



# ARUNA HOTELS LIMITED

CIN: L15421TN1960PLC004255

March 13, 2021  
Chennai

To  
**BSE Limited**  
P.J Towers  
Dalal Street,  
Mumbai -400 001

Scrip code:500016

Dear Sir,

**Sub:** Corporate Insolvency Resolution Process (CIRP) of M/s ARUNA HOTELS LIMITED - In the matter of Mr. N. Subramanian Vs Aruna Hotels Limited – updates

In the matter of Mr. N. Subramanian Vs Aruna Hotels Limited, the Hon'ble Supreme court Judgment dated 03.03.2021 - In connection with the judgement, M/s Subasri Realty Private Limited (Being Respondent No 2) has filed application for appropriate Directions.

Copy of the Petition along with the copy of DD taken in favour of Mr. N. Subramanian for Rs 38,41,333/- (Rupees Thirty-eight lakhs forty-one thousand three hundred and thirty-three only) are also enclosed as per court order.

For **ARUNA HOTELS LIMITED**

*K. Lakshmi.*



**K. LAKSHMI**  
**COMPANY SECRETARY & COMPLIANCE OFFICER**

Encl: a/a

**IN THE SUPREME COURT OF INDIA**

(CIVIL APPELLATE JURISDICTION)

**M.A. NO. OF 2021**

IN

**CIVIL APPEAL NO. 187 OF 2019**

IN THE MATTER OF:

N. Subramanian

... Appellant

VERSUS

M/s. Aruna Hotels Ltd & Anr.

... Respondents

INDEX

SL.NO	PARTICULARS	COPIES	C/Fees
1.	Application for Appropriate Directions with accompanying Affidavit.	1+3	
2.	Annexure A-1 to A-5	1+3	
3.	<i>Vakalatnama</i>		
4.			
100 X	=		
20 X	=		
10 X	=		

*eSign*

Signed by: Balaji  
Srinivasan  
Reason: MA N  
Subramaniam  
Location: New Delhi  
Date: 10-Mar-2021  
(03:53 PM)

(BALAJI SRINIVASAN)  
Advocate for Respondent No.2  
24 Lawyers Chamber  
Supreme Court of India  
New Delhi.-1  
C.C.1546  
E-mail I.D.: [balaji@24lc.in](mailto:balaji@24lc.in)

FILED ON: -10.03.2021

**IN THE SUPREME COURT OF INDIA**

(CIVIL APPELLATE JURISDICTION)

I.A. NO. OF 2021

IN

CIVIL APPEAL NO. 187 OF 2019

IN THE MATTER OF:

N. Subramanian

... Appellant

VERSUS

M/s. Aruna Hotels Ltd & Anr.

... Respondents

I.A. NO OF 2021

APPLICATION ON BEHALF OF RESPONDENT NO 2  
FOR APPROPRIATE DIRECTIONS ALONG WITH  
AFFIDAVIT

ANNEXURE A-1 TO A-5

PAPERBOOK

(Kindly see inside for Index)

ADVOCATE FOR RESPONDENT NO.2 BALAJI SRINIVASAN

## INDEX

Sl. No.	Particulars	Page Nos.
1.	Application for Appropriate Directions with accompanying Affidavit	1 - 10
2.	<b><u>ANNEXURE A-1</u></b> Copy of the judgement and order dated 03.03.2021 in Civil Appeal No. 187 of 2019 passed by this Hon'ble Court	11 - 18
3.	<b><u>ANNEXURE A-2</u></b> True copy of the Demand Draft No. 946406 drawn on Indian Bank payable to N. Subramanian dated 08.03.2021	19
4.	<b><u>ANNEXURE A-3</u></b> True copies of the financial statements of M/s Aruna Hotels Ltd as of March, 2018; March, 2019 and March, 2020.	20 - 110
5.	<b><u>ANNEXURE A-4</u></b> True Copy of the order passed by the Disciplinary Committee of the ICSI Institute of the Insolvency Professionals dated 21.11.2019.	111 - 115
6.	<b><u>ANNEXURE A-5</u></b> True copy of the email sent by the RP dated 07.03.2021	116 - 118
7.	Vakalatnama	<b>119</b>



**IN THE SUPREME COURT OF INDIA**

(CIVIL APPELLATE JURISDICTION)

**M.A. NO. OF 2021**

IN

CIVIL APPEAL NO. 187 OF 2019

IN THE MATTER OF:

N. Subramanian

... Appellant

VERSUS

M/s. Aruna Hotels Ltd & Anr.

... Respondents

**APPLICATION ON BEHALF OF RESPONDENT NO 2**  
**FOR APPROPRIATE DIRECTIONS**

1. The Applicant herein is Respondent No. 2 viz. Subasri Realty P. Ltd (major shareholder in Respondent No. 1 being the Corporate Debtor), in Civil Appeal No. 187 of 2019. *Vide* final judgment and order dated 03.03.2021 passed in the aforesaid Civil Appeal, this Hon'ble Court was pleased to allow the appeal filed by N. Subramanian against the judgment of the Hon'ble NCLAT, thereby restoring on the file the judgment of the Ld. Adjudicating Authority in C.P. No. 597 of 2017 dated 17.11.2017 ordering commencement of the Corporate Insolvency Resolution Process against M/s Aruna Hotels Ltd.

2. It is submitted that the Appellant N. Subramanian had claimed arrears of salary from the year 1998 till 2013, amounting to Rs. 1.06 crores, as noted by the Hon'ble Court in para 8 of its judgment dated 03.03.2021. Thereafter, this Hon'ble Court was pleased to observe as under:

*“10. Having heard learned counsel for both parties, what becomes clear is the fact that from the date of the last acknowledgement i.e. 30.09.2014 till the date on which the petition before the NCLT was filed i.e. 27.07.2017, three years have not elapsed. Therefore, at least to the extent of an acknowledgement made by the then Managing Director of the Corporate Debtor, the arrears of salary due for a period of at least 3 years prior to 30.09.2014 would certainly be within limitation, and therefore payable to the Appellant.”*

Copy of the judgement and order dated 03.03.2021 in Civil Appeal No. 187 of 2019 passed by this Hon'ble Court is herewith produced as **Annexure A-1(pg 1\ to 18)**.

3. It is respectfully submitted that the arrears of salary due for a period of at least 3 years prior to 30.09.2014 i.e. from 01.07.2010 till 30.06.2013 come to Rs. 38,41,333/- (Rupees Thirty Eight Lakhs Forty One Thousand Three Hundred and Thirty Three only), as computed in the following manner:

Sl.No	Months	Amount inRs.
1	Jul-10	8,54,033/-
2	Aug-10	
3	Sep-10	
4	Oct-10	
5	Nov-10	
6	Dec-10	
7	Jan-11	
8	Feb-11	
9	Mar-11	
10	Apr-11	12,65,331/-
11	May-11	
12	Jun-11	
13	Jul-11	
14	Aug-11	
15	Sep-11	
16	Oct-11	
17	Nov-11	
18	Dec-11	
19	Jan-12	
20	Feb-12	
21	Mar-12	12,80,864/-
22	Apr-12	
23	May-12	
24	Jun-12	
25	Jul-12	
26	Aug-12	
27	Sep-12	
28	Oct-12	
29	Nov-12	
30	Dec-12	
31	Jan-13	
32	Feb-13	
33	Mar-13	
34	Apr-13	4,41,105/-
35	May-13	

