the highest in the hospitality industry. A combination of talent management strategy combined with a robust and transparent performance management system which leads to an attractive long-term compensation philosophy is employed to attract and retain the best available talent.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis Report with regard to projections, estimates and expectations have been made in good faith. The achievement of result is subject to risks, uncertainties and even less than accurate assumptions. Market data and information are gathered from various published and unpublished reports; their accuracy, reliability and completeness cannot be assured.

FORM NO. AOC-2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto (Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis - NIL
 - (a) Name(s) of the related party and nature of relationship
 - (b) Nature of contracts/arrangements/transactions
 - (c) Duration of the contracts/arrangements/transactions
 - (d) Salient terms of the contracts or arrangements or transactions including the value, if any
 - (e) Justification for entering into such contracts or arrangements or transactions
 - (f) date(s) of approval by the Board
 - (g) Amount paid as advances, if any:
 - (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188

2. Details of material contracts or arrangement or transactions at arm's length basis
 - (a) Name(s) of the related party and nature of relationship: Gay Travels Private Limited
 - (b) Nature of contracts/arrangements/transactions: Availing of services in the form of booking of Air tickets
 - (c) Duration of the contracts/arrangements/transactions: Not Applicable
 - (d) Salient terms of the contracts or arrangements or transaction including the value, if any: Not Applicable
 - (e) Date(s) of approval/Ratification by the Board, if any: August 26, 2020
 - (f) Amount paid as advances, if any: Nil

For and on behalf of the Board
ARUNA HOTELS LIMITED

Sd/-
M S DAVID
MANAGING DIRECTOR
DIN: 08539011

Sd/-
R MURALIDHARAN
DIRECTOR
DIN: 07092976

**FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31.03.2020**

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

I. REGISTRATION AND OTHER DETAILS

i.	CIN	L15421TN1960PLC004255
ii.	Registration Date	September 09, 1960
iii.	Name of the Company	Aruna Hotels Limited
iv.	Category/Sub-Category of the Company	Indian Non-Government Company/ Company Limited by Shares
v.	Address of the Registered office and contact details	Aruna Centre, 145, Sterling Road, Nungambakkam, Chennai 600034, Tamil Nadu, India Ph: 044 – 2530 3404
vi.	Whether listed company	Yes – Listed with the BSE Limited
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s. MCS Share Transfer Agents Limited, 201, D Wing, 2 nd Floor, Gokul Industrial Estate Building, Sagbaug, Marol Co-Op Industrial Area, B/H Times Square, Andheri East, Mumbai 400059, Maharashtra, India Ph: 022-28516020/6021/6022/6023

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1.	Hotels and Motels, inns, resorts providing short term lodging facilities; includes accommodation in house boats	55101	--

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No	Name and address of the company CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
NIL				

ARUNA HOTELS LIMITED

IV.SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the end of the year [As on 31-March-2020]				No. of Shares held at the beginning of the year [As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter and Promoter Group									
(I) Indian									
a) Individual/ HUF	1687757	122425	1810182	20.113	1672817	137365	1810182	20.1131	0000'0
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	2936148	0	2936148	32.6238	2936148	0	2936148	32.6239	0.0000
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter and Promoter Group (A)	4623905	122425	4746330	52.7368	4608965	137365	4746330	52.7370	0.0000
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	252	66489	66741	0.7416	252	66489	66741	0.7416	0.0000
b) Banks / FI	156	250	406	0.0046	1756	250	2006	0.0223	0.0177
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	66133	31500	97633	1.0849	66133	31500	97633	1.0848	0.0000
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	66541	98239	164780	1.8311	68141	98239	166380	1.8487	(0.0176)
2. Non-Institutions									
a) Bodies Corporate									
i) Indian	16581	105258	121839	1.3541	21247	105258	126505	1.4056	(0.0515)
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 2 lakhs	1026090	2404693	3430783	38.120	1057686	2435115	3492801	38.8089	(0.4422)
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	134467	-	134467	1.4941	86297	0.00	86297	0.9589	0.5352
c) Others (specify)	-	-	-	-	-	-	-	-	-
Non-Resident Indians	51782	216636	268418	2.9572	52301	218236	270537	3.0060	(0.0488)
Overseas Corporate Bodies	111050	0.00	111050	1.2339	111050	0	111050	1.2339	0.0000
Foreign Nationals	-	-	-	-	-	-	-	-	-
HUF	22233	-	22233	0.2500	20201	-	20201	0.220	0.0200
Trusts	100	0.00	100	0.0011	100	0	100	0.0011	0.0000
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	1362303	2726587	4088890	45.1602	1328681	2758609	4087290	45.4143	(0.2541)
Total Public Shareholding (B)=(B)(1)+ (B)(2)	1428844	2824826	4253670	46.9913	1396822	2856848	4253670	47.2630	(0.2717)
C.Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	6052749	2947251	9000000	100.00	6005787	2994213	9000000	100.00	0.0000

ARUNA HOTELS LIMITED

(ii) Shareholding pattern of Promoter and Promoter Group

S.No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
	PROMOTER							
1.	S BALASUBRAMANIAN	103296	1.1477	-	103296	1.1477	-	0.00
	PROMOTER GROUP							
2.	ANITA KUMARAN	118296	1.3144	-	118296	1.3144	-	0.00
3.	KAAVYA SHARATH JAGANNATHAN	118236	1.3137	-	118236	1.3137	-	0.00
4.	KAMAL BABBAR	1216500	13.5167	-	1216500	13.5167	-	0.00
5.	V CHITHAN	68350	0.7594	-	68350	0.7594	-	0.00
6.	MARUTHAI PILLAI P	30390	0.3377	-	30390	0.3377	-	0.00
7.	RUKMANI S	25624	0.2847	-	25624	0.2847	-	0.00
8.	R CHANDRAMOHAN	19200	0.2133	-	19200	0.2133	-	0.00
9.	AUGUSTIN D	19200	0.2133	-	19200	0.2133	-	0.00
10.	GEETHA PERIASAMY	17180	0.1909	-	17180	0.1909	-	0.00
11.	JAYANTHI NATARAJAN	12200	0.0014	-	12200	0.0014	-	0.00
12.	ARUN PILLAI M	11844	0.1316	-	11844	0.1316	-	0.00
13.	CHANDRAKANT	11683	0.1298	-	11683	0.1298	-	0.00
14.	VIJAYALAKSHMI CHANDRAMOHAN	7770	0.0863	-	7770	0.0863	-	0.00
15.	JAYANTHI S	6514	0.0724	-	6514	0.0724	-	0.00
16.	SIVARAM M	6105	0.0678	-	6105	0.0678	-	0.00
17.	SENTHILNATHAN M	5530	0.0614	-	5530	0.0614	-	0.00
18.	SIVABAGYAM M	3700	0.0411	-	3700	0.0411	-	0.00
19.	CHANDRA MOHAN P	3200	0.0356	-	3200	0.0356	-	0.00
20.	KARTHIK PERUMAL SIVARAM	2662	0.0296	-	2662	0.0296	-	0.00
21.	GANESAN M	1900	0.02	-	1900	0.02	-	0.00
22.	RAVICHANDRAN C L	802	0.0089	-	802	0.0089	-	0.00
23.	SUBASRI REALTY PRIVATE LIMITED	1685539	18.7282	-	1685539	18.7282	-	0.00
24.	GAY TRAVELS PRIVATE LIMITED	591506	6.5723	-	591506	6.5723	-	0.00
25.	YESSIR HOLDINGS AND INVESTMENTS PRIVATE LIMITED	372412	4.1379	-	372412	4.1379	-	0.00
26.	SOVEREIGN MEDIA MARKETING PRIVATE LIMITED	195718	2.1746	-	195718	2.1746	-	0.00
27.	RANI PRINTERS PRIVATE LIMITED	61093	0.6788	-	61093	0.6788	-	0.00
28.	SRI DEVI AGENCIES PRIVATE LIMITED	29880	0.332	-	29880	0.332	-	0.00
	TOTAL	47,46,330	52.7368	-	47,46,330	52.7368	-	

(iii) Change in the Promoter and Promoter Group Shareholding (Please specify, if there is no change)

SN		Shareholding at the beginning of the year (01.04.2019)		Cumulative Shareholding during the year(01.04.2019 to 31.03.2020)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year (as on 01.04.2019)	47,46,330	52.7368	--	--
2	Date wise Increase / Decrease in Promoters Share-holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	-	-
3	At the End of the year (as on 31.03.2020)	47,46,330	52.7368	--	--

(iv) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	Name	Shareholding at the beginning of the year (as on 01.04.2019)		Date and Reason	Increase/ Decrease in share holding	Cumulative Shareholding during the year (01.04.2019 to 31.03.2020)	
		No. of shares	% of total shares of the company			No. of shares	% of total shares of the company
1	EURO AMERICAN HOLDINGS LTD						
	At the beginning of the year	96,050	1.0672			96,050	1.0672
	At the end of the year	96,050	1.0672			96,050	1.0672
2	MANI AND MONEY LIMITED						
	At the beginning of the year	50,440	0.5604			50,440	0.5604
	At the end of the year	50,440	0.5604			50,440	0.5604
3	UNIT TRUST OF INDIA						
	At the beginning of the year	49,305	0.5478			49,305	0.5478
	At the end of the year	49,305	0.5478			49,305	0.5478
4	UNITED INDIA INSURANCE COMPANY LIMITED						
	At the beginning of the year	36,034	0.4004			36,034	0.4004
	At the end of the year	36,034	0.4004			36,034	0.4004

ARUNA HOTELS LIMITED

SN	Name	Shareholding at the beginning of the year (as on 01.04.2019)		Date and Reason	Increase/Decrease in share holding	Cumulative Shareholding during theyear (01.04.2019 to 31.03.2020)	
		No. of shares	% of total shares of the company			No. of shares	% of total shares of the company
5.	Y Gokul						
	At the beginning of the year	33,873	0.3764			33,873	0.3764
	At the end of the year	33,873	0.3764			33,873	0.3764
6	SRIDHARAN R						
	At the beginning of the year	26,641	0.2960				
	Add: Purchase			Purchase on 25.10.2019	460	27,101	0.3011
	Add: Purchase			Purchase on 22.11.2019	1	27,102	0.3011
	Add: Purchase			Purchase on 29.11.2019	1000	28,102	0.3122
	Add: Purchase			Purchase on 06.12.2019	655	28,757	0.3195
	Add: Purchase			Purchase on 10.01.2020	257	29,014	0.3223
	Add: Purchase			Purchase on 17.01.2020	28	29,042	0.3226
	Add: Purchase			Purchase on 24.01.2020	889	29,931	0.3325
	Add: Purchase			Purchase on 31.01.2020	221	30,152	0.3350
	Add: Purchase			Purchase on 07.02.2020	8	30,160	0.3351
	Add: Purchase			Purchase on 21.02.2020	150	30,310	0.3367
	At the end of the year					30,310	0.3367
7	GENERAL INSURANCE CORPORATION OF INDIA						
	At the beginning of the year	27,900	0.31			27,900	0.31
	At the end of the year	27,900	0.31			27,900	0.31
8	GAJENDRASINGH DHUKESINGH CHAWAN						
	At the beginning of the year	25,783	0.286			25783	0.286
	At the end of the year	25,783	0.286			25783	0.286
9	REKHA GIRISH-KUMAR DARAK/ GIRISH KUMAR DHARAK						
	At the beginning of the year	13,105	0.1456				

ARUNA HOTELS LIMITED

SN	Name	Shareholding at the beginning of the year (as on 01.04.2019)		Date and Reason	Increase/Decrease in share holding	Cumulative Shareholding during theyear (01.04.2019 to 31.03.2020)	
		No. of shares	% of total shares of the company			No. of shares	% of total shares of the company
	Add: Purchase			Purchase on 12.04.2019	1557	14,662	0.1629
	Add: Purchase			Purchase on 19.04.2019	350	15,012	0.1668
	Add: Purchase			Purchase on 03.05.2019	400	15,412	0.1712
	Add: Purchase			Purchase on 17.05.2019	289	15,701	0.1744
	Add: Purchase			Purchase on 24.05.2019	1496	17,197	0.1910
	Add: Purchase			Purchase on 31.05.2019	200	17,397	0.1933
	Add: Purchase			Purchase on 07.06.2019	375	17,772	0.1974
	Add: Purchase			Purchase on 14.06.2019	1300	19,072	0.2119
	Add: Purchase			Purchase on 28.06.2019	100	19,172	0.2130
	Add: Purchase			Purchase on 05.07.2019	357	19,529	0.2169
	Add: Purchase			Purchase on 12.07.2019	300	19,829	0.2203
	Add: Purchase			Purchase on 26.07.2019	850	20,679	0.2297
	Add: Purchase			Purchase on 02.08.2019	104	20,783	0.2309
	Add: Purchase			Purchase on 09.08.2019	759	21,542	0.2393
	Add: Purchase			Purchase on 23.08.2019	99	21,641	0.2404
	Add: Purchase			Purchase on 30.08.2019	890	22,531	0.2503
	Add: Purchase			Purchase on 27.09.2019	100	22,631	0.2514
	Add: Purchase			Purchase on 08.11.2019	250	22,881	0.2542
	Add: Purchase			Purchase on 15.11.2019	400	23,281	0.2586
	Less: Sale			Sale on 29.11.2019	(15)	23,266	0.2585
	Add: Purchase			Purchase on 20.12.2019	100	23,366	0.2596
	Add: Purchase			Purchase on 10.01.2020	940	24,306	0.2700
	Add: Purchase			Purchase on 17.01.2020	10	24,316	0.2701