36	Jun-13	
<b>Total</b>		<b>38,41,333/-</b>

4. It is respectfully submitted that this Hon'ble Court may permit the parties to settle the matter upon immediate payment of the aforesaid amount by the Applicant to the Appellant N. Subramanian. In compliance with the judgment of this Hon'ble Court, the Applicant has prepared a Demand Draft (No. 946406) payable to N. Subramanian. True copy of the Demand Draft No. 946406 drawn on Indian Bank payable to N. Subramanian dated 08.03.2021 is annexed hereto as **Annexure A-2**(page 19 )
5. It is respectfully submitted that *vide* order dated 14.10.2019, this Hon'ble Court had directed the parties to sit together and sort out the case. However, despite best efforts, the parties could not arrive at an amicable settlement. This Hon'ble Court has now authoritatively adjudicated the arrears of salary payable to the Appellant N. Subramanian and the Applicant/Respondent humbly seeks to comply with the direction of this Hon'ble Court.
6. It is submitted that the management of the Corporate Debtor was taken over by the Applicant (along with 3 other entities viz. M/s. Gay Travels Pvt. Ltd, M/s. Sovereign Media

Marketing Pvt. Ltd and M/s. Rani Printers Pvt. Ltd) in February, 2015. This is duly reflected from the Memorandum of Compromise filed as *Annexure R-1* to the Common Counter Affidavit on behalf of the Respondents. Thereafter, the Applicant and other purchasing entities had a due diligence report prepared through their Chartered Accountant to ascertain the assets and liabilities of the Corporate Debtor. This is duly reflected from the Due Diligence Report dated 27.07.2015 filed as *Annexure R-3* to the Common Counter Affidavit. The Applicant thereafter refused to accept liabilities amounting to Rs. 36.905 crores as being unsubstantiated by the company's records, duly reflected from its letter dated 28.07.2015, filed as *Annexure R-4* to the Common Counter Affidavit.

7. It is submitted that despite such refusal, the Corporate Debtor under its new management has disbursed a sum of Rs. 46,31,16,650/-, from 2014-15 till 2017-18, towards repaying its creditors and bank loans after proper verification of their particulars in the following manner:

<b>Year</b>	<b>Payments made to the Creditors of the Corporate Debtor</b>
2014-15	Rs.12,14,48,294
2015-16	Rs.19,13,91,112

2016-17	Rs.10,91,02,629
2017-18	Rs.4,11,74,615
<b>TOTAL</b>	<b>Rs.46,31,16,650</b>

8. It is further submitted that apart from making the aforesaid payments to the tune of Rs.46.31 crores, the Applicant and the other purchasing entities have infused a substantial amount of money into relieving the Corporate Debtor from its financial difficulties and spent a sum of Rs. 31,89,34,519/- on the renovation of the hotel premises which it runs. The Applicant and the other purchasing entities who are managing the day-to-day affairs have already borrowed Rs. 41,40,00,000/- from banks for the working capital requirements of the Corporate Debtor and the purchasers have been servicing the loan facilities without any irregularities.
9. It is respectfully submitted that the Applicant along with the other purchasing entities have turned the Corporate Debtor into a solvent, flourishing business venture after taking over its management in February, 2015 and infusing substantial sums of money into its operations. True copies of the financial statements of M/s Aruna Hotels Ltd as of March,



7

2018; March, 2019 and March, 2020 are annexed hereto as **Annexure A-3** (pages 20 to 110).

10. It is respectfully submitted that subjecting the entity to the Corporate Insolvency Resolution Process will gravely prejudice the Applicant and the purchasing entities who have taken significant effort to relieve the Corporate Debtor of its financial troubles prior to February, 2015.
11. It is therefore, respectfully submitted that this Hon'ble Court may be pleased to exercise its powers under Article 142 of the Constitution in order to do complete justice in the matter and permit the parties to settle the matter in compliance with the observations made in its judgment dated 03.03.2021 as to payment of arrears of salary for a period of three years prior to 30.09.2014, thus putting a quietus to the issue.
12. It is respectfully submitted that the Resolution Professional appointed by the Ld. Adjudicating Authority *vide* its order dated 17.11.2017 viz. Mr. V. Nagarajan was found to have contravened provisions of Section 208(2)(a) (b) of the Insolvency and Bankruptcy Code, 2016, Regulations 19 (1), 21(3), 24(7), 27 of IBBI (Insolvency Resolution Process for



Corporate Persons) Regulations, 2016, Regulations 7(2)(a) and (h) of the IBBI (Insolvency Professionals) Regulations, 2016 in Disciplinary Proceedings initiated against him by the one of the (now) Suspended Directors of the Corporate Debtor Mr. R. Muralidharan. True Copy of the order passed by the Disciplinary Committee of the ICSI Institute of the Insolvency Professionals dated 21.11.2019 is annexed hereto as **Annexure A-4** (pages 111 to 115).

13. It is submitted that the said RP has now sought for various documents and assets of the Corporate Debtor to be handed over to him. True copy of the email sent by the RP dated 07.03.2021 is annexed hereto as **Annexure A-5** (pages 116 to 118).
14. It is respectfully submitted that the actions of the RP and the continuation of the insolvency resolution process before the Ld. Adjudicating Authority will be a long-drawn affair, causing grave prejudice to the Applicant and the affairs of the corporate debtor which has been revived and made solvent after 2015 with great difficulty.

15. Hence, this application is being preferred by the Applicant, bonafidely.

### PRAYER

In light of the above, the Applicant most humbly and respectfully prays that this Hon'ble Court may be pleased to:

- (a) Permit the parties to settle the matter upon immediate payment of the arrears of salary due to the Appellant for a period of at least 3 years prior to 30.09.2014, i.e. from 01.07.2010 till 30.06.2013, as directed by this Hon'ble Court *vide* judgment dated 03.03.2021, and bring the issue to a quietus by exercising its power under Article 142 of the Constitution in order to do complete justice to the parties concerned;
- (b) Pass any other order in the interest of justice.

*eSign*

Signed by: Balaji  
Srinivasan  
Reason: MA N  
Subramaniam  
Location: New Delhi  
Date: 10-Mar-2021  
(03:55 PM)

Filed by

Balaji Srinivasan

Advocate on Record of Respondent No. 2

NEW DELHI

Filed on: 10/03/2021

10

IN THE SUPREME COURT OF INDIA  
(CIVIL APPELLATE JURISDICTION)  
M.A. NO. OF 2021  
IN  
CIVIL APPEAL NO. 187 OF 2019

IN THE MATTER OF:

N. Subramanian ... Appellant

VERSUS

M/s. Aruna Hotels Ltd & Anr. ... Respondents

AFFIDAVIT

I, K. Rajakumar, S/o. Kumaravelayuthanadar, aged 58 years, having office at No.145, Sterling Road, Nungambakkam, Chennai -600034, do hereby solemnly affirm and declare as under: -

1. That I am the Chief Executive Officer of Respondent No. 2 (Subasri Realty P. Ltd) and Suspended Director of Respondent No. 1 (M/s. Aruna Hotels Ltd, now under moratorium) and I am conversant with the facts of the case and as such I am competent to swear the present affidavit.
2. That I have been read over and explained the contents of the accompanying Application(s) and say that the same are true and correct and nothing material has been concealed therefrom.

For SUBASRI REALTY PVT. LTD.,

*[Signature]*  
DEPONENT  
Chief Executive Officer

VERIFICATION:

I, K. Rajakumar, S/o. Kumaravelayuthanadar, aged 58 years, having office at No.145, Sterling Road, Nungambakkam, Chennai - 600034 do hereby verify that the contents of my above affidavit are true and correct and nothing material has been concealed there from.

Verified at Chennai on this the 8<sup>th</sup> day of March, 2021.