ARUNA HOTELS LIMITED

SN	Name	Shareholding at the beginning of the year (as on 01.04.2019)		Date and Reason	Increase/ Decrease in share holding	Cumulative Shareholding during theyear (01.04.2019 to 31.03.2020)	
		No. of shares	% of total shares of the company			No. of shares	% of total shares of the company
	Add: Purchase			Purchase on 21.02.2020	75	24,391	0.2710
	At the end of the year					24,391	0.2710
10	MADHAVRAO BALWANT PATIL/ HIRABAI MAD-HAVRAO PATIL						
	At the beginning of the year	20,000	0.2222			20,000	0.2222
				Purchase on 30.09.2019	110	20,110	0.2234
	At the end of the year	20,110	0.2234			20,110	0.2234

v) Shareholding of Directors and Key Managerial Personnel:

SN	Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mr. VaithyalingamAnbalagan*				
	At the beginning of the year	NIL	NIL	NIL	NIL
	At the end of the year	NIL	NIL	NIL	NIL
2.	Mr. M S David**				
	At the beginning of the year	NIL	NIL	NIL	NIL
	At the end of the year	NIL	NIL	NIL	NIL
3.	Mr. RajakumarKumaravelayathaNadar				
	At the beginning of the year	NIL	NIL	NIL	NIL
	At the end of the year	NIL	NIL	NIL	NIL
4.	Mr. MuralidharanRamasamy				
	At the beginning of the year	NIL	NIL	NIL	NIL
	At the end of the year	NIL	NIL	NIL	NIL
5.	Mrs. FreedaGnanaselvamKanagiah				
	At the beginning of the year	NIL	NIL	NIL	NIL
	At the end of the year	NIL	NIL	NIL	NIL

ARUNA HOTELS LIMITED

6.	Mr. Suyambu Narayanan				
	At the beginning of the year	NIL	NIL	NIL	NIL
	At the end of the year	NIL	NIL	NIL	NIL
7.	Mr. Ajay Shukla				
	At the beginning of the year	NIL	NIL	NIL	NIL
	At the end of the year	NIL	NIL	NIL	NIL
8.	Mr. Nagaraj P				
	At the beginning of the year	NIL	NIL	NIL	NIL
	At the end of the year	NIL	NIL	NIL	NIL

*Mr. Vaithyalingam Anbalagan ceased to be Managing Director of the Company with effect from 23.08.2019

** Mr. M S David was appointed as Managing Director with effect from 29.08.2019 approved by the shareholders at their AGM held on 30.09.2019

** Ajay shukla has resigned with effect from 19.2.2020.

V) INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment for the FY 2019-2020.

	Secured Loans excluding deposits(in lakh)	Unsecured Loans (in lakh)	Deposits (in lakh)	Total Indebtedness (in lakh)
Indebtedness at the beginning of the financial year				
i) Principal Amount	2979.35	5024.50	-	8003.85
ii) Interest due but not paid	-	159.85	-	159.85
iii) Interest accrued but not due	13.70	-	-	13.70
Total (i+ii+iii)	2993.05	5184.35	-	8177.40
Change in Indebtedness during the financial year				
* Addition-Principal	500.00	1600.00	-	2100.00
* Addition-Interest	-	635.35	-	635.35
* Reduction-Principal	291.67	-	-	291.67
* Reduction-Interest	1.15	-	-	1.15
Net Change	207.18	2235.35	-	2442.53
Indebtedness at the end of the financial year				
i) Principal Amount	3187.68	6624.50	-	9812.18
ii) Interest due but not paid	-	795.20	-	795.20
iii) Interest accrued but not due	12.55	-	-	12.55
Total (i+ii+iii)	3200.23	7419.70	-	10619.93

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Rs in Lakhs)

SN	Particulars of Remuneration	Name of the Managing Director	Total Amount	Name of the Managing Director	Total Amount
		Mr. Vaithyalingam Anbalagan		Mr. M S David	
1	Gross salary		-		2.14
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		-		-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		-		-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961		-		-
2	Stock Option		-		-
3	Sweat Equity		-		-
4	Commission - as% of profit - others, specify...		-		-
5	Others, please specify		-		-
	Total (A)		-		2.14

B. Remuneration to other Directors

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

ARUNA HOTELS LIMITED

C. Remuneration To Key Managerial Personnel Other Than Md/Manager/Wtd

(Rs in Lakhs)

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross salary	-	6.69	3.66	10.35
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	others, specify...	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	-	6.69	3.66	10.35

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

Date :26.08.2020
Place: Chennai

M S DAVID
DIN: 08539011
Managing Director

MURALIDHARAN RAMASAMY
DIN: 07092976
Director

Form No. MR-3
SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED
31st MARCH, 2020

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

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

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by ARUNA HOTELS LIMITED (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year starting from April 01, 2019 to March 31, 2020(hereinafter referred to as "Audit period"), complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2020 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made there under;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws Framed there under ;
- IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowings.
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time;
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999/ SEBI (Share Based Employee Benefits) Regulations, 2014(was not applicable to the Company during the year);
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008(was not applicable to the Company during the year);

- f. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009((was not applicable to the Company during the year);
- g. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client, as amended from time to time(was not applicable to the Company during the year);
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018(was not applicable to the Company during the year);
- i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements)Regulations, 2015, as amended from time to time;

VI. The Company does not have any industrial specific laws.

We have also examined compliance with the applicable clauses of the following:

- I. The Listing Agreement entered into by the Company with the BSE Limited under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- II. Secretarial Standards issued by The Institute of Company Secretaries of India.

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

We further report that

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

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

All decision were taken with requisite majority at the Board Meetings and Annual General Meeting.

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

We further report that during the audit period the company has no specific events/actions having a major bearing on the Company's affair.

Subsequent to the closure of financial year and as on our report date we were informed that a rights issue to an extend of 60 crores which was earlier approved in the Board meeting held on 17.08.2018 has been decided not to proceed with and the same has been intimated to Registrar of Companies.

Place: Chennai

Date:14.08.2020

J.JOTHI & ASSOCIATES
Practicing Company Secretaries
FRN:P2015TN070400

Partner
Karthik
M. No. A47563
CP No. 17899

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

ANNEXURE–A To Form No. MR-3

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

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

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

Place: Chennai

Date:14.08.2020

J.JOTHI & ASSOCIATES
Practicing Company Secretaries
FRN:P2015TN070400

Partner
Karthik
M. No. A47563
CP No. 17899

CORPORATE GOVERNANCE REPORT**I. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

The Company is committed to adopt the best Corporate Governance practices to manage the affairs of the Company in an ethical, accountable, transparent and fair way, with the blend of both legal and management practices, to imbibe the same in the decision making process of the Company, and to communicate the same accurately and timely, in such a way that both stakeholders' expectations and legal standards are not only met, but the Company surpasses them.

The Company has complied and is in compliance with the requirements stipulated under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Securities and Exchange Board of India

(Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations), as applicable, with regard to Corporate Governance as detailed below for the year ending March 31, 2020:

II. BOARD OF DIRECTORS

The Company is managed and controlled through a professional Board of Directors. The Board comprises of a balanced combination of Non-Executive and Independent Directors in addition to the Managing Director (MD).

The Board as on March 31, 2020 comprises of 5 (five) Directors, out of which two (40%) are Non-Executive Independent Directors (including an Independent Woman Director), two (40%) are Non – Executive Non – Independent Directors and One (20%) is Managing Director.

The composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations read with Section 149 of the Act.

The Directors do not have any relationships inter-se with each other. The Company has obtained Certificate from Company Secretary in Practice that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by SEBI, Ministry of Corporate Affairs or any such statutory authority.

Independent Directors are Non-Executive Directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act along with rules framed thereunder. In terms of Regulation 25(8) of the SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations and that they are independent of the management.

None of the Directors on the Board holds directorships in more than ten public companies. Further, none of the Independent Directors of the company serve as Independent Directors in more than seven listed companies. None of the Directors serving as a Whole-time Director/Managing Director in any listed entity serves as an Independent Director of more than three listed entities. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2020 have been made by the Directors. None of the Directors are related to each other.

III. BOARD MEETING

Five meetings of the Board of Directors were held during the financial year 2019-2020. The said meetings were held on May 21, 2019, August 10, 2019, August 29, 2019, November 11, 2019 and February 11, 2020. The time gap between any two Board Meetings did not exceed one hundred and twenty days (120 days).

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year under review and at the last Annual General Meeting ('AGM'), name of other listed entities in which the Director is a director and the number of Directorships and Committee Chairpersonships / Memberships held

ARUNA HOTELS LIMITED

by them in other public limited companies as on March 31, 2020 are given herein below.

Other directorships do not include directorships of private limited companies, foreign companies and companies registered under Section 8 of the Act. Further, none of them is a member of more than 10(ten) committees or chairperson of more than 5(five) committees across all the public companies in which he/she is a Director. For determination of limit of the Board Committees, chairpersonship and membership of the Audit Committee and Stakeholders' Relationship Committee has been considered as per Regulation 26(1)(b) of the SEBI Listing Regulations.

Name of the Director	Category	Number of Board Meetings attended during FY	Whether attended last AGM held on 30.09.2019	Number of Directorships in other public Companies		Number of Committee positions held in other Public Companies		Directorship in other listed entity (category of Directorship)
				Chairman	Member	Chairman	Member	
		2020						
*Mr. Vaithya lingam Anbalagan	Executive, Managing Director	2	No	-	-	-	-	-
**Mr. David Susainadar	Executive, Managing Director	2	Yes	-	-	-	-	-
Mr. Muralidharan Ramasamy	Non-Executive, Non-Independent Director	5	Yes	-	-	-	-	-
Mr. Rajakumar Velayathanadar	Non-Executive, Non-Independent Director	5	Yes	-	-	-	-	-
Mr. Suyambu Narayanan	Non-Executive, Independent Director	5	Yes	-	-	-	-	-
Mrs. Freeda Gnanaselvam Kanagiah	Non-Executive, Independent Director	5	Yes	-	-	-	-	-

* Ceased to be the Managing Director of the Company due to resignation with effect from August 23, 2019

** Appointed as Managing Director of the Company August 29, 2019.

Code of Conduct

The Board of Directors of the Company has laid down a Code of Conduct for all members of the Board of Directors and Senior Management of the Company which also incorporates the duties of Independent Directors as laid down in the Companies Act, 2013. The Code of Conduct is available on the Company's website. All members of the Board of Directors and Senior Management have affirmed compliance with the Code of Conduct as on March 31, 2020.

Directors' Shareholding

The Directors of the Company do not hold any shares in the Company. No stock options as on date have been granted to the Directors of the Company. The Company has not issued any convertible instruments.

Key skills and Competencies of the Board

The Board comprises qualified members who bring in the required skills, competence, and expertise that allow them to make effective contribution to the Board and its committees. The core competencies identified by the Board of Directors to be possessed by the Directors for the effective functioning of the business are broad understanding of Hospitality business, sufficient knowledge on the regulatory environment applicable to the Company and its business, strategy and governance. All the Directors of the Company possess the core competencies identified by the Board.

Board Process

The Board Agenda items inter-alia include review of financial results, audit reports, budgets, minutes of meetings, appointment of key managerial personnel, regulatory and statutory reports, compliance reports pertaining to all laws applicable to the Company. The Board has accepted all the recommendations of the Committees of the Board made during the year under review.

CEO / CFO Certification

Mr. M S David, Managing Director, and Mr. Nagaraj P, Chief Financial Officer of the Company, have certified to the Board on the requirements of the SEBI Listing Regulations with regard to financial statements for the year ended March 31, 2020 and the Certificate forms part of this Report.

Independent Directors Meeting

Independent Directors of the Company met once during the financial year on February 21, 2020 in line with the requirements under Schedule IV to the Companies Act, 2013 (Code for Independent Directors) and Regulation 25(3) of the Listing Regulations. None of the Non-Independent Directors and members of the Management were present at the meeting.

Independent Directors at their meeting transacted the following:-

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

The terms and conditions of appointment of Independent Directors and details of familiarization programmes imparted to Independent Directors of the Company are available on the Company's website: www.arunahotels.com.

The Independent Directors have submitted declarations that they meet the criteria of independence as provided in Regulation 16(1)(b) of the SEBI Listing Regulations and that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence.

The evaluation of Independent Directors was done by the entire Board of Directors which included performance of the directors and fulfillment of the independence criteria as specified in Listing Regulations and their independence from the management. The Board of Directors has confirmed that, in their opinion, the Independent Directors fulfill the conditions specified in the SEBI Listing Regulations and are independent of the management.

Remuneration

No sitting fees or remuneration is paid to the Non-Executive Directors and Independent Directors of the Company for attending the meetings of the Board and Committees, during financial year 2019-2020.

Membership Term

The Board constantly evaluates the contribution of the members and periodically shares updates with the shareholders about re-appointments consistent with applicable statutes. The current law in India mandates the retirement of two-third of the non-independent Directors (who are liable to retire by rotation) every year, and qualifies the retiring members for re-appointment. Executive Directors are appointed by the shareholders for a maximum period of five years, but are eligible for re-appointment upon completion of their term. An independent Director shall hold office for a term of up to five consecutive years on the Board of the Company and will be eligible for re-appointment on the passing of a resolution by the Company.

IV. BOARD COMMITTEES

Currently, the Board has three committees: Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee. All committees consist majority of independent Directors. The Board committees are set up by the Board and are governed by its terms of reference which exhibit the scope, composition, tenure, functioning and reporting parameters. The Board Committees play a crucial role in the governance structure of the Company. The Committees operate under the direct supervision of the Board and Chairperson of the respective committees' report to the Board about the deliberations and decisions taken by the Committees.

The non-executive Chairperson of the Board, in consultation with the Company Secretary and the committee chairperson, determines the frequency and duration of the committee meetings. The recommendations of the Committees are submitted to the Board for their approval. During the year under review, all recommendations of the Committees were approved by the Board. The quorum for meetings is either two members or one-third of the total number of members of the committee, whichever is higher.

There are three (3) Board Committees as on March 31, 2020, details of which are as follows:

Name of the Committee	Extract of terms of reference	Category and Composition			
		SN	Name	Nature of the Directorship	Designation in Committee
Audit Committee	Committee is constituted in line with the provisions of Regulation 18 of the SEBI Listing Regulations and Section 177 of the Companies Act, 2013. ➤ Examining financial statement and Auditors Report thereon ➤ Reviewing, with the management, performance of statutory and internal auditor, adequacy of the internal control systems ➤ Providing recommendation for appointment, remuneration and terms of appointment of Auditors of the Company ➤ Reviewing and Monitoring Auditor's independence and performance and effectiveness of Audit process	1.	Mr. Suyambu Narayanan (DIN: 07718798)	Non-Executive, Independent Director	Chairman
		2.	Mrs. Freeda Gnanaselvam Kanagiah (DIN: 07350172)	Non-Executive, Independent Director	Member
		3.	Mr. Muralidharan Ramasamy (DIN: 07092976)	Non-Executive, Non-Independent Director	Member
		Four (4) meetings of the Audit Committees were held during the year under review and the gap between two meetings did not exceed 120 days. The dates of the said meetings are as: 21.05.2019, 10.08.2019, 11.11.2019 and 11.02.2020.			

a. AUDIT COMMITTEE (ACM)

The Audit Committee comprises of three Directors which includes two Independent Directors and one Non-Executive Non-Independent Director. All members of the Audit Committee are financially literate and possess accounting and related financial management expertise. The Company Secretary acts as the Secretary to the Committee.

The details of the attendance of the members of the Audit Committee Meetings are as follows:

Name	Category	Number of meetings during the FY 2019-2020	
		Held	Attended
Mr. Suyambu Narayanan (DIN: 07718798)	Non-Executive, Independent Director – Chairman	4	4
Mrs. Freeda Gnanaselvam Kanagiah (DIN: 07350172)	Non-Executive, Independent Director - Member	4	4
Mr. Muralidharan Ramasamy (DIN: 07092976)	Non-Executive, Non-Independent Director - Member	4	4

The Audit Committee has powers to investigate any activity within its terms of reference, seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.

The terms of reference of the Audit Committee are broadly as under:

- (1). Oversight of the Company’s financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (2). Reviewing, with the management, the annual financial statements and auditor’s report thereon before submission to the board for approval, with particular reference to:
 - (a) matters required to be included in the director’s responsibility statement to be included in the Board’s Report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - (b) changes, if any, in accounting policies and practices and reasons for the same;
 - (c) major accounting entries involving estimates based on the exercise of judgment by management;
 - (d) significant adjustments made in the financial statements arising out of audit findings;
 - (e) compliance with listing and other legal requirements relating to financial statements;
 - (f) disclosure of any related party transactions;
 - (g) modified opinion(s) in the draft audit report;
- (3). reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- (4). reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

- (5) recommendation for appointment, remuneration and terms of appointment of auditors of the Company, including their replacement or removal;
- (6) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (7) reviewing and monitoring with the management, independence and performance, of statutory and internal auditors, adequacy of the internal control systems, and effectiveness of audit process;
- (8) evaluation of internal financial controls and risk management systems;
- (9) reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (10) discussion with internal auditors of any significant findings and follow up there on;
- (11) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- (12) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (13) approval or any subsequent modification of transactions of the Company with related parties;
- (14) reviewing of related party transactions entered into by the Company pursuant to omnibus approval(s), on quarterly basis
- (15) scrutiny of inter-corporate loans and investments;
- (16) valuation of undertakings or assets of the Company, wherever it is necessary;
- (17) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (18) Reviewing the financial statements, in particular the investments, if any made by the unlisted subsidiary company(ies)
- (19) to review the functioning of the whistle blower mechanism/vigil mechanism;
- (20) approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
- (21) reviewing mandatorily the following information:
 - (a) The Management Discussion and Analysis of financial condition and results of operations;
 - (b) Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
 - (c) Management letters/letters of internal control weaknesses issued by the statutory auditors;
 - (d) Internal audit reports relating to internal control weaknesses;
 - (e) appointment, removal and terms of remuneration of the Chief internal auditor / internal auditor(s); and
 - (f) Statement of deviation:

- i) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI Listing Regulations; and
 - ii) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the SEBI Listing Regulations.
- (22) Carrying out any other function as is mandated by the Board from time to time and/or enforced by any statutory / regulatory requirement, as may be applicable.
- (23) Review its Terms of Reference on an annual basis and recommend any changes to the Board;
- (24) In terms of the Insider Trading Code adopted by the Company, the Committee shall consider the following matters: –
- (i) To approve policies/framework in relation to the implementation of the Insider Trading Code and to supervise implementation of the Insider Trading Code.
 - (ii) To note and take on record the status reports detailing the dealings by Designated Persons in Securities of the Company, as submitted by the Compliance Officer on a quarterly basis.
 - (iii) To provide directions on any penal action to be initiated, in case of any violation of the Prohibition of Insider Trading Regulations by any person.
- (25) To investigate into any matter in relation to the role/terms of reference and to obtain external professional advice, if necessary and shall have full access to the information contained in the records of the Company;
- (26) To seek information from employees and secure attendance of outsiders, if necessary; and
- (27) To call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the Company.”

The Chief Financial Officer, Statutory Auditors and Internal Auditors are present at the meetings. Respective functional executives, as it considers appropriate (particularly the head of the finance function) heads are also invited to attend the Audit Committee meeting to respond to queries and observations pertaining to their functions, arising out of the audit reports.

ARUNA HOTELS LIMITED

b. NOMINATION AND REMUNERATION COMMITTEE (NRC)

The NRC comprises of three Directors which includes two Independent Directors and one Non-Executive Non-Independent Director.

Name of the Committee	Extract of terms of reference	Category and Composition			
		SN	Name	Nature of the Directorship	Designation in Committee
Nomination and Remuneration Committee	Committee is constituted in line with the provisions of Regulation 19 of the SEBI Listing Regulations and Section 178 of the Companies Act, 2013. ➤ Formulation of criteria for evaluation of performance of the Independent Directors and the Board of Directors ➤ Recommend to the Board all remuneration, in whatever form, payable to the senior management ➤ To formulate criteria for performance evaluation of independent directors and the Board and to carry out evaluation of every director's performance	1.	Mrs. Freeda Gnana selvam Kanagiah (DIN: 07350172)	Non-Executive, Independent Director	Chairman
		2.	Mr. Suyambu Narayanan (DIN: 07718798)	Non-Executive, Independent Director	Member
		3.	Mr. Rajakumar Kumaravellyatha nadar (DIN: 05187894)	Non-Executive, Non-Independent Director	Member
		Four (4) meetings of the Nomination and Remuneration Committee were held during the year under review. The dates of the said meetings are as: 21.05.2019, 10.08.2019, 29.08.2019 and 11.11.2019.			

The details of the attendance of the members of the NRC Meetings are as follows:

Name	Category	Number of meetings during the FY 2019-2020	
		Held	Attended
Mrs. Freeda Gnanaselvam Kanagiah (DIN: 07350172)	Non-Executive, Independent Director – Chairman	4	4
Mr. Suyambu Narayanan (DIN: 07718798)	Non-Executive, Independent Director - Member	4	4
Mr. Rajakumar Kumaravellyatha Nadar (DIN: 05187894)	Non-Executive, Non-Independent Director - Member	4	4

The terms of reference of the Nomination and Remuneration Committee are broadly as under:

1. To formulate the criteria for determining qualifications, positive attributes and independence of a director;
2. To devise a policy on Board diversity;
3. To identify persons who are qualified to become Director in accordance with the criteria laid down and recommend to the Board, their appointment/removal;
4. To identify persons who may be appointed in Senior Management in accordance with the criteria laid down and recommend to the Board, their appointment /removal;
5. To formulate and recommend to the Board policies relating to the remuneration for:
 - a. Directors;
 - b. Key Managerial Personnel; and
 - c. Other Employees of the Company;

6. To formulate criteria for performance evaluation of independent directors and the Board and to carry out evaluation of every director's performance;
7. To recommend remuneration payable to Managing Directors and Whole-time Directors;
8. To recommend the sitting fees payable, if any to Non-Executive Directors;
9. To review and recommend nature of services rendered by any director in other capacity and requisite qualification thereof;
10. To discharge the roles envisaged under the SEBI (Share Based Employee Benefits) Regulations, 2014;
11. Determine whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
12. Review its Terms of Reference on an annual basis and recommend any changes to the Board;
13. To carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory / regulatory requirement, as may be applicable."

Nomination and Remuneration Policy

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

The details of remuneration paid to Directors are given below:

Name of the Director	Salary	Sitting fee	Commission	ESOPs	Others
Mr. David Susainadar (Managing Director) *	Rs.33,000/- p.m.	-	-	-	-
Mr. Vaithyalingam Anbalagan(Managing Director)**					
Mr. Muralidharan Ramasamy(Director)	-	-	-	-	-
Mr. Rajakumar Kumaravelayathanadar (Director)	-	-	-	-	-
Mr. Suyambu Narayanan (Director)	-	-	-	-	-
Mrs. Freeda Gnanaselvam Kanagiah (Director)	-	-	-	-	-

*Appointed as Managing Director of the Company with effect from 29.08.2019 (BM), approved at the AGM dt: 30.09.2019 as per the terms and conditions approved by the NRC at its meeting held on 29.08.2019 as given below:

- a. Salary of Rs.33,000/- p.m.
- b. Reimbursement of expenses incurred by him on account of business of the Company in accordance with the Company policy
- c. Reimbursement of any other expenses properly incurred by him in accordance with the rules and policies of the Company and the Managing Director shall be entitled to such increment from time to time as the Board may by its discretion determine.

**Resigned from the Board as Managing Director with effect from 23.08.2019

During the year under review, the Company had no pecuniary relationship or transactions with the Non executive Directors, other than reimbursement of expenses, if any incurred by them for the purpose of attending meetings of the Board / Committee of the Company.

c. STAKEHOLDERS’ RELATIONSHIP COMMITTEE (SRC)

The stakeholders’ relationship committee comprises of three Directors which includes two Independent Directors and one Non-Executive Non-Independent Director.