For SUBASRI REALTY PVT. LTD.,

*[Signature]*  
DEPONENT  
Chief Executive Officer

IN WITNESS WHEREOF I ATTEST  
THIS DOCUMENT WITH MY SEAL

*[Signature]*  
S.MARDHUNS RAZIAD P.M., M.A., M.L.S., P.E.  
ADVOCATE  
NOTARY  
Govt. of Tamilnadu  
85/3, Siyali Street,  
Pudupet, Chennai - 600 002.



Annexure-A-1<sup>11</sup>

**REPORTABLE**

**IN THE SUPREME COURT OF INDIA  
CIVIL APPELLATE JURISDICTION  
CIVIL APPEAL NO. 187 OF 2019**

N. SUBRAMANIAN

...Appellant

Versus

M/S ARUNA HOTELS LTD. & ANR.

...Respondents

WITH

**CIVIL APPEAL DIARY NO. 34841 OF 2018  
CIVIL APPEAL DIARY NO. 34836 OF 2018  
CIVIL APPEAL DIARY NO. 34839 OF 2018**

**J U D G M E N T**

**R.F. Nariman, J.**

**CIVIL APPEAL NO. 187 OF 2019**

1. I.A. No. 163654 of 2019 for intervention is dismissed.
2. The present appeal is filed by an erstwhile employee of the Corporate

Signature Not Verified  
Digitally signed by R.  
Nariman  
Date: 2024.03.01  
15:28:55 IST  
Reason

Debtor, i.e. the Respondent No.1 Company. The Appellant joined the Corporate Debtor as a Personal Assistant on 01.01.1983, and over the



years received several promotions, including to Manager-Administration. His final designation before he left from service in 2013 was Public Relations Manager.

3. This appeal arises from an application that was made by the Appellant under Section 9 of the Insolvency and Bankruptcy Code, 2016 ["IBC"] dated 21.07.2017. In this application, the Appellant averred that a sum of Rs.1.87 Crores was owed to him, being the arrears of salary from the year 1998 till 2013 when he retired from service, and that several acknowledgments of liability have been given of the arrears payable, the last of which was by a letter dated 30.09.2014 by the erstwhile Managing Director of the Company. The Corporate Debtor replied to the aforesaid Section 9 application denying any liability and, in any case, stated that claims that are made by the Appellant are time-barred. The National Company Law Tribunal ["NCLT"] in its judgment dated 17.11.2017, after setting out the facts and, in particular, setting out the acknowledgement of liability letter dated 30.09.2014, went on to state that the principal amount of Rs. 1.06 Crores being admitted, a case has been made out for admission. It also referred to a certain "payment voucher" (which was relied upon by the learned counsel for the Company), stating that this voucher was merely a red-herring, and in any case could not be relied

upon. According to the NCLT, even a cursory look at the said voucher by the naked eye would show that the name of the Appellant has been filled by somebody different from the person who has filled – in a different handwriting – that the amount paid is in “full and final” settlement of the arrears of salary. It was also held that this payment voucher was only proof of payment of arrears of salary of 6 months' payment @ Rs.35,000/- p.m. which was not paid on the due dates, but which was paid in one go. In any event, the NCLT held that this voucher was not part of the claim of the Appellant.

4. The NCLT then referred to a Civil Suit that was filed on 06.07.2017 by the Corporate Debtor one week after the notice under Section 8 of the IBC was issued by the Appellant (i.e. on 29.06.2017). The suit contained the following prayers:

“a) declaring the notice/letters dated 30.09.2006, 22.01.2013, 30.06.2013, 31.03.2014 and 30.09.2014 alleged to have been issued by 1<sup>st</sup> defendant as null and void and will not bind the plaintiff,

b) grant permanent injunction restraining the 2<sup>nd</sup> defendant from relying on or claiming against the plaintiff based on the alleged letters/notices dated 30.09.2006, 22.01.2013, 30.06.2013, 31.03.2014 and 30.09.2014.”

The NCLT went on to state that the suit was a desperate attempt of the Company to get out of acknowledgements of liability that were due, and appears to be "*mala fide*, fraudulent and mischievous".

5. Mr. Ritin Rai, learned Senior Advocate appearing for the Appellant, informs us that this suit has been dismissed for non-prosecution. We are informed that an application to restore the suit to the file is pending.
6. Referring to the point of limitation, the NCLT held in favour of the Appellant, relying upon the acknowledgement dated 30.09.2014, as a result of which, it admitted the petition and appointed an Interim Resolution Professional and imposed a moratorium under Section 14 of the IBC. In the appeal filed by a shareholder of the Corporate Debtor (i.e. Respondent No.2 before us), the National Company Law Appellate Tribunal ["NCLAT"] referred to a letter by the Employees Provident Fund Organisation dated 13.04.2016 and stated that the Appellant's claim has been settled as a result of that letter. It then, in a cryptic fashion, went into the point of limitation and recorded:  
"7. The Respondent - ('Operational Creditor') himself has pleaded that the salary is due since 1998 which was not paid but delay of raising claim of arrears of salary for the period 1998 to 2016 has not been explained.

\*\*\*

9. In the present case as we find that there is an 'existence of dispute' about arrears of salary and the Respondent has also



failed to explain the delay in making claim of arrears alleged to be done since 1998 to 2016 (delay of about 18 years), we hold that the application under Section 9 preferred by the Respondent was not maintainable.”

7. For these reasons, including the fact that according to the NCLAT, a dispute has been raised, the NCLAT held that the NCLT was incorrect in admitting the matter, and thus allowed the appeal and set aside the NCLT order.
8. Mr. Rai, learned Senior Advocate appearing for the Appellant, has referred to three acknowledgements that are on record. The first is *vide* a letter dated 30.09.2006 acknowledging arrears of payment of salary from 01.01.2000 till the actual date the Appellant was relieved from service. The second is a letter dated 30.06.2013 stating that the “accounts will be settled” as the Appellant had now been retired from service. He emphasised the third letter, dated 30.09.2014, which had appended to it the list of the exact amount due from 1998 till the date of retirement which amounted to roughly Rs.1.06 Crores. According to him, all these acknowledgements would show that amounts due and payable to the Appellant cannot be said to be barred by limitation. Equally, the Employees Fund Organisation letter is only a red-herring, and has nothing to do with the facts of this case, and it is clear that given the

acknowledgements of liability, there is no question of any "dispute". On the contrary, this admitted principal amount of Rs.1.06 Crores is due to the Appellant.

9. Mr. Mohan Parasaran, learned Senior Advocate for the Respondent Company, has argued that a new management took over the Company in 2015, and the amounts due to the Appellant were neither reflected in the annual reports of the Corporate Debtor nor in a Due Diligence Report dated 27.07.2015. What is clear from a reading of the Report, together with the annexures thereto, is that 77 employees were owed various amounts which was promised to be paid by the new management. What is conspicuous by its absence is the name of the Appellant in the aforesaid annexures, and therefore, according to Mr. Parasaran, no amount was owed to the Appellant. In any case, he argued that the NCLAT appreciated the facts correctly, and the claim of the Appellant is clearly time-barred. As an alternative argument, if the Court were to set aside the NCLAT judgment, it ought to remit the same for hearing on whether the NCLT was correct on merits in admitting the Section 9 petition.
10. Having heard learned counsel for both parties, what becomes clear is the fact that from the date of the last acknowledgement i.e. 30.09.2014

till the date on which the petition before the NCLT was filed i.e. 27.07.2017, three years have not elapsed. Therefore, at least to the extent of an acknowledgement made by the then Managing Director of the Corporate Debtor, the arrears of salary due for a period of at least 3 years prior to 30.09.2014 would certainly be within limitation, and therefore payable to the Appellant. This being the case, it is clear that the NCLT judgment is correct in admitting the Section 9 application by the Appellant. Mr. Rai correctly points out that the Employees Provident Fund letter dated 13.04.2016 was only a red-herring, and has nothing to do with the arrears of salary which had to be paid. It is clear that there is an acknowledgement of liability, which therefore shows that there is no "dispute" as to amounts owed to the Appellant. The impugned NCLAT judgment is accordingly set aside. Consequently, the NCLT judgment is restored to the file. The alternative argument of Mr. Parasaran also stands dismissed in view of what has been held by this judgment.

11. The Appeal is thus allowed.

CIVIL APPEAL DIARY NO. 34841 OF 2018, CIVIL APPEAL DIARY NO. 34836 OF 2018 & CIVIL APPEAL DIARY NO. 34839 OF 2018

12. Permission to file the Civil Appeals are rejected.

.....J.  
[ ROHINTON FALI NARIMAN ]

.....J.  
[ B.R. GAVAI ]

.....J.  
[ HRISHIKESH ROY ]

New Delhi;  
March 03, 2021.

( True Copy )

*eSign*

Signed by: Balaji  
Srinivasan  
Reason: MA Subasri  
Location: New Delhi  
Date: 10-Mar-2021  
(03:50 PM)



ANINJIKARAI (01668)

वैधता की अवधि के लिए वैध Valid for three months only

03032021  
D D M M Y Y Y Y

मांगे जाने पर ON DEMAND PAY IN SUBRAMANIAM \*\*\*\*\* या उनके आदेश पर OR ORDER

रुपये RUPEES THIRTY EIGHT LAKHS FORTY ONE THOUSAND THREE HUNDRED AND THIRTY TH

प्राप्त मूल्य के लिये अदा करें FOR VALUE RECEIVED



ONLY\*\*\*\*\*

इंडियन बैंक की सभी शाखाओं में सममूल्य पर देय।

Payable at par at all branches of Indian Bank. SUBASRI REALTY PRIVATE LIMITED

MDDC946406

(अदाकर्ता शाखा Drawee Branch)

SERVICE BRANCH (CHEMMA) 01164



अधिकृत हस्ताक्षरकर्ता Authorized Signatory (S.S. No)

T20/MDDC

946406 000019000

16

eSign Signed by: Balaji Srinivasan Reason: MA N Subramaniam Location: New Delhi Date: 10-Mar-2021 (04:04 PM)

(True Copy)



**ARUNA HOTELS LIMITED****INDEPENDENT AUDITOR'S REPORT****TO THE MEMBERS OF ARUNA HOTELS LIMITED****Report on the Standalone Ind AS Financial Statements**

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

**Management's Responsibility for the Standalone Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under and the Order issued under Section 143(11) of the Act.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

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

### Opinion

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

### Report on Other Legal and Regulatory Requirements

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

For Bala & Co.,  
Chartered Accountants  
FRN No: 000318S

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



**“Annexure A” to the Independent Auditor’s Report**

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

- i. In respect of the Company’s fixed assets:
  - a. The company has maintained proper records of the quantitative details and situation of fixed assets.
  - b. The fixed assets have been physically verified by the management during the year and no discrepancies have been noted in respect of assets added during the year.
  - c. As a part of the ongoing renovation process of the Hotel, during the year, the company scrapped all its old plant & machineries and office equipment. The impact of the same has been suitably given in the Fixed Assets schedule.
  - d. The management has confirmed that the title deeds of immovable properties are held in the name of the company.
- ii. During the Financial Year 2017-18, the company has written off the inventory to nil.
- iii. In our opinion and according to the information and explanations given to us, the Company has not granted loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clauses (iii) of the Order are not applicable.
- iv. In our opinion and according to the information and explanations given to us, the provisions of section 185 and 186 of the Act with respect to the loans and investments made are not applicable to the company.
- v. The company has not accepted any deposits from the public covered under section 73 to 76 of the Companies Act 2013.
- vi. To the best of our knowledge and belief, the Central Government has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Companies Act, 2013 in respect of services carried out by the Company. Accordingly, the provisions of clause (vi) are not applicable.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Income-tax, Service tax, Goods and Services tax and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.

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

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

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

## ARUNA HOTELS LIMITED

The Income Tax Act 1961	Income Tax	NIL (Loss adjusted)	FY 2011 - 12	Remanded back to ITO
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- viii. Based on the audit procedures and on the information and explanations given by the Management, we are of the opinion that there has been no default in repayment of dues to Financial Institutions or Banks during the current year. The Company has not resided my meny by the way of
- ix. Based on the audit procedures and on the information and explanations given by the Management, the moneys raised by way of initial public offer or further public offer (including debt instruments) and term loans, where ever applicable, were applied for the purposes for which those are raised. In our opinion and according to information and explanations given to us, term loans taken by the company during the period under audit were used for the purposes for which they were taken.
- x. No fraud on or by the company or by its officers or employees has been noticed or reported during the Course of one Audit
- xi. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not paid/provided for managerial remuneration. Hence, this clause is not applicable.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the records . the Company has not made any Preferential allotment or private placement of shares or fully or partly convertible debentures during the Year.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and hence this clause is not applicable.

**For M/s Bala & Co.,**  
**Chartered Accountants**  
 FRN No: 000318S

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

**“Annexure B” to the Independent Auditor’s Report**

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

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

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

**Management’s Responsibility for Internal Financial Controls**

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

**Auditors’ Responsibility**

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

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

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

**Meaning of Internal Financial Controls Over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance



**ARUNA HOTELS LIMITED**

regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For M/s Bala & Co.,**  
Chartered Accountants  
FRN No: 000318S

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

26

**ARUNA HOTELS LIMITED**

**BALANCE SHEET AS AT MARCH 31 2018**

(Rs in Lakhs)

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

Summary of Significant Accounting Policies -Note No:20

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

For Bala & Co

Chartered Accountants

Firm Registration No.: 000318S

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

P.S. Devasenapathy

Partner

M.No: 024740

Place: Chennai

Date: 29.05.2018

Nagaraj P.

CFO

Vaithyalingam Anbalagan

Managing Director

DIN : 00059007

Muralidharan Ramasamy

Director

DIN; 07092976

Ajay Shukla

Company Secretary

## ARUNA HOTELS LIMITED

27

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

(Rs in Lakhs except EPS)

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

Summary of Significant Accounting Policies -Note No:20

The Notes referred to the above are integral partof the Financial Statement .