Name of the Committee	Extract of terms of reference	Category and Composition			
		SN	Name	Nature of the Directorship	Designation in Committee
Nomination and Remuneration Committee	Committee is constituted in line with the provisions of Regulation 20 of the SEBI Listing Regulations and Section 178 of the Companies Act, 2013. ➤ Consider and resolve the grievances of security holders; ➤ Consider and approve issue of share certificates, transfer and transmission of securities, etc. ➤ Approve and monitor dematerialization of shares all related matters;	1.	Mr. Rajakumar Kumaravellyathar (DIN: 05187894)	Non-Executive, Non-Independent Director	Chairman
		2.	Mr. Suyambu Narayanan (DIN: 07718798)	Non-Executive, Independent Director	Member
		3.	Mrs. Freeda Gnanaselvam Kanagiah (DIN: 07350172)	Non-Executive, Independent Director	Member
		Four (4) meetings of the Stakeholders Relationship Committee were held during the year under review. The dates of the said meetings are as: 21.05.2019, 10.08.2019, 11.11.2019 and 11.02.2020			

The details of meetings attended by the members of SRC Meetings are given below:

Name	Category	Number of meetings during the FY 2019-2020	
		Held	Attended
Mr. Rajakumar Kumaravellyathar Nadar (DIN: 05187894)	Non-Executive, Non-Independent Director - Chairman	4	4
Mr. Suyambu Narayanan (DIN: 07718798)	Non-Executive, Independent Director - Member	4	4
Mrs. Freeda Gnanaselvam Kanagiah (DIN: 07350172)	Non-Executive, Independent Director – Member	4	4

Ajay Shukla- Company Secretary and Compliance Officer (resigned wef February 19, 2020)

SG Surayh- Compliance Officer appointed wef 5.5.2020 and resigned wef 30.06.2020

The terms of reference of the Stakeholders’ Relationship Committee are broadly as under:

1. To oversee and review all matters connected with the transfer of the Company’s securities and to approve allotment, transfer / transmission of securities;
2. To consider, resolve and monitor redressal of investors’ complaints/ grievances like non-transfer of securities, non-receipt of annual report, non-receipt of dividends, etc.;
3. To approve issue of duplicate share certificates and new certificates on split/consolidation/renewal;

4. To oversee the performance of the Company’s Registrar and Share Transfer Agent(s);
5. To recommend methods to upgrade the standards of services to investors;
6. Review its Terms of Reference on an annual basis and recommend any changes to the Board; and
7. To carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory / regulatory requirement, as may be applicable.”

The following are the details of investor complaints received and redressed during the financial year 2019-20:

Opening Balance	Complaints received	Complaints redressed	Closing Balance
NIL	NIL	NIL	NIL

d.Performance Evaluation Criteria for Independent Directors:

The performance Evaluation Criteria of Independent Directors is determined by the Nomination and Remuneration Committee. An indicative list of factors on which evaluation was carried out includes participation and contribution by a Director, commitment, effective deployment of knowledge and expertise, integrity and maintenance of confidentiality and independence of behaviour and judgement.

V.POLICIES – AFFIRMATIONS

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

Key policies that have been adopted by the Company are as follows:

Particulars	Regulations	Details	Website link for details/policy
Related Party Transaction Policy	Regulation 23 of the SEBI Listing Regulations and as defined under the Act	The policy regulates all transactions between the Company and its related parties. All transactions entered into were at Arms’ length basis. During the year under review, all transactions entered into were approved by the Audit Committee	www.arunahotels.com
Non-Executive Directors Policies and code for Independent Directors	Regulation 46 (2) (f) of SEBI Listing Regulations, 2015	The policy determines the criteria for payments made to Non-executive Directors	www.arunahotels.com
Code of Conduct	Regulation 17 of SEBI Listing Regulations, 2015	The members of the Board and Senior Management Personnel have affirmed compliance with the Code of Conduct applicable to them during the year ended March 31, 2020. The Annual Report of the Company contains a certificate by the Managing Director and Chief Executive Officer, on the compliance declarations received from the Members of the Board and Senior Management.	www.arunahotels.com

Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons	Regulation 8(1) of SEBI Prohibition of Insider Trading) Regulations, 2015	AHL's code to regulate, monitor and report trading by Designated Persons. A policy and Procedure for inquiry in case of leak or suspected leak of unpublished price sensitive information	www.arunahotels.com
Preservation of Documents	Regulation 9 of SEBI Listing Regulations, 2015	The policy determines the criteria and time period for preservation of records and archives.	www.arunahotels.com
Preservation of Documents and Website Archival Policy	Regulations 9 and 30 of SEBI Listing Regulations, 2015	The policy deals with the retention and archival of corporate records from the website of the Company.	www.arunahotels.com
Familiarization Programmes for Directors	Regulation 46 of SEBI Listing Regulations, 2015	Details of familiarization programme imparted to the Directors	www.arunahotels.com
KMP determining Materiality of Events	Regulation 30(5) of SEBI Listing Regulations, 2015	Details as to authorization of KMP for the purpose of determining materiality of event or information and contact details of such KMP	www.arunahotels.com
Whistle Blower / Vigil Mechanism Policy	Regulations 22 and 46 of SEBI Listing Regulations, 2015	The Company has established the necessary vigil mechanism for directors and employees to report concerns about unethical behaviour. No	www.arunahotels.com

VI. OTHER DISCLOSURES:

The Company has complied with all the mandatory and non-mandatory requirements of the Listing Regulations relating to Corporate Governance and also complied with Clauses (b) to (i) of Regulation 46 (2) relating to the dissemination of information on the website of the Company. As regard the status of compliance with the non-mandatory requirements listed in Part E of Schedule II of the Listing Regulations, the financial statements of the Company are with unmodified audit opinion. The Chairman of the Board is a Non-Executive Director and his position is separate from that of the Managing Director and the Internal Auditor reports to the Audit Committee.

Means of Communication: Quarterly, Half-yearly and Annual results of the Company were published in leading English and vernacular newspapers viz. Trinity Mirror and Makkal Kural. Additionally, the results and other important information are also periodically updated on the Company's website.

Corporate Filing and Dissemination System: All disclosures and communications to the BSE Limited are filed electronically to the designated portal.

SEBI Complaints Redress System (SCORES): A centralized web-based complaints redressal system which serves as a centralized database of all complaints received, enables uploading of Action Taken Reports (ARTs) by the concerned companies and the investors can view the actions taken on the complaint and its current status.

Disclosure of accounting treatment in preparation of financial statements: The Company follows Indian Accounting Standards (Ind AS) issued by the Ministry of Corporate Affairs in the preparation of its Financial Statements.

VII. DETAILS OF NON-COMPLIANCE BY THE LISTED ENTITY, PENALTIES, STRICTURES IMPOSED ON THE LISTED ENTITY BY STOCK EXCHANGE(S) OR THE BOARD OR ANY STATUTORY AUTHORITY, ON ANY MATTER RELATED TO CAPITAL MARKETS, DURING THE LAST THREE YEARS;

There are no penalties or strictures imposed on the Company by BSE or SEBI or any statutory authority, on any matter related to capital markets, during the last three years;

Details of utilisation of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32(7A) of the SEBI Listing Regulations: The Company did not raise any funds through preferential allotment or qualified institutions placement during the year under review.

Disclosures of commodity price risks or foreign exchange risks and commodity hedging activities specified under Schedule V (C) 10(g) to the SEBI Listing Regulations: The Company does not deal in commodities and hence the disclosure pursuant to the same is not required to be given.

Remuneration to the Statutory Auditors of the Company, Pursuant to Regulation 36(5) of SEBI Listing Regulations: M/s Bala & Co, Chartered Accountants (ICAI Firm Registration Number: 000318S), the Company's Statutory Auditor, is responsible for performing an Independent audit of the Financial statements and expressing an opinion on the conformity of those financial statements with accounting principles generally accepted in India. Total fees paid to the Statutory Auditor is as under:

Particulars	Amount (in Rs.)
Audit fees Statutory Audit*	2,50,000/-
Total	2,50,000/-

*Excluding GST for FY 2019-20

VIII. WHISTLE BLOWER POLICY/ VIGIL MECHANISM

The Company has adopted a revised Whistle Blower policy establishing vigil mechanism, to provide a formal mechanism to the Directors and employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy and the Insider Trading Code. The policy provides for direct access to the Chairman of the Audit Committee pursuant to which employees can raise their concerns relating to fraud, malpractice or any other activity or event which is against the Company's interest besides adequate safeguards against victimization of employees who avail of vigil mechanism. It is affirmed that no employee or any personnel of the Company has been denied access to the Audit Committee in this regard.

IX. DISCLOSURES ON MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS THAT MAY HAVE POTENTIAL CONFLICT WITH THE INTERESTS OF LISTED ENTITY AT LARGE;

There are no materially significant related party transactions that may have potential conflict with the interests of the Company

X. SUBSIDIARY

The Company does not have any material unlisted subsidiaries as defined under regulation 24(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Hence, the Company has not devised or adopted any Policy on 'Material Subsidiary' in line with the requirements of the SEBI Listing Regulations.

XI. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company ensures safe and harassment – free workplace for every individual working in the Company. The Company has complied with the applicable provisions of the aforesaid Act, and Rules framed thereunder. The Company has in place an Anti-Sexual Harassment policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. All employees, permanent and contractual, are covered under this policy.

During the Financial Year 2019-2020, the Company was under Renovation Process and currently working Employees, either regular or contractual were below 10 in numbers.

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 mandates all the workplace to constitute Internal Complaints Committee (ICC) for receiving complaints of sexual harassment of women in all Ministries/Departments of Union as well as State Governments and in the private sector too. As, the Company has less than ten employees, the Company is not required to Constitute Internal Complaints Committee (ICC) as per the requirement of prevention of sexual harassment Policy. Further, the Company management also has not received any complaints regarding sexual harassment during the year under review.

Status of Complaints as on March 31, 2020

S. No	Particulars	Number of Complaints
1	Number of complaints filed during the financial year	Nil
2.	Number of complaints disposed off during the financial year	Nil
3.	Number of Complaints pending at the end of the financial year	Nil

XII. CERTIFICATIONS

In terms of Regulation 17(8) of the Listing Regulations, the CEO and CFO have issued a certificate to the Board with regard to the propriety of the Financial Statements and other matters stated in the said regulation, for the Financial Year 2019-2020.

A certificate from the Company Secretary in Practice has been received stating that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the SEBI/Ministry of Corporate Affairs or any such statutory authority. The certificate is enclosed with this section as **Annexure IV**.

The Company regularly submits to the Stock Exchange (the BSE Limited) within the prescribed period, quarterly reports on Corporate Governance electronically through the online portal of the BSE. A certificate from the Company Secretary in Practice on Corporate Governance also obtained and is attached as an **Annexure V** to this Report.

XIII. GENERAL BODY MEETINGS

I. General Meetings:

a. The details of the last three Annual General Meetings are as follows:

Financial Year	Date and Time	Venue
March 2017 (2016-17)	AGM on September 28, 2017 at 9.00 a.m.	Youth Hostel, 2nd Avenue, Indira Nagar, Chennai – 600020
March 2018 (2017-18)	AGM on September 20, 2018 at 9.00 a.m.	Youth Hostel, 2nd Avenue, Indira Nagar, Chennai – 600020
March 2019 (2018-19)	AGM on September 30, 2019 at 9.00 a.m.	Youth Hostel, 2nd Avenue, Indira Nagar, Chennai – 600020

Details of Resolutions passed at the AGM held, as tabled above:

At the AGM held on September 28, 2017:

- (i) Ordinary resolution to increase the Authorised Share Capital of the Company from the existing Rs. 32 Crores to Rs.75 crores;
- (ii) Special resolution to amend Clause V of Memorandum of Association of the Company;
- (iii) Special Resolution to amend Article 7 of the Articles of Association of the Company; and
- (iv) Ordinary Resolution to Regularize Mr. Suyambu Narayanan as Director, who was appointed as an Additional Director of the Company

At the AGM held on September 20, 2018: Special Resolution to Raise funds by the Company through Unsecured loans

At the AGM held on September 30, 2019: Special Resolution to appoint Mr. M S David as Managing Director of the Company

b. Extraordinary General Meetings:

No Extraordinary general meeting of the members was held during Financial Year 2019-20.

2. Details of special resolution passed through postal ballot, the persons who conducted the postal ballot exercise, details of the voting pattern and procedure of postal ballot: No postal ballot was conducted during the Financial Year 2019-20.

3. Details of special resolution proposed to be conducted through postal ballot: None of the businesses proposed to be transacted at the ensuing AGM requires passing of a special resolution through postal ballot.