For Bala &amp; Co

Chartered Accountants

Firm Registration No.: 000318S

For and on behalf of the Board of Directors  
of Aruna Hotels LimitedP.S. Devasenapathy  
Partner  
M.No: 024740Nagaraj P.  
CFOVaithyalingham Anbalagan  
Managing Director  
DIN : 00059007Muralidharan Ramasamy  
Director  
DIN: 07092976Place: Chennai  
Date: 29.05.2018Ajay Shukla  
Company Secretary

28

**ARUNA HOTELS LIMITED**

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

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

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

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

P.S. Devasenapathy  
Partner  
M.No: 024740

Nagaraj P.  
CFO

Vaithyalingam Anbalagan  
Managing Director  
DIN : 00059007

Muralidharan Ramasamy  
Director  
DIN: 07092976

Place: Chennai  
Date: 29.05.2018

Ajay Shukla  
Company Secretary



## Summary statement of changes in equity

## a. Equity share Capital

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

## b. Other Equity

(Rs in Lakhs)

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

The accompanying notes form an integral part of the financial information

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

For Bala &amp; Co

For and on behalf of the Board

Chartered Accountants

Firm Registration No.: 000318S

Vaithyalingam Anbalagan  
Managing Director  
DIN : 00059007Muralidharan Ramasamy  
Director  
DIN : 07092976P.S. Devasnpathy  
Partner  
Membership No.: 024740  
Place: Chennai  
Date: 29.05.2018Ajay Shukla  
Company SecretaryNagaraj P  
Chief Financial Officer

**Notes to the Financial statement as at March 31,2018**

**1. Property, plant and equipment**

(Rs in lakhs)

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

57

## ARUNA HOTELS LIMITED

## 2. Financial Assets-Non Current

(Rs in Lakhs)

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

## ARUNA HOTELS LIMITED

## 8. Equity Share Capital

(Rs in lakhs)

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

## Notes:

- 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
- 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.
- The 16.5% Redeemable cumulative taxable preference shares are redeemable at par any time after the date of issue but before the expiry of 15 months from the date of issue. Earliest redemption month is March 97.
- 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.
- 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, 2018		As at March 31, 2017	
	No. of the shares held	% of the holding	No. of the shares held	% of the holding
Mr. Kamal Babbar	1216500	14%	1216500	14%
Subasri Reality pvt Ltd.	1464123	16%	1464123	16%
Gay Travels Pvt Ltd.	591506	7%	591506	7%

For the period immediately preceding the balance sheet date:

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

## 9. Other Equity

(Rs in Lakhs)

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

35

**ARUNA HOTELS LIMITED**

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

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

**10. Financial liabilities-Non-current**

(Rs in Lakhs)

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

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

**11. Financial liabilities-Current**

(Rs in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Trade Payables		
Sundry creditors	15.77	311.96
<b>Total</b>	<b>15.77</b>	<b>311.96</b>

**12. Current liabilities: Provisions**

(Rs in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for employee benefits	-	17.62
<b>Total</b>	<b>-</b>	<b>17.62</b>

**13. Other current liabilities**

(Rs in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Statutory Liabilities	3.09	1.18
Other Payables	105.91	110.52
<b>Total</b>	<b>109.01</b>	<b>111.71</b>

**14. Income**

(Rs in Lakhs)

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

**15. Employee benefit expenses**

(Rs in Lakhs)

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

## 16. Depreciation &amp; amortization expense

(Rs in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Depreciation on property, vehicles etc.	80.63	145.29
<b>Total</b>	<b>80.63</b>	<b>145.29</b>

## 17. Other expenses

(Rs in Lakhs)

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

**18. Finance costs**

(Rs in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Interest on term loan	28.16	5.93
Bank charges	0.31	0.04
<b>Total</b>	<b>28.47</b>	<b>5.97</b>

**19. Contingent liabilities**

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

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

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

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

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

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

For and on behalf of the Board

P.S.Devascnopathy  
Partner  
Membership No : 024740

Vaithyalingam Anbalagan  
Managing Director  
DIN : 00059007

Muralidharan Ramasamy  
Director  
DIN : 07092976

Place : Chennai  
Date : 29.05.2018

Ajay Shukla  
Company Secretary

Nagaraj P.  
Chief Financial Office



**NOTE NO :20 SIGNIFICANT ACCOUNTING POLICIES****A . CORPORATE INFORMATION**

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

**B BASIS OF PREPARATION****B.1 Statement of Compliance**

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

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

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

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

**B.2 Use of estimates and judgements**

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

**B.3 Going Concern Assumption**

The company is currently not operating and hence no operating income has been recorded since FY 14-15. The validity of the going concern assumption on which the financial statements are prepared depends on the continuance of the ability of the company to generate sufficient cash flows from their operations.



**B.4 Functional currency & presentation currency:**

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

**B.5 Measurement of fair values:**

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

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

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

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

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

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

i) Land and buildings

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

**B.6 Property Plant and Equipment**

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

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

#### Depreciation on Plant, Property and Equipment

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

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

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

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

#### De-recognition

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

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

#### **B.7 Financial Instruments**

##### Trade receivables

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

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

**ARUNA HOTELS LIMITED****Impairment of financial assets**

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

**De-recognition of financial assets**

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

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

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

**Equity instruments**

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

**Financial liabilities**

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

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

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

**De-recognition of financial liabilities**

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



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

**B.8 Inventories**

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

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

**B.9 Provisions**

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

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

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

**B.10 Revenue recognition**

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

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

Other revenues

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

**B:11 Employee Benefits**

**Short -Term Employeeen benefits**

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

**Defined Benefit Plans and Defined contribution Plans**

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



ARUNA HOTELS LIMITED

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, 2019, 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 31, 2019, 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.	Going Concern Principle The company is currently not operating and hence no operating income has been recorded since FY 15-16. The management and those charged with governance informed us that renovation work will be finished soon and the hotel will be reopened.	Principal Audit Procedures We 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 2019-20.

## ARUNA HOTELS LIMITED

Sr. No.	Key Audit Matter	Auditor's Response
2.	Redemption of Preference Shares The company had issued preference share 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.	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.
3.	Litigations The Company is involved in civil litigation and taxation litigation: Direct and indirect taxation.	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.

**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.

If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**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 on 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, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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:
    - 1 The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
    - 2 The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - 3 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 No: 000318S)

Sriram Visvanathan  
Partner  
M.No: 216203  
Place: Chennai  
Date: 21.05.2019



## “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, 2019 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



**ARUNA HOTELS LIMITED**

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, 2019, 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 No: 000318S)

Sriram Visvanathan  
Partner  
M.No: 216203  
Place: Chennai  
Date: 21.05.2019

## “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)

- 1 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.
- 2 During the Financial Year 2018-19, the company does not have any physical inventories. Accordingly, reporting under clause 3(ii) of the Order is not applicable to the Company.
- 3 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.
- 4 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.
- 5 The company has not accepted deposits during the year and does not have any unclaimed deposits as on March 31, 2019 and therefore, the provisions of the clause 3(v) of the Order are not applicable to the Company.
- 6 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.
- 7 (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Income-tax, Service tax, Goods and Services tax and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.  
  
According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax, Service tax, Goods and Services tax and other material statutory dues were in arrears as at 31 March 2019, for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of Income-tax or Sales tax or Service tax or Goods and Services tax or duty of Customs or duty of Excise or Value added tax which have not been deposited by the Company on account of disputes, except for the following:

Name of the Statute	Nature of the Dues	Amount (in Crores)	Period	Forum where dispute is Pending
The Finance Act, 1994	Service Tax	2.59 Following points may be noted in this regard: Payment of an amount of Rs 1,81,60,816/- has already been made by the assessee. The company has approached the Service Tax Settlement Commission to get waiver of the penalties & pending dues upto FY 2013-14 imposed by the Service Tax authorities	FY 2008 – 2009 upto 2013 – 2014	Settlement Commission



## 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	Commissioner of Income Tax (Appeals)
The Income Tax Act 1961	Income Tax	NIL (Loss adjusted)	FY 2011 - 12	Remanded back to ITO

- 8 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.
- 9 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.
- 10 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.
- 11 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.
- 12 The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.
- 13 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.
- 14 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.
- 15 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.
- 16 The company is not required to be registered under section 45-1A of the Reserve Bank of India Act, 1934 and hence this clause is not applicable.

For M/s Bala & Co.,  
Chartered Accountants  
FRN No: 000318S

Sriram Visvanathan  
Partner  
M.No: 216203  
Place: Chennai  
Date: 21.05.2019

## ARUNA HOTELS LIMITED

## BALANCE SHEET AS AT MARCH 31 2019

(Rs in Lakhs)

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
<b>ASSETS</b>			
Non-current Assets			
(a) Property, plant and equipment	1	10,198.00	10,372.30
(b) Capital work-in-progress	1	1,193.96	388.91
(c) Financial assets			
(i) Security Deposits	2	14.15	14.15
(d) Other Non Current Assets	2	360.69	-
(e) Deferred tax assets	3	-	6.06
<b>Total Non-current Assets</b>		<b>11,766.80</b>	<b>10,781.42</b>
Current Assets			
(a) Financial assets			
(i) Cash and cash equivalents	4	231.15	12.91
(b) Other current assets	5	153.93	33.69
<b>Total Current Assets</b>		<b>385.08</b>	<b>46.60</b>
<b>Total Assets</b>		<b>12,151.88</b>	<b>10,828.02</b>
<b>EQUITY AND LIABILITIES</b>			
Equity			
(a) Share capital	6	1,210.00	1,210.00
(b) Other equity	7	1,386.29	3,294.94
<b>Total Equity</b>		<b>2,596.29</b>	<b>4,504.94</b>
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	8	7,753.85	1,443.05
(b) Deferred tax liabilities	3	978.82	-
<b>Total Non-current Liabilities</b>		<b>8,732.67</b>	<b>1,443.05</b>
Current liabilities			
(a) Financial liabilities			
(i) Trade payables	9	31.38	15.77
(ii) Other current financial liabilities	9	423.55	4,755.25
(b) Other current liabilities	10	367.99	109.01
<b>Total Current Liabilities</b>		<b>822.92</b>	<b>4,880.03</b>
<b>Total Liabilities</b>		<b>9,555.59</b>	<b>6,323.08</b>
<b>Total Equity and Liabilities</b>		<b>12,151.88</b>	<b>10,828.02</b>

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

Vaithyalingam Anbalagan  
Managing Director  
DIN : 00059007

Muralidharan Ramasamy  
Director  
DIN: 07092976

Place: Chennai  
Date: 21.05.2019

Nagaraj P.  
CFO

Ajay Shukla  
Company Secretary



## ARUNA HOTELS LIMITED

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31 2019

(Rs in Lakhs except EPS)

Particulars	Note No.	For the year ended	
		March 31,2019	March 31,2018
<b>INCOME</b>			
Revenue from operations	11	-	-
Other Income			
Rental Income	11	7.71	8.09
Creditors/Liability Written Back	11	63.05	419.50
Other Income	11	11.84	7.14
<b>Total Income</b>		<b>82.60</b>	<b>434.73</b>
<b>EXPENSES</b>			
Employee benefits expense	12	26.25	21.12
Depreciation	13	80.11	80.63
Other expenses	14	361.53	1,700.86
Finance costs	15	444.29	28.47
<b>Total expenses</b>		<b>912.18</b>	<b>1,831.09</b>
<b>Profit before tax</b>		<b>(829.58)</b>	<b>(1,396.36)</b>
Tax Expense:			
(1) Current tax		-	-
(2) Deferred tax (asset)/liability	3	984.88	(6.06)
<b>Total tax</b>		<b>984.88</b>	<b>(6.06)</b>
<b>Profit for the year</b>		<b>(1,814.46)</b>	<b>(1,390.30)</b>
Other Comprehensive Income for the year, net of tax		-	-
<b>Total Comprehensive Income for the year (Comprising Profit and Other Comprehensive Income for the year)</b>		<b>(1,814.46)</b>	<b>(1,390.30)</b>
Earnings per equity share			
(1) Basic		(20.16)	(15.45)
(2) Diluted		(20.16)	(15.45)

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

Vaithyalingham Anbalagan  
Managing Director  
DIN : 00059007

Muralidharan Ramasamy  
Director  
DIN; 07092976

Place: Chennai  
Date: 21.05.2019

Nagaraj P.  
CFO

Ajay Shukla  
Company Secretary

## ARUNA HOTELS LIMITED

## STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2019

Particulars	For the year ended on	
	March 31, 2019	March 31, 2018
Profit before taxation	(829.58)	(1,396.36)
<b>Adjustments for:</b>		
Depreciation	80.11	80.63
Interest received	(9.05)	(0.43)
IT Refund interest adjusted against earlier demand	-	21.99
Loss/(Gain) on sale of assets	-	507.03
Interest expense	444.02	28.47
<b>Operating cash flow before changes in working capital</b>	<b>(314.51)</b>	<b>(758.67)</b>
<b>Adjustments for changes in:</b>		
Inventories	-	28.63
Other current assets	(120.23)	(4.64)
Short term provisions	-	(17.62)
Other current liabilities	258.98	(2.70)
Trade payables	15.61	(296.18)
<b>Cash generated from operations</b>	<b>(160.15)</b>	<b>(1,051.18)</b>
Income taxes paid	-	-
<b>Net cash from operating activities-A</b>	<b>(160.15)</b>	<b>(1,051.18)</b>
<b>Cash flows from investing activities</b>		
Change in Capital work in progress	(805.05)	(241.17)
Proceeds from sale of assets	-	93.22
Interest received	9.05	0.43
<b>Net cash used in investing activities-B</b>	<b>(796.01)</b>	<b>(147.52)</b>
<b>Cash flows from Financing activities</b>		
(Repayment) of share application money	-	(4,757.67)
Proceeds from calls in arrears	-	2.13
Increase/(Decrease) in other current financial liability	423.55	-
Proceeds/(Repayment) from long term borrowings	6,310.80	404.32
Decrease/(Increase) in non-current assets	(360.69)	818.38
Interest paid	(444.02)	(28.47)
<b>Net cash used in Financing activities-C</b>	<b>5,929.65</b>	<b>(3,561.32)</b>
<b>Net increase in cash and cash equivalents - (A+B+C)</b>	<b>4,973.49</b>	<b>(4,760.03)</b>
Cash and cash equivalents at the beginning of year	(4,742.34)	17.69
Cash and cash equivalents at the end of year	231.15	(4,742.34)
Cash and cash equivalents consists of:		
Cash in hand	0.22	0.07
Balances with banks		
in current deposits	218.85	(4,754.39)
in fixed deposits	12.07	11.98
	<b>231.15</b>	<b>(4,742.34)</b>

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

Vaithyalingam Anbalagan  
Managing Director  
DIN : 00059007

Muralidharan Ramasamy  
Director  
DIN: 07092976

PPlace: Chennai  
Date: 21.05.2019

Nagaraj P.  
CFO

Ajay Shukla  
Company Secretary

## Summary statement of changes in equity

## a. Equity share Capital

Particulars	Note No.	Equity Shares of Rs 10/- each (Nos.)	Amount (in Rs.)	14% Redeemable Cumulative Taxable Preference Share of Rs. 100/- each (Nos.)	Amount (in Rs.)	17% Redeemable Cumulative Taxable Preference Share of Rs. 100/- each (Nos.)	Amount (in Rs.)	16.5% Redeemable Cumulative Taxable Preference Shares of Rs. 100/- each (Nos.)	Amount (in Rs.)
<b>Balance as at April 1, 2017</b>		9,000,000	89,787,000	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, 2018: Received call in arrears"		-	213,000	-	-	-	-	-	-
<b>Balance as at March 31, 2018</b>	6	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		-	-	-	-	-	-	-	-
<b>Balance as at March 31, 2019</b>		9,000,000	90,000,000	60,000	6,000,000	50,000	5,000,000	200,000	20,000,000