XIV. SHARE TRANSFER SYSTEM

We have a Board – level Shareholders Relationship Committee to examine and redress complaints by shareholders and investors. Transfers of equity shares in electronic form are done through the depositories with no involvement of the Company. The Shareholders’ relationship committee will meet as often as required to approve share transfers. For matters regarding shares transfers in physical form, transpositions, share certificates, dividends, and change of address and redressal of queries, shareholders are processed within the mandated time the date of receipt, if the documents are complete in all respects by our Share Transfer and Registrar Agents (RTA), M/s MCS Share Transfer Agent Limited. Share transactions are simpler and faster in electronic form. After a confirmation of a sale/ purchase transaction from the broker, shareholders should approach the depository participant with a request to debit or credit the account for the transaction. The depository participant will immediately arrange to complete the transaction by updating the account. There is no need for a separate communication to the Company to register the transfer.

GENERAL SHAREHOLDER INFORMATION

SN	Particulars	Information for Shareholders
a.	Corporate Identification Number	L15421TN1960PLC004255
b.	Registered Office	“Aruna Centre”, 145, Sterling Road, Nungambakkam, Chennai 600034, Tamil Nadu, India Ph: 044 -2530 3404
c.	Registrar and Share Transfer Agent	M/s MCS Share Transfer Agent Limited 201, D Wing, 2nd Floor, Gokul Industrial Estate Building, Sagbaug, Marol Co-op Industrial Area, B/H Times Square, Andheri East, Mumbai 400059, Maharashtra, India Telephone Nos: 022-28516020 / 6021/6022/6023
d.	Date, Time and Venue of the Annual General Meeting (AGM) for the financial year 2019-2020	Date & Time: September 21, 2020 at 11.00 a.m. (IST) Venue: The Company is conducting meeting through Video Conferencing (VC) and Other Audio-Visual Means (OAVM) pursuant to the MCA Circular dated May 05, 2020 and as such there is no requirement to have a venue for the AGM. For details, please refer to the Notice of this AGM
e.	Financial Calendar	Financial year 1st April to 31 st March
f.	Financial Report for: Quarter ending June 30, 2020 Quarter ending September 30, 2020 Quarter ending December 31, 2020 Quarter ending March 31, 2021	On or before second week of August 2020 On or before second week of November 2020 On or before second week of February 2021 On or before second week of May 2021
g.	Cut-off for e-Voting	September 14, 2020
h.	Date of Book Closure	September 15, 2020 to September 21, 2020 (both days inclusive)
i.	E-Voting dates	September 18, 2020 from 9 A.m. to September 20, 2020 to 5 P.m.
j.	Dividend payment date	Not applicable as the Company has not declared any Dividend
k.	Stock Exchange	Equity Shares listed on “The BSE Limited”
l.	Demat ISIN (Equity shares) in NSDL * CDSL	INE957C01019
m.	Scrip Code	500016
n.	Credit ratings	NA
o.	Suspension of shares	NA
p.	plant locations	company owns a hotel located at Chennai.
q.	commodity price risk or foreign exchange risk and hedging activities	NA
r.	Demat of shares:	The Company’s shares are compulsorily traded in dematerialised form on the BSE Stock Exchange. Equity Shares of the Company representing 67.25% of the Company’s equity share capital are dematerialized as on March 31, 2020. Under the Depository system, the International Securities Identification Number (ISIN) allotted to the Company’s shares is INE957C01019. The equity shares of the company are infrequently traded
s.	Convertibles/warrants	NA

ARUNA HOTELS LIMITED

Stock Market Data:

The monthly high and low share prices and number of equity shares of the company traded at The BSE Limited, from April 1, 2019 to March 31, 2020 are given below:

(Prices in Rupees)

The BSE Limited (2019-2020) – Historical High-Low & Stock Prices

Months	High	Low	Total number of equity shares traded
April-2019	8.10	7.32	3,283
May-2019	7.50	6.65	3,831
June-2019	7.35	5.61	6,860
July-2019	5.64	5.09	1,854
August-2019	6.65	4.75	2,833
September-2019	6.98	5.89	3,581
October-2019	7.00	5.45	4,301
November-2019	8.49	6.01	12,320
December-2019	7.71	5.70	4,108
January-2020	9.85	7.22	7,127
February-2020	9.50	7.60	1,874
March-2020	7.96	5.30	2,511

Distribution of Equity Shareholding as on 31st March 2020:

No. of shares	No. of Shareholders	Folio	% of Shares	% of Holdings
Upto 500	28,21,714	23,429	31.3524	96.4514
501-1000	4,74,609	662	5.2734	2.7253
1001-2000	1,15,224	81	1.2803	0.3335
2001-3000	74,323	31	0.8258	0.1276
3001-4000	52,344	15	0.5816	0.0618
4001-5000	64,811	14	0.7201	0.0576
5001-10000	1,21,562	18	1.3507	0.0741
10001 – 50000	5,97,977	29	6.6442	0.1194
50001-100000	2,75,933	4	3.0659	0.0165
And above 100000	44,01,503	8	48.9056	0.0329
Total	90,00,000	24,291	100.00	100.00

Shareholders holding more than 1% of the Equity Share Capital:

SN	Name	Shares	% of shares held
1	Subasri Realty Private Limited	1685539	18.7282
2	Kamal Babbar	1216500	13.5167
3	Gay Travels Private Limited	591506	6.5723
4	Yessir Holdings and Investments Private Limited	372412	4.1379
5	Sovereign Media Marketing Private Limited	195718	2.1746
6	Anita Kumaran	118296	1.3144
7	Kaavya Sharath Jagannathan	118236	1.3137
8	S Balasubramanian	103296	1.1477
9	Euro American Holdings Limited	96050	1.0672

ARUNA HOTELS LIMITED

MANAGING DIRECTOR) / CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

We, M S DAVID, MANAGING DIRECTOR and NAGARAJ P, CFO of ARUNA HOTELS LIMITED, to the best of our knowledge and belief hereby certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year and that to the best of my knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or volatile of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and We have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee:
 - (i) Significant changes in internal control over financial reporting during the year;
 - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) Instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Date: 26.08.2020
Place : Chennai

M S David
DIN : 08539011
Managing Director

NAGARAJ P
Chief Financial Officer

DECLARATION BY THE MANAGING DIRECTOR UNDER PARA D OF SCHEDULE V OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 REGARDING ADHERENCE TO THE CODE OF CONDUCT.

In accordance with para D of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby confirm that, all the Directors and the Senior Management personnel of the Company have affirmed compliance with their respective Codes of Conduct, as applicable to them, for the financial year ended March 31, 2020.

For ARUNA HOTELS LIMITED

Sd/-

Date: 26.08.2020
Place : Chennai

M S David
DIN : 08539011
Managing Director

Certificate of Non-Disqualification of Directors
(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To
 The Members of
 Aruna Hotels Limited
 Aruna Centre, 145 Sterling Road
 Nungambakkam Chennai 600034

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Aruna Hotels Limited having CIN L15421TN1960PLC004255 and having Registered office at Aruna Centre, 145, Sterling Road, Nungambakkam, Chennai 600034 (hereinafter referred to as “the Company”), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub Clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No	Name of Director	DIN	Date of appointment in Company
1	David Susainadar	08539011	29-08-2019
2	Ramasamy Muralidharan	07092976	02-03-2015
3	Kumaravelayatha Nadar Rajakumar	05187894	02-03-2015
4	Suyambu Narayanan	07718798	10-02-2017
5	Freedda Gnanaselvam Kanagiah	07350172	27-11-2015

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Chennai
 Date:14.08.2020
 UDIN:A047563B000582768

J.JOTHI & ASSOCIATES
 Practicing Company Secretaries
 FRN:P2015TN070400

Sd/-
 Partner
 Karthik
 M. No. A47563
 CP No. 17899

PRACTICING COMPANY SECRETARY'S CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members, Aruna Hotels Limited

We have examined the compliance of conditions of Corporate Governance by Aruna Hotels Limited ("the Company") for the year ended March 31, 2020, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations – 2015").

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the company for ensuring compliances of conditions of the Corporate Governance stipulated in the SEBI Listing Regulations – 2015.

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

In our opinion and to the best of our information provided and explanations given to me, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27, clauses(b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of the Listing Regulations –2015, as applicable, during the year ended March 31, 2020.

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

Place: Chennai
Date:14.08.2020
UDIN:A047563B000582768

J.JOTHI & ASSOCIATES
Practicing Company Secretaries
FRN:P2015TN070400

Sd/-
Partner
Karthik
M. No. A47563
CP No. 17899

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Aruna Hotels Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31st, 2020, the loss, changes in equity and its cash flows for the year ended on that date.

Basis of Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1.	<p>Going Concern Principle The company is currently not operating and hence no operating income has been recorded since FY 2015-16. The management and those charged with governance informed us that renovation work will be finished soon and the hotel will be reopened.</p>	<p>Principal Audit Procedures We have obtained sufficient appropriate audit evidence regarding the management's use of going concern assumption. We have assessed the Company's renovation process through the bills of vendors provided to us and the certificate provided by the architect on the status of the work completed. As per the discussion with the management, the hotel will start its operations most likely in FY 2020-21. Based on the audit evidence obtained by us we have not found any material uncertainty about the entity's ability to continue as a going concern.</p>

2.	<p>Redemption of Preference Shares The company had issued preference shares in earlier years and were not redeemed in the year in which it had to been redeemed, because it had no profits, nor could it make any fresh issue of shares. No liability has been provided for Preference Share Dividend.</p>	<p>Principal Audit Procedures During audit, we verified the details of preference shareholders. The management informed us that the Company is willing to repay the principal amount due to each preference shareholder (without any dividend) and the Company has sent out letters to preference shareholders in this regard for their acceptance in December 2018.</p>
3.	<p>Litigations The Company is involved in civil litigation and taxation litigation: Direct and indirect taxation.</p>	<p>Principal Audit Procedures During audit, we have verified all the documents related to various litigations. Details of each case has been provided under Note no. 17 of notes to accounts.</p>
4.	<p>Impact of COVID-19</p>	<p>Principal audit procedures: Due to COVID-19, we were unable to physically visit the renovation area and carry on our audit procedures there. Physical verification of cash and other assets including its related controls were done remotely based on the evidence shown to us. Also, the impact of COVID-19 on the hotel industry was analysed. The COVID-19 pandemic and the related travel restrictions are having an unprecedented impact on the hotel industry as well. There are increased chances that the Hotel may not achieve its revenue projections done during the pre-Covid-19 situation once it re-opens for business. However, things may change once the situation returns to normalcy. Further, due to the pandemic, the renovation also could not be completed as estimated. As of the Balance sheet date, there are no material impact on the Company on account of Covid-19 except for the delay in completion of the renovation.</p>

Information Other than the Financial Statements and Auditor’s Report Thereon

The Company’s Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board’s Report including Annexures to Board’s Report, Business Responsibility Report, Corporate Governance and Shareholder’s Information, but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

Based on the work we have performed, we conclude that there is no material misstatement of the other information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies, making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based, on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the result of our work, and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of audit and significant audit findings, including any significant deficiencies in internal control that we identify in our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
- d) In our opinion, the aforesaid financial statements comply with Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors of the Company as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information

and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no transfer of amounts to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Bala & Co.,
Chartered Accountants
(FRN.: 000318S)

Sd/
Sriram Visvanathan
Partner
M.No: 216203

Place: Chennai
Date: 30.06.2020

“Annexure A” to the Independent Auditor’s Report

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

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

We have audited the internal financial controls over financial reporting of Aruna Hotels Limited (“the Company”) as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide

reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Bala & Co.,
Chartered Accountants
(FRN.: 000318S)

Sd/
Sriram Visvanathan
Partner
M.No: 216203

Place: Chennai
Date: 30.06.2020

“Annexure B” to the Independent Auditor’s Report

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

- i. In respect of the Company’s fixed assets:
 - a. The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b. The fixed assets have been physically verified by the management during the year and no discrepancies have been noted in respect of assets added during the year.
 - c. As a part of the ongoing renovation process of the Hotel, during the year, the company has shown the additions to fixed assets under Capital Work in Process. The details have been shown under the Fixed Assets schedule in the financial statements.
 - d. The management has confirmed that the title deeds of immovable properties are held in the name of the company.
- ii. During the Financial Year 2019-20, the company does not have any physical inventories. Accordingly, reporting under clause 3(ii) of the Order is not applicable to the Company.
- iii. In our opinion and according to the information and explanations given to us, the Company has not granted loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clauses (iii) of the Order are not applicable.
- iv. In our opinion and according to the information and explanations given to us, the provisions of section 185 and 186 of the Act with respect to the loans and investments made are not applicable to the company.
- v. The company has not accepted deposits during the year and does not have any unclaimed deposits as of March 31, 2020 and therefore, the provisions of the clause 3(v) of the Order are not applicable to the Company.
- vi. To the best of our knowledge and belief, the Central Government has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Companies Act, 2013 in respect of services carried out by the Company. Accordingly, the provisions of clause (vi) are not applicable.
- vii.(a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Income-tax, Service tax, Goods and Services tax and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax, Goods and Services tax and other material statutory dues were in arrears as at 31 March 2020, for a period of more than six months from the date they became payable.