## b. Other Equity

(Rs in Lakhs)

Particulars	Reserves and surplus				Other Comprehensive Income	Share Application pending allotment money	Total
	Capital Redemption Reserve	Securities Premium Reserve	Preference share Redemption Reserve	Retained Earnings	Revaluation Reserve		
<b>Balance as at April 1, 2017</b>	4.00	1,652.16	30.25	(5,450.04)	8,521.09	4,757.67	9,515.13
Proceed/(Repayment) during the year	-	-	-	-	-	(4,757.67)	(4,757.67)
Profit/(Loss) for the year	-	-	-	(1,390.30)	-	-	(1,390.30)
Accumulated Depreciation	-	-	-	-	-	-	-
IT refund for previous year	-	-	-	21.99	-	-	21.99
Other Comprehensive Income	-	-	-	-	-	-	-
Depreciation on revaluation reserve	-	-	-	-	(94.20)	-	(94.20)
Revaluation Reserve	-	-	-	-	-	-	-
<b>Total Comprehensive Income for the year</b>	-	-	-	<b>(1,368.32)</b>	<b>(94.20)</b>	<b>(4,757.67)</b>	<b>(6,220.19)</b>
<b>Balance as at March 31, 2018</b>	4.00	1,652.16	30.25	(6,818.36)	8,426.89	-	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)	-	(94.20)
<b>Total Comprehensive Income for the year</b>	-	-	-	<b>(1,814.46)</b>	<b>(94.20)</b>	-	<b>(1,908.65)</b>
<b>Balance as at March 31, 2019</b>	4.00	1,652.16	30.25	(8,632.82)	8,332.70	-	1,386.29

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  
Membership No: 216203  
Place : Chennai Date : 21.05.2019

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

**Vaithyalingam Anbalagan**  
Managing Director  
DIN : 00059007

Nagaraj P  
CFO

**Muralidharan Ramasamy**  
Director  
DIN : 07092976

Ajay Shukla  
Company Secretary



**Notes to the Financial statement as at March 31,2019**

**1. Property, plant and equipment**

(Rs in lakhs)

Asset Category	Freehold Land	Plant & Machinery	Office Equipments	Building	Vehicles	Computers/ Laptops	Total	Capital work in progress
Gross Block								
<b>At April 1, 2017</b>	<b>8,348.00</b>	<b>1,791.07</b>	<b>128.64</b>	<b>3,460.80</b>	<b>24.16</b>	<b>2.73</b>	<b>13,755.41</b>	<b>147.66</b>
Additions	-	-	-	-	-	-	-	323.69
Disposals	-	1,791.07)	(128.64)	-	-	-	(1,919.71)	(82.44)
Reserve	-	-	-	-	-	-	-	-
<b>At March 31, 2018</b>	<b>8,348.00</b>	<b>-</b>	<b>-</b>	<b>3,460.80</b>	<b>24.16</b>	<b>2.73</b>	<b>11,835.69</b>	<b>388.91</b>
Additions	-	-	-	-	-	-	-	805.05
Disposals	-	-	-	-	-	-	-	-
Reserve	-	-	-	-	-	-	-	-
<b>At March 31, 2019</b>	<b>8,348.00</b>	<b>-</b>	<b>-</b>	<b>3,460.80</b>	<b>24.16</b>	<b>2.73</b>	<b>11,835.69</b>	<b>1,193.96</b>
Accumulated Depreciation	-	-	-	-	-	-	-	-
<b>At April 1, 2017</b>	<b>-</b>	<b>1,197.70</b>	<b>121.69</b>	<b>1,276.20</b>	<b>10.31</b>	<b>2.02</b>	<b>2,607.95</b>	<b>-</b>
Additions	-	-	-	76.79	3.22	0.62	80.63	-
Disposals	-	1,197.70)	(121.69)	-	-	-	(1,319.39)	-
Reserve	-	-	-	94.20	-	-	94.20	-
<b>At March 31, 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,447.18</b>	<b>13.53</b>	<b>2.64</b>	<b>1,463.39</b>	<b>-</b>
Additions	-	-	-	76.79	3.22	0.10	80.11	-
Disposals	-	-	-	-	-	-	-	-
Reserve	-	-	-	94.20	-	-	94.20	-
<b>At March 31, 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,618.16</b>	<b>16.76</b>	<b>2.73</b>	<b>1,637.70</b>	<b>-</b>
Net Block								
At April 1, 2017	8,348.00	593.37	6.95	2,184.60	13.85	0.72	11,147.45	147.66
At March 31, 2018	8,348.00	-	-	2,013.62	10.62	0.10	10,372.30	388.91
At March 31, 2019	8,348.00	-	-	1,842.64	7.40	-	10,198.00	1,193.96

60

## ARUNA HOTELS LIMITED

## 2. Financial Assets-Non Current

(Rs in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Security Deposit</b>		
MES Deposit	14.14	14.14
BSNL Deposit	0.01	0.01
<b>Total</b>	<b>14.15</b>	<b>14.15</b>
<b>Other Non-Current Assets</b>		
Yessir Holdings and Investments Private Limited*	360.69	-
	<b>360.69</b>	

\*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, 2019	As at March 31, 2018
<b>Opening Balance</b>	<b>6.06</b>	-
Difference in WDV as per Companies Act and Income Tax Act	(149.73)	6.06
Difference in WDV as per Companies Act and Income Tax Act (For FY 2015-16 to FY 2017-18)(As calculated under restated financials per the SEBI Guidelines for the Rights Issue)	(835.15)	
<b>Deferred tax asset/(liability) charged through profit &amp; loss account</b>	<b>(984.88)</b>	<b>6.06</b>
<b>Closing Balance of deferred tax asset/(liability)</b>	<b>(978.82)</b>	<b>6.06</b>

## 4. Financial Assets-Current

(Rs in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Cash and Cash Equivalents</b>		
Cash on hand	0.22	0.07
<b>Balance with banks</b>		
-in current accounts	218.85	0.86
-in fixed deposits*	12.07	11.98
<b>Total</b>	<b>231.15</b>	<b>12.91</b>



## ARUNA HOTELS LIMITED

*Deposits in PNB A/c are Lien Marked against Court Case		
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**5. Other Current Assets**

(Rs in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
TDS Receivable	2.47	1.84
GST Input Credit	137.88	31.86
Other Current Assets	13.58	-
<b>Total</b>	<b>153.93</b>	<b>33.69</b>

**6. Equity Share Capital**

(Rs in lakhs)

Particulars	As at March 31, 2019		As at March 31, 2018	
	Nos.	Amount	Nos.	Amount
<b>Authorised</b>				
Equity Share of Rs 10 each	6,70,00,000	6,700.00	6,70,00,000	6,700.00
Cumulative Redeemable Preference Shares of Rs 100	8,00,000	800.00	8,00,000	800.00
<b>Total</b>	<b>6,78,00,000</b>	<b>7,500.00</b>	<b>6,78,00,000</b>	<b>7,500.00</b>
<b>Issued, subscribed &amp; fully paid up</b>				
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	90,00,000	900.00	90,00,000	900.00
Less: Calls in arrears				
<b>Total paid up equity shares</b>	<b>90,00,000</b>	<b>900.00</b>	<b>90,00,000</b>	<b>900.00</b>
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	2,00,000	200.00	2,00,000	200.00
<b>Total paid up preference shares</b>	<b>3,10,000</b>	<b>310.00</b>	<b>3,10,000</b>	<b>310.00</b>
<b>Total paid up share capital</b>		<b>1,210.00</b>		<b>1,210.00</b>
The Movement of equity shares is as below:				
Shares outstanding at the beginning of the year	90,00,000	900.00	90,00,000	900.00
Shares issued during the year	-	-	-	-
<b>Shares outstanding at the end of the year</b>	<b>90,00,000</b>	<b>900.00</b>	<b>90,00,000</b>	<b>900.00</b>

## Notes:

- 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
- 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.
- The 16.5% Redeemable cumulative taxable preference shares are redeemable at par any time after the date of issue but before the expiry of 15 months from the date of issue. Earliest redemption month is March 97.
- 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.
- 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, 2019		As at March 31, 2018	
	No. of the shares held	% of the holding	No. of the shares held	% of the holding
Mr. Kamal Babbar	12,16,500	13.5%	12,16,500	13.5%
Subasri Reality Private Limited	16,85,539	18.7%	14,64,123	16.3%
Gay Travcls Private Limited	5,91,506	6.6%	5,91,506	6.6%

For the year immediately preceding the balance sheet date:

- Nil shares were reserved for issuance towards outstanding employee stock options granted / available for grant, towards outstanding share warrants and towards convertible securities.
- 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.
- Forfeited share is Nil.