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

ARUNA HOTELS LIMITED

Name of the Statute	Nature of the Dues	Amount (in Crores)	Period	Forum where dispute is Pending
The Income Tax Act 1961	Income Tax	NIL (Loss adjusted)	FY 2012 – 13	ITAT Chennai
The Income Tax Act 1961	Income Tax	NIL (Loss adjusted)	FY 2011 – 12	Remanded back to ITO

- viii. Based on the audit procedures and on the information and explanations given by the Management, we are of the opinion that there has been no default in repayment of dues to Financial Institutions or Banks during the current year.
- ix. Based on the audit procedures and on the information and explanations given by the Management, the moneys raised by way of initial public offer or further public offer (including debt instruments) and term loans, where ever applicable, were applied for the purposes for which those are raised. In our opinion and according to information and explanations given to us, term loans taken by the company during the period under audit were used for the purposes for which they were taken.
- x. No fraud on or by the company or by its officers or employees has been noticed or reported during the year covered by our audit.
- xi. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not provided for managerial remuneration. Hence, this clause is not applicable.
- xii. The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected to its directors and hence provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and hence this clause is not applicable.

Place: Chennai
Date: 30.06.2020

For Bala & Co.,
Chartered Accountants

(FRN.: 000318S)

Sd/
Sriram Visvanathan
Partner
M.No: 216203

ARUNA HOTELS LIMITED

BALANCE SHEET AS AT MARCH 31 2020

(Rs in Lakhs)

Particulars	Note No.	As at Mar 31, 2020	As at March 31, 2019
ASSETS			
Non-current Assets			
(a) Property, plant and equipment	1	10,024.21	10,198.00
(b) Capital work-in-progress	1	2,847.39	1,193.96
(c) Financial assets			
(i) Security Deposits	2	14.15	14.15
(d) Other Non Current Assets	2	360.69	360.69
Total Non-current Assets		13,246.44	11,766.80
Current Assets			
(a) Financial assets			
(i) Cash and cash equivalents	4	34.32	231.15
(b) Other current assets	5	343.78	153.93
Total Current Assets		378.11	385.08
Total Assets		13,624.54	12,151.88
EQUITY AND LIABILITIES			
Equity			
(a) Share capital	6	1,210.00	1,210.00
(b) Other equity	7	503.53	1,386.29
Total Equity		1,713.53	2,596.29
Liabilities			
Non-current Liabilities			
(a) Financial liabilities			
(i) Borrowings	8	9,228.85	7,753.85
(b) Deferred tax liabilities	3	1,120.99	978.82
Total Non-current Liabilities		10,349.84	8,732.67
Current liabilities			
(a) Financial liabilities			
(i) Trade payables	9	68.11	31.38
(ii) Other current financial liabilities	9	1,391.09	423.55
(b) Other current liabilities	10	101.98	367.99
Total Current Liabilities		1,561.18	822.92
Total Liabilities		11,911.02	9,555.59
Total Equity and Liabilities		13,624.54	12,151.88

The accompanying notes form an integral part of the financial statement

As per our report of even date attached

For Bala & Co

Chartered Accountants

Firm Registration No.: 000318S

Sriram Visvanathan

Partner

M.No: 216203

Place: Chennai

Date: 30.06.2020

MS David
Managing Director
DIN : 08539011

R.Muralidharn
Director
DIN : 07092976

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

Nagaraj P.
Chief Financial Officer

K.Lakshmi
Company Secretary

ARUNA HOTELS LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in Lakhs except EPS)

Particulars	Note No.	For the year ended	
		March 31,2020	March 31,2019
INCOME			
Revenue from operations	11	-	-
Other Income			
Rental Income	11	5.79	7.71
Creditors/Liability Written Back	11	1.27	63.05
Other Income	11	3.44	11.84
Total Income		10.49	82.60
EXPENSES			
Employee benefits expense	12	37.23	26.25
Depreciation	13	79.60	80.11
Other expenses	14	137.01	361.53
Finance costs	15	403.06	444.29
Total expenses		656.89	912.18
Profit before tax		(646.40)	(829.58)
Tax Expense:			
(1) Current tax			
(2) Deffered tax (asset)/liability	3	142.17	984.88
Total tax		142.17	984.88
Profit for the year		(788.57)	(1,814.46)
Other Comprehensive Income for the year, net of tax			-
Total Comprehensive Income for the year (Comprising Profit and Other Comprehensive Income for the year)		(788.57)	(1,814.46)
Earnings per equity share			
(1) Basic		(8.76)	(20.16)
(2) Diluted		(8.76)	(20.16)

The accompanying notes form an integral part of the Financial Statement.

As per our report of even date attached

For Bala & Co

Chartered Accountants

Firm Registration No.: 000318S

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

Sriram Visvanathan
Partner
M.No: 216203

MS David
Managing Director
DIN : 08539011

Nagaraj P.
Chief Financial Officer

Place: Chennai
Date: 30.06.2020

R.Muralidharn
Director
DIN : 07092976

K.Lakshmi
Company Secretary

ARUNA HOTELS LIMITED

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2020

Particulars	For the year ended on	
	March 31, 2020	March 31, 2019
Profit before taxation	(646.40)	(829.58)
Adjustments for:		
Depreciation	79.60	80.11
Interest accrued yet to be paid		
Interest received		(9.05)
Interest expense	402.89	444.02
Operating cash flow before changes in working capital	(163.91)	(314.51)
Adjustments for changes in:		
Other current assets	(189.85)	(120.23)
Other current liabilities	(266.01)	258.98
Trade payables	36.73	15.61
Cash generated from operations	(583.04)	(160.15)
Income taxes paid	-	-
Net cash from operating activities-A	(583.04)	(160.15)
Cash flows from investing activities		
Change in Capital work in progress	(1,653.43)	(805.05)
Proceeds from sale of assets	-	-
Interest received	-	9.05
Net cash used in investing activities-B	(1,653.43)	(796.01)
Cash flows from financing activities		
Increase/(Decrease) in other current financial liability	967.54	423.55
Proceeds/(Repayment) from long term borrowings	1,475.00	6,310.80
Decrease/(Increase) in non-current assets	-	(360.69)
Interest accrued yet to be paid		
Interest paid	(402.89)	(444.02)
Net cash used in financing activities-C	2,039.64	5,929.65
Net increase in cash and cash equivalents - (A+B+C)	(196.82)	4,973.49
Cash and cash equivalents at the beginning of year	231.15	(4,742.34)
Cash and cash equivalents at the end of year	34.32	231.15
Cash and cash equivalents consists of:		
Cash in hand	0.31	0.22
Balances with banks		
in current deposits	21.08	218.85
in fixed deposits	12.94	12.07
	34.32	231.15

The accompanying notes form an integral part of the financial statement
As per our report of even date attached

For Bala & Co

Chartered Accountants

Firm Registration No.: 000318S

Sriram Visvanathan
Partner

M.No: 216203

Place: Chennai
Date: 30.06.2020

MS David
Managing Director
DIN : 08539011

R.Muralidharn
Director
DIN : 07092976

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

Nagaraj P.
Chief Financial Officer

K.Lakshmi
Company Secretary

Summary statement of changes in equity

a. Equity share Capital

Particulars	Note No.	"Equity Shares of Rs 10/- each (Nos.)"	"Amount (in Rs.)"	14% Redeemable Cumulative Taxable Preference Share of Rs. 100/- each (Nos.)	"Amount (in Rs.)"	17.5% Redeemable Cumulative Taxable Preference Share of Rs. 100/- each (Nos.)	"Amount (in Rs.)"	16.5% Redeemable Cumulative Taxable Preference Shares of Rs. 100/- each (Nos.)	"Amount (in Rs.)"
Balance as at March 31, 2018		9,000,000	90,000,000	60,000	6,000,000	50,000	5,000,000	200,000	20,000,000
Changes in equity for the year ended on March 31, 2019		-	-	-	-	-	-	-	-
Balance as at March 31, 2019		9,000,000	90,000,000	60,000	6,000,000	50,000	5,000,000	200,000	20,000,000
Changes in equity for the period ended on June 30, 2019		-	-	-	-	-	-	-	-
Balance as at March 31, 2020		9,000,000	90,000,000	60,000	6,000,000	50,000	5,000,000	200,000	20,000,000

(Rs in Lakhs)

Particulars	Reserves and surplus				Retained Earnings	Other Comprehensive Income	Total
	Capital Redemption Reserve	Securities Premium Reserve	Preference share Redemption Reserve	Revaluation Reserve			
Balance as at March 31, 2018	4.00	1,652.16	30.25	8,426.89	(6,818.36)	3,294.94	
Proceed/(Repayment) during the year	-	-	-	-	-	-	
Profit/(Loss) for the year	-	-	-	-	(1,814.46)	(1,814.46)	
Accumulated Depreciation	-	-	-	-	-	-	
IT refund for previous year	-	-	-	-	-	-	
Other Comprehensive Income	-	-	-	-	-	-	
Depreciation on revaluation reserve	-	-	-	-	-	(94.20)	
Total Comprehensive Income for the year	-	-	-	-	(1,814.46)	(94.20)	
Balance as at March 31, 2019	4.00	1,652.16	30.25	8,332.70	(8,632.82)	1,386.29	
Proceed/(Repayment) during the year	-	-	-	-	-	-	
Profit/(Loss) for the year	-	-	-	-	-	-	
Accumulated Depreciation	-	-	-	-	-	-	
IT refund for previous year	-	-	-	-	-	-	
Other Comprehensive Income	-	-	-	-	-	-	
Depreciation on revaluation reserve	-	-	-	-	-	(94.20)	
Total Comprehensive Income for the period	-	-	-	-	-	(94.20)	
Balance as at March 31, 2020	4.00	1,652.16	30.25	8,238.50	(8,632.82)	1,292.09	

The accompanying notes form an integral part of the financial statement

As per our report of even date attached

For Bala & Co

Chartered Accountants

Firm Registration No.: 000318S

Sriram Visvanathan
Partner

M.No: 216203

Place: Chennai
Date: 30.06.2020

MS David
Managing Director
DIN : 08539011

R.Muralidharan
Director
DIN : 07092976

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

Nagaraj P.
Chief Financial Officer

K. Lakshmi
Company Secretary

Notes to the Financial Statement as at March 31, 2020

1. Property, Plant and Equipment

(Rs in lakhs)

Asset Category	Freehold Land	Building	Vehicles	Computers/Laptops	Total	Capital work in progress
Gross Block						
At March 31,2018	8,348.00	3,460.80	24.16	2.73	11,835.69	388.91
Additions	-	-	-	-	-	805.05
Disposals	-	-	-	-	-	-
Reserve	-	-	-	-	-	-
At March 31,2019	8,348.00	3,460.80	24.16	2.73	11,835.69	1,193.96
Additions						331.15
Disposals						
Reserve						
At Mar 31,2020	8,348.00	3,460.80	24.16	2.73	11,835.69	2,847.39
Accumulated Depreciation						
At March 31,2018	-	1,447.18	13.53	2.64	2,782.78	-
Additions	-	76.79	3.22	0.10	80.11	-
Disposals	-	-	-	-	-	-
Reserve	-	94.20	-	-	94.20	-
At March 31,2019	-	1,618.20	16.76	2.73	2,957.08	-
Additions	-	76.78	2.81	-	79.60	-
Disposals	-	-	-	-	-	-
Reserve	-	94.20	-	-	94.20	-
At March 31,2020	-	1,789.18	19.57	2.73	173.79	-
Net Block						
At March 31,2018	8,348.00	2,013.62	10.62	0.10	9,052.91	388.91
At March 31,2019	8,348.00	1,842.60	7.40	-	8,878.61	1,193.96
At March 31,2020	8,348.00	1,671.62	4.59	-	10,024.21	2,847.39

ARUNA HOTELS LIMITED

2. Financial Assets-Non Current

(Rs in Lakhs)

Particulars	“As at March 31, 2020”	“As at March 31, 2019”
Security Deposit		
MES Deposit	14.14	14.14
BSNL Deposit	0.01	0.01
Total	14.15	14.15
Other Non-Current Assets		
Yessir Holdings and Investments Private Limited*	360.69	360.69
	360.69	360.69

*A petition was filed for a matter of Arbitration Award dated 28.04.2014 by M/s Southern Agrifurane Industries Private Limited (Petitioner) against M/s Yessir Holdings and Investments Private Limited (1st Respondent), M/s Aruna Hotels Limited (2nd Respondent) and Hon'ble Mr Justice K.P. Sivasubramanian (3rd Respondent) in the High Court of Madras (O.P No. 387 of 2014). The Petitioner and 2nd Respondent have agreed to a memorandum of compromise as on 23rd January 2019. As per the memorandum of compromise, M/s Aruna Hotels Limited will pay Rs 4,44,76,575/- in eight equal installment of Rs 55,59,572/- to M/s Southern Agrifurane Industries Limited (Installment payment commenced from 21.01.2019 till 21.08.2019). Out of the total amount paid, Rs 3,60,69,041/- is paid by M/s Aruna Hotels Limited on behalf of M/s Yessir Holdings Investments Private Limited, which will be later recovered from M/s Yessir Holdings and Investments Private Limited together with interest in accordance with law.

3. Deferred tax asset/Deferred tax liability

(Rs in Lakhs)

Particulars	As at March 31, 2020	“As at March 31, 2019”
Opening Balance	(978.82)	6.06
Deferred tax asset/ (liability)		
Difference in WDV as per Companies Act and Income Tax Act	(142.17)	(149.73)
Difference in WDV as per Companies Act and Income Tax Act (For FY 2015-16 to FY 2017-18)(As calculated under restated financials as per SEBI Guidelines for the Rights Issue)	-	(835.15)
Deferred tax asset/(liability) charged through profit & loss account	(142.17)	(984.88)
Closing Balance of deferred tax asset/(liability)	(1,120.99)	(978.82)

4. Financial Assets-Current

(Rs in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Cash and Cash Equivalents		
Cash on hand	0.31	0.22
Balance with banks		
-in current accounts	21.08	218.85
-in fixed deposits*	12.94	12.07
Total	34.32	231.15

*Deposits in PNB A/c amounting to Rs 12.94 Lakhs are Lien Marked against Court Case

5. Other Current Assets

(Rs in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
TDS Receivable	2.39	2.47
GST Input Credit	17.76	137.88
Other Current Assets*	323.64	13.58
Total	343.78	153.93

*Other Current Assets consists of rent receivable and advances given to suppliers

6. Equity Share Capital

(Rs in lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Nos.	Amount	Nos.	Amount
Authorised				
Equity Share of Rs.10/- each	67,000,000	6,700.00	67,000,000	6,700.00
Cumulative Redeemable Preference Shares of Rs.100/- each	800,000	800.00	800,000	800.00
Total	67,800,000	7,500.00	67,800,000	7,500.00
Issued, subscribed & fully paid up				
Equity shares of Rs. 10 each, fully paid up with voting rights, including 6,90,000 shares of Rs. 10/- each allotted as Bonus Share	9,000,000	900.00	9,000,000	900.00
Less: Calls in arrears				
Total paid up equity shares	9,000,000	900.00	9,000,000	900.00
14% Redeemable Cumulative Taxable Preference Share of Rs. 100/- each	60,000	60.00	60,000	60.00
17.5% Redeemable Cumulative Preference Taxable Preference Shares of Rs. 100/- each	50,000	50.00	50,000	50.00
16.5% Redeemable Cumulative Taxable Preference Shares of Rs. 100/- each	200,000	200.00	200,000	200.00
Total paid up preference shares	310,000	310.00	310,000	310.00
Total paid up share capital		1,210.00		1,210.00
The Movement of equity shares is as below:				
Shares outstanding at the beginning of the year	9,000,000	900.00	9,000,000	900.00
Shares issued during the period	-	-	-	-
Shares outstanding at the end of the period	9,000,000	900.00	9,000,000	900.00

Notes:

- i. Preference shares, which have fallen due for redemption long ago could not be redeemed due to inadequate profits and non issuance of additional shares and not created preference share redemption reserve due to inadequate profits
- ii. The 17.5% Redeemable cumulative taxable preference shares are redeemable at par any time after the date of issue but before the expiry of ten years from the date of issue. Earliest redemption month is July 2003.

ARUNA HOTELS LIMITED

- iii. The 16.5% Redeemable cumulative taxable preference shares are redeemable at par any time after the date of issue but before the expiry of 15 months from the date of issue. Earliest redemption month is March 1997.
- iv. There are no special rights or preferences and restrictions attached to any class of shares, and also there are no restrictions including restriction on dividend and repayment of capital if any.
- v. Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates: Nil

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

Name of the equity shareholder	As at March 31, 2020		As at March 31, 2019	
	No. of the shares held	% of the holding	No. of the shares held	% of the holding
Kamal Babbar	1,216,500	13.5%	1,216,500	13.5%
Subasri Reality Private Limited	1,685,539	18.7%	1,685,539	18.7%
Gay Travels Private Limited	591,506	6.6%	591,506	6.6%

For the year immediately preceding the balance sheet date:

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

7. Other Equity

(Rs in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Capital Redemption Reserve		
Opening Balance	4.00	4.00
Add: Transfer during the year	-	-
Closing Balance	4.00	4.00
Securities Premium Reserve		
Opening Balance	1,652.16	1,652.16
Add: Transfer during the year	-	-
Closing Balance	1,652.16	1,652.16
Preference Share Redemption Reserve		
Opening Balance	30.25	30.25
Add: Transfer during the year	-	-
Closing Balance	30.25	30.25
Revaluation Reserve		
Opening Balance	8,332.70	8,426.89
Less: Depreciation on Revaluation Reserve	(94.20)	(94.20)
Closing Balance	8,238.50	8,332.70
Surplus / (Deficit) in Statement of Profit and Loss		
Opening Balance	(8,632.82)	(6,818.36)
Profit / (Loss) for the year	(788.57)	(1,814.46)
Closing balance	(9,421.39)	(8,632.82)
Total Other Equity	503.53	1,386.29

8. Financial liabilities-Non-current

(Rs in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Borrowings		
Term Loan from Banks-Secured * (Net of Loan Processing Fee of Rs 2065000/-)	2,604.35	2,729.35
Loans from related parties-Unsecured#	6,624.50	5,024.50
Total	9,228.85	7,753.85

9. Financial liabilities-Current

(Rs in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Sundry Creditors	68.11	31.38
Term Loan -Current#	583.33	250.00
Interest accrued yet to be paid^	807.75	173.55
Total	1,459.20	454.93

It consists of amount of term loan to be repayable by March'2021.

^ Details of interest accrued yet to be paid as on 31 March 2020:

10. Other current liabilities

(Rs in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory Liabilities	1.26	8.28
Other Payables	100.72	359.71
Total	101.98	367.99

11. Income

(Rs in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Sale of services	-	-
Rental Income	5.79	7.71
Creditors/Liability Written Back	1.27	63.05
Other Income	3.44	11.84
Total Income	10.49	82.60

12. Employee benefit expenses

(Rs in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Salaries, Wages, and Bonus (excluding Directors) and remuneration to KMPs	36.70	25.74
Exgratia	0.53	0.51
Total	37.23	26.25

13. Depreciation & amortization expense

(Rs in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Depreciation on property, plant and equipment	79.60	80.11
Total	79.60	80.11

14. Other expenses

(Rs in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Power and Fuel Expenses		
- Electricity charges	50.79	59.72
Repairs and Maintenance		
- Building	-	-
- Others	2.83	0.43
Annual Maintenance Charges	0.23	1.36
Reversal of liabilities earlier written off	10.00	187.09
Insurance	1.21	1.46
Interest & Penalties	6.77	-
Meeting expenses		0.04
Advertisement expenses	2.73	2.75
Postage	0.68	17.36
Printing & Stationery	0.24	2.36
Annual Connectivity charges	0.82	1.38
Share E voting charges	0.64	0.64
AGM Expenses	6.65	1.10
Office and Miscellaneous expenses	1.08	1.69
Consulting Charges		0.25
Security Expenses	7.02	7.21
Freight, conveyance and travelling expenses	1.04	9.27
Fee and taxes	21.16	27.32
Professional charges	20.64	37.59
Payment to auditors (Statutory Audit Fees)*	2.5	2.50
Total	137.01	361.53

*Excluding GST for FY 2019-20

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15. Finance costs

(Rs in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Interest on term loan	-	203.07
Bank charges	0.17	0.28
Interest paid to others	402.89	240.94
Total	403.06	444.29

16. Related party disclosures

S.No	Nature of Relationship	31-Mar-2020	31-Mar-2019
A	Other related parties		
1	Joint Venture		-
2	Company with common directors		-
3	Key Managerial Personnel	R.Muralidharan, Director	R.Muralidharan, Director
		Rajakumar Kumara Velayathanadar Director	Rajakumar Kumara Velayathanadar Director
		MS David, (Appoint on 29.09.2019) V.Anbalagan (Resigned on 23.09.2019) Managing Directors	Anbalagan V, Managing Director
		Freeda Gnanaselvam Kanagiah, Independent Women Director	Freeda Gnanaselvam Kanagiah, Independent Women Director
		N.Suyumbu, Independent Director	N Suyambu, Independent Directors
		Nagaraj P, CFO	Nagaraj P, CFO
		Ajay Shukla, (resigned with effect from 19.2.2020) Company secretary	Ajay Shukla, Company secretary
4	Promoter group of the company	Gay Travels Private Limited	Gay Travels Private Limited
		Rani Printers Private Limited	Rani Printers Private Limited
		Subasri Realty Private Limited	Subasri Realty Private Limited
5	Company with common shareholder/ promoter	Sivanthi Farms Private Limited	Sivanthi Farms Private Limited
		India Cabs Private Limited	India Cabs Private Limited
		Sams Sea Food Private Limited	Sams Sea Food Private Limited
		The Indian Newspaper Society	The Indian Newspaper Society
		Educational Trustee Co Private Limited	Educational Trustee Co Private Limited

ARUNA HOTELS LIMITED

		The India Cements Limited	The India Cements Limited
		Metronation Chennai Television Private Limited	Metronation Chennai Television Private Limited
		Rani Syndicate Private Limited	Rani Syndicate Private Limited
		Daily Thanthi Private Limited	Daily Thanthi Private Limited
		Subasri Realty Private Limited	Subasri Realty Private Limited
		Rukmani Publications Private Limited	Rukmani Publications Private Limited
		Gay Travels Private Limited	Gay Travels Private Limited
		Malar Publications Private Limited	Malar Publications Private Limited

B. Related Party transactions and balances-summary

Transaction during the year ended	Nature of the Relationship	As at March 31,2020	As at March 31, 2019
Remuneration to Key Managerial Personnel	Key Managerial Personnel	10.35	10.31
Remuneration Payable	Key Managerial Personnel	0.86	0.79
Trade Payables	Shareholder of the company	6.05	7.41
Borrowings	Key Managerial Personnel		
Borrowings	Shareholder of the company		-
Borrowings	Shareholder of the company	3,401.17	2,446.17
Borrowings	Shareholder of the company	500.00	500.00
Borrowings	Company with common shareholder/promoter	1,147.34	797.34
Borrowings	Shareholder of the company	1,486.00	1,281.00
Interest accrued yet to be paid	Shareholder of the company	114.23	55.13
Interest accrued yet to be paid	Company with common shareholder/promoter	210.75	104.73
Total		6,876.75	5,202.88

C. Significant related party transactions and balances

Transaction during the year ended	Nature of Relationship	As at March 31, 2020	As at March 31, 2019
Remuneration to Key Managerial Personnel			
CFO	Key Managerial Personnel	3.66	3.65
Company Secretary	Key Managerial Personnel	6.69	6.66
Remuneration Payable			
CFO	Key Managerial Personnel	0.30	0.28
Company Secretary	Key Managerial Personnel	0.56	0.51
Trade Payables			
GAY TRAVELS PRIVATE LIMITED	Shareholder of the company	6.05	7.41
Borrowings			
GAY TRAVELS PRIVATE LIMITED	Shareholder of the company	3,401.17	2,446.17
RANI PRINTERS PRIVATE LIMITED	Shareholder of the company	500.00	500.00

ARUNA HOTELS LIMITED

MALAR PUBLICATIONS PRIVATE LIMITED	Company with common shareholder/promoter	1,147.34	797.34
SUBASRI REALTY PRIVATE LIMITED	Shareholder of the company	1,486.00	1,281.00
Interest accrued yet to be paid			
GAY TRAVELS PRIVATE LIMITED	Shareholder of the company	114.23	55.13
MALAR PUBLICATIONS PRIVATE LIMITED	Company with common shareholder/promoter	210.75	104.73
Total		6,876.75	5,202.88

17. Contingent liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arise from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. As on 31st March 2020, there were following contingent liabilities of the company.

Taxation-Direct Tax:

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

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

There are TDS defaults for Aruna Hotels Limited. There is a short payment and short deduction of Rs.4,08,109.49/-. Also for the above, there are interest of Rs.51,149.50/- under section 201 of the Income Tax Act, 1961 and interest under section 220(2) of the said Act amounting to Rs.240/-. Along with the above there is also a late filing fees under section 234E of Rs.39,000/-. The reason for the above demands are yet to be crystallized and hence showing the above amount as contingent liability.

Civil

A labour dispute (ID No. 261 of 2007) is pending against the Company before the Labour Court, Chennai which has been filed by one Mr. N. Babu under the Industrial Disputes Act, 1947, who was working as a house keeper from 1998 to May 2004 in the Hotel. In the said labour dispute, Mr. Babu has prayed inter alia that he be reinstated in the Hotel with previous salary, work continuity and all other allowances as may be applicable to the Hotel. The matter is currently pending before the Labour Court, Chennai.

A Company Petition (CP/597/(IB)/CB/2017) was filed under section 9 of the I&B Code by one Mr. N. Subramanian against the Company before the NCLT, Chennai Bench for claiming an arrears of salary dues since the year 1998 till his retirement in 2013. As per the demand notice dated June 29, 2017 issued under section 8(1) of the I&B Code, an amount of Rs. 1,87,75,631/- has been claimed by Mr. Subramanian from the Company. By an order dated November 17, 2017, the NCLT had admitted the petition and ordered inter alia the commencement of corporate insolvency resolution process of the Company and appointed Mr. Venkatramanrao Nagarajan as the Insolvency Resolution Professional. Being aggrieved by the said order passed by NCLT, Subasri Realty Private Limited had, as shareholder of the Company, filed an appeal (Company Appeal (AT) Insolvency No. 290 of 2017) before the NCLAT, New Delhi. By an order dated July 16, 2018, NCLAT has set aside the NCLT's order dated November 17, 2017 on the ground

that there is an existence of dispute about arrears of salary. The said Mr. Subramanian has filed a civil appeal (C.A. No. 000187 of 2019) under section 62 of I&B Code before the Hon'ble Supreme Court of India challenging the final judgment and order passed by the NCLAT in CA (AT) (Insolvency) No. 290 of 2017 dated July 16, 2018. The matter is currently pending before the Hon'ble Supreme Court of India.

18. Preference Shares Disclosures and Dividend Provisions:

“The company had issued preference share in earlier years and were not redeemed in the year in which it has to been redeemed, because the Company had no profits, nor could it make any fresh issue of shares. The financial statement of the company still shows preference shares as part of equity.”

For Bala & Co

Chartered Accountants

Firm Registration No.: 000318S

Sriram Visvanathan

Partner

M.No: 216203

Place: Chennai

Date: 30.06.2020

MS David

Managing Director

DIN : 08539011

R.Muralidharn

Director

DIN : 07092976

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

Nagaraj P.

Chief Financial Officer

K.Lakshmi

Company Secretary

Notes to the Financial Statements

1. Overview

1.1 Corporate Information

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

The Company is a public limited company incorporated and domiciled in India. The Company has its primarily listing on the BSE Ltd.

The financial statements are approved for issue by the Company's Board of Directors on 30.06.2020.

1.2 Statement of compliance

These standalone financial statements have been prepared in accordance with the Indian Accounting Standards [referred to as Ind AS] as prescribed under section 133 of the Companies Act, 2013 [‘the Act’] read with Rule 3 of the Companies [Indian Accounting Standards] Rules, 2015 as amended from time to time.

1.3 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS), under the historical cost convention on the accrual basis, the provisions of Companies Act 2013 (‘the Act’) (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI).

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

All the assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle. The company has considered an operating cycle of 12 months.

The statement of cash flows have been prepared under indirect method.

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

The significant accounting policies used in the preparation of the standalone financial statements have been discussed in the respective notes.

1.4 Use of estimates and judgements

The preparation of the financial statements in conformity with Ind AS requires the management to make judgements, estimates and assumptions. These judgements, estimates and assumptions affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent liabilities and assets at the end of the financial statements and reported amounts of revenues and expenses during the period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these financial statements have been disclosed in Note 1.4. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate

changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and if material, their effects are disclosed in the notes to the financial statements.

Critical accounting estimates

Information about significant judgements and key sources of estimation made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

- **Recognition of Deferred Tax Assets:**

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgement is required in assessing the impact of any legal or economic limits. Accordingly, the company exercises its judgment to reassess the carrying amount of the deferred tax assets at the end of each reporting period.

- **Useful lives of depreciable/ amortizable assets (tangible and intangible):**

Management reviews its estimate of the useful lives of depreciable/ amortizable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to actual normal wear and tear that may change the utility of plant and equipment. This reassessment may result in change in depreciation expense in future periods.

- **Provisions and Contingencies:**

The assessments undertaken in recognizing provisions and contingencies have been made in accordance with Indian Accounting Standards (Ind AS) 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates. The evaluation of the likelihood of the contingent events is applied best judgement by management regarding the probability of exposure to potential loss. Contingent assets are neither recognized nor disclosed in the financial statements.

1.5 Going Concern Assumption

The company halted its operations in FY 2014-15. Since FY 2015-16 the company is under the process of renovation and was likely to commence its operations at the end of FY 2019-2020. However due to COVID-19, the renovation process could not be completed as expected within the year end. The management has plans to commence its operations in 2020-21 which we have reviewed, the company will be able to generate cash flows from their operations in near future. Hence the financials have been prepared using the Going Concern Assumption.

1.6 Functional currency & presentation currency

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

1.7 Current vs. Non-Current classification of Assets and Liability

The Company present assets and liabilities in the Balance Sheet based on current/ non-current classification.

An asset is classified as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All the other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There are no unconditional rights to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current. Deferred Tax Assets and Liabilities are classified as non-current assets and liabilities respectively.

1.8 Recent accounting pronouncements:

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to existing standards. There is no such notification which would have been applicable from April 1, 2020.

2. SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the financial statements are as given below. These accounting policies have been applied consistently to all the periods presented in the financial statements.

2.1 Cash and cash equivalent

Cash and cash equivalents in the Balance Sheet comprise of cash at banks, cash in hand & short term deposits with an original maturity of three months or less from the date of purchase, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value.

2.2 Income Tax

Income Tax comprises current and deferred tax. It is recognized in the Statement of Profit and Loss except to the extent that it relates to an item recognized directly in equity or in Other Comprehensive Income.

Deferred Tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes (i.e., tax base).

Deferred tax relating to items recognized outside the Statement of Profit and Loss is recognized either in Other Comprehensive Income (OCI) or in equity. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

2.3 Property, Plant and equipment

On transition to IND AS, the Company has elected to continue with the carrying value of all of its Property, Plant and equipment recognised as at April 1, 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property plant and equipment. For the purpose of Proforma Ind AS financial information for the financial year ended March 31, 2016 the Company has provided the depreciation based on the estimated useful life of respective years and as the change in estimated useful life is considered as change in estimate, accordingly there is no impact of this roll back.

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

Depreciation on Plant, Property and Equipment

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

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

Fixed Assets	Useful life considered March, 2020	Useful life considered March, 2019
Plant & Machinery	15 Years	15 Years
Building	30 Years	30 Years
Office Equipment	NA	NA
Vehicles	NA	NA
Computers	6 Years	6 Years
Laptop	3 Years	3 Years

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

As the Company is undergoing renovation, based on management estimates and valuation certificates provided to us, there were no impairment in the value of Land and Building when compared to their value in the books. Thus, no provision for impairment has been provided.

De-recognition

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

The following assets have been revalued in FY :

(Rs in Lakhs)

Name of the Assets	Carrying Value before revaluation as on 31.3.2019	Carrying Value after revaluation as on 31.03.2020
Land	772.52	8348.00
Building	1085.38	1671.62

2.4 Revenue recognition

The Company derives revenue primarily from rendering services related to hotel, restaurant, banquets etc. by providing accommodation and food to the guests.

Effective from 1st April 2018, the company adopted Ind AS 115 'Revenue from Contracts with customers' using the modified retrospective method. Under the modified retrospective method, an entity applies Ind AS 115 only for contracts that are not completed on or before 30 June 2018.

To determine whether to recognize revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to performance obligations
5. Recognizing revenue when/as performance obligation(s) are satisfied

Identifying the performance obligations

Under Ind AS 115, the Company must evaluate the separability of the promised goods or services based on whether they are 'distinct'. A promised good or service is 'distinct' if both:

- The customer benefits from item either on its own or together with other readily available resources, and
- It is 'separately identifiable' (i.e. the Company does not provide a significant service integrating, modifying or customizing it)

Determining the transaction pricing

Under Ind AS 115, the Company shall consider the terms of the contract and its customary business practices to determine the transaction price. The transaction price excludes amounts collected on behalf of the third parties. The consideration promised include fixed amounts, variable amounts or both.

Where the Company has a right to consideration from a customer in an amount that corresponds directly with the value of the customer of the performance completed to date, the Company recognizes revenue in the amount to which it has right to invoice.

Allocating the transaction price to performance obligations

The transaction price is allocated to the separately identifiable performance obligations on the basis of their standalone selling price (in case of room rent where the customer pays a fixed rate per room for all the services provided). For services that are not provided separately, the standalone selling price is estimated using the adjusted market assessment approach.

Recognizing revenue when/as performance obligation(s) are satisfied

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is recognized either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

Sales tax/ value added tax (VAT)/Goods & Service Tax (GST) is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

Rooms, Restaurant, Banquets and Other Services

Income from guest accommodation is recognized on a day to day basis after the guest checks into the Hotels and are stated net of allowances. Incomes from other services are recognized as and when services are rendered. Sales are stated exclusive of Service Tax, Value Added Taxes (VAT), Goods & Service Tax (GST) and Luxury Tax. Difference of revenue over the billed as at the year-end is carried in financial statement as unbilled revenue separately.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, sale of food and beverage are recognized at the points of serving these items to the guests. Sales are stated exclusive of Sales Tax/VAT/GST. Revenue is measured at the fair value of the consideration received or receivable.

Other revenues

Other revenue majorly comprises of rental income, scrap revenue which is recognized when the right to receive the income is established as per the terms of contract.

Interest Income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable (provided that it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably).

2.5 Employee Benefits

Short-term employee benefits

A liability is recognized for benefits accruing to employees in respect of salaries, wages, performance incentives, medical benefits and other short term benefits in the period the related service is rendered, at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Defined Benefit Plans and Defined Contribution Plans

As informed by the management, the number of employees are less than 10, hence no adjustment has been done w.r.t. defined benefit plans and defined contribution plans as per the provisions of AS-15 in the financial statements.

2.6 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets on initial recognition. Such financial assets are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in other comprehensive income.

Trade Receivables

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

Impairment of financial assets

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

De-recognition of financial assets

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

Financial liabilities and equity instruments**Classification as debt or equity**

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

Equity instruments

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

Financial liabilities

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

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

De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company’s obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.7 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value being higher of value in use and net selling price. Value in use is computed at net present value of cash flow expected over the balance useful lives of the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (Cash Generating Units – CGU).

An impairment loss is recognized as an expense in the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in earlier accounting period is reversed if there has been an improvement in recoverable amount.

2.8 Provisions, Contingent Assets and Contingent Liabilities

Provisions:

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

Contingent Assets:

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits. Contingent Assets are not recognized though are disclosed, where an inflow of economic benefits is probable.

Contingent Liabilities:

Contingent liability is a possible obligation arising from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events but is not recognized because it is not possible that an outflow of resources embodying economic benefit will be required to settle the obligations or reliable estimate of the amount of the obligations cannot be made. The Company discloses contingent liabilities in note no. 17 of Notes to Accounts.

2.9 Earning per Share

Basic earnings per share are calculated on the net profit or loss for the period attributable to equity share holders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effect of all potentially dilutive equity shares.

Other risk: Impact of COVID-19:

Due to COVID-19, physical verification of cash and other assets including its related controls were done remotely. The COVID-19 pandemic and the related travel restrictions are having an unprecedented impact on the hotel industry as well. There are increased chances that the Hotel may not achieve its revenue projections done during the pre-Covid-19 situation once it re-opens for business. However, things may change once the situation returns to normalcy. Further, due to the pandemic, the renovation also could not be completed as estimated. As of the Balance sheet date, there are no material impact on the Company on account of Covid-19 except for the delay in completion of the renovation. Our opinion is not modified in respect of this matter.

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

V. Sriram
Partner
Membership No.: 216203

Place: Chennai
Date: 30.06.2020