## 7. Other Equity

(Rs in lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Capital Redemption Reserve</b>		
Opening Balance	4.00	4.00
Add: Transfer during the year	-	-
Closing Balance	4.00	4.00
<b>Securities Premium Reserve</b>		
Opening Balance	1,652.16	1,652.16
Add: Transfer during the year	-	-
Closing Balance	1,652.16	1,652.16
<b>Preference Share Redemption Reserve</b>		
Opening Balance	30.25	30.25
Add: Transfer during the year	-	-
Closing Balance	30.25	30.25
<b>Revaluation Reserve</b>		
Opening Balance	8,426.89	8,521.09
Less: Depreciation on Revaluation Reserve	(94.20)	(94.20)
Closing Balance	8,332.70	8,426.89
<b>Surplus / (Deficit) in Statement of Profit and Loss</b>		
Opening Balance	(6,818.36)	(5,450.04)
Depreciation Accumulated	-	-
Transfers to Reserves	-	21.99
Profit / (Loss) for the year	(1,814.46)	(1,390.30)
Closing balance	(8,632.82)	(6,818.36)
<b>Total Other Equity</b>	<b>1,386.29</b>	<b>3,294.94</b>

## 8. Financial liabilities-Non-current

(Rs in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Borrowings</b>		
Term Loan from Banks-Secured* (Net of Loan Processing Fee of Rs 2065000/-)	2,729.35	-
Loans from related parties-Unsecured	5,024.50	1,443.05
<b>Total</b>	<b>7753.85</b>	<b>1,443.05</b>



## ARUNA HOTELS LIMITED

## 9. Financial liabilities-Current

(Rs in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Sundry Creditors	31.38	15.77
HDFC C/A - 10970330000397*	-	4,755.25
Term loan-current	250.00	-
Interest accrued yet to be paid	173.55	-
<b>Total</b>	<b>454.93</b>	<b>4,771.02</b>

## 10. Other current liabilities

(Rs in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Statutory Liabilities	8.28	3.09
Other Payables	359.71	105.91
<b>Total</b>	<b>367.99</b>	<b>109.01</b>

## 11. Income

(Rs in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Sale of services	-	-
Rental Income	7.71	8.09
Creditors/Liability Written Back	63.05	419.50
Other Income	11.84	7.14
<b>Total Income</b>	<b>82.60</b>	<b>434.73</b>

## 12. Employee benefit expenses

(Rs in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Salaries, Wages, and Bonus (excluding Directors)	25.74	21.12
Exgratia	0.51	-
<b>Total</b>	<b>26.25</b>	<b>21.12</b>

## 13. Depreciation &amp; amortization expense

(Rs in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Depreciation on property, plant and equipment	80.11	80.63
<b>Total</b>	<b>80.11</b>	<b>80.63</b>

## 14. Other expenses

(Rs in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Power and Fuel Expenses		
- Electricity charges	59.72	46.40
Repairs and Maintenance		
- Building	-	1.81
- Others	0.43	0.72
Annual Maintenance Charges	1.36	-
Duties & Taxes	-	12.44
Reversal of liabilities earlier written off	187.09	-
Insurance	1.46	0.86
Interest & Penalties	-	0.19
Meeting expenses	0.04	0.40

## ARUNA HOTELS LIMITED

Particulars	As at March 31, 2019	As at March 31, 2018
Advertisement expenses	2.75	0.59
Postage	17.36	-
Printing & Stationery	2.36	-
Annual Connectivity charges	1.38	-
Share E voting charges	0.64	-
AGM Expenses	1.10	-
Office and Miscellaneous expenses	1.69	19.64
Consulting Charges	0.25	-
Security Expenses	7.21	-
Freight, conveyance and travelling expenses	9.27	8.83
Loss on sale of assets	-	507.03
Write off of Old Asset Accounts (other than Fixed Assets)	-	864.81
Inventories written off	-	28.63
Capital work in progress written off	-	82.44
Fee and taxes	27.32	75.85
Professional charges	37.59	47.29
Payment to auditors	2.50	2.95
<b>Total</b>	<b>361.53</b>	<b>1,700.86</b>

## 15. Finance costs

(Rs in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
Interest on term loan	203.07	28.16
Bank charges	0.28	0.31
Interest paid to others	240.94	-
<b>Total</b>	<b>444.29</b>	<b>28.47</b>

## 16. Related party disclosures

S.No	Nature of Relationship	31-Mar-19	31-Mar-18
A	Other related parties	-	-
1	Joint Venture	-	-
2	Company with common directors	-	-
3	Key Management Personnel	R.Muralidharan Director	R.Muralidharan Director
		Rajakumar Director	Rajakumar Director
		Anabalagan .v Managing Director	Anabalagan .v Managing Director
		Freedra Ganaselvam Director	Freedra Ganaselvam Director
		N.Suyumbhu Director	N.Suyumbhu Director
		-	Balaji Gandla Company secretary (Till 19.06.2017)
		Nagaraj P , CFO	Nagaraj P , CFO
Ajay Shukla Company secretary	Ajay Shukla Company secretary (w.e.f 20.06.2017)		

## ARUNA HOTELS LIMITED

4	Shareholder of the company	Gay Travels Private Limited (Promoter)	Gay Travels Private Limited (Promoter)
		Kamal Babbar (Promoter)	Kamal Babbar (Promoter)
		Rani Printers Private Limited (Promoter)	Rani Printers Private Limited (Promoter)
		Subasri Realty Private Limited (Promoter)	Subasri Realty Private Limited (Promoter)
5	Company with Common Shareholder /promoter	Sivanthi farms private limited	-
		India cabs Private Limited	-
		The indian Newspaper society	-
		Educational Trustee co Private Limited	-
		The India Cements Limited	-
		Metronation Chennai Television Private Limited	-
		Rani Syndicate Private Limited	-
		Daily thanthi Private Limited	-
		Subasri Realty Private Limited	-
		Gay Travels Private Limited	-
		Rukmani 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, 2019	As at March 31, 2018
Remuneration to Key Management Personnel	Key Management Personnel	10.31	7.14
Remuneration Payable	Key Management Personnel	0.79	-
Trade Payables	Shareholder of the company	7.41	8.16
Borrowings	Key Management Personnel	-	-
Borrowings	Shareholder of the company	-	268.75
Borrowings	Shareholder of the company	2,446.17	320.72
Borrowings	Shareholder of the company	500.00	-
Borrowings	Company with common shareholder/promoter	797.34	853.58
Borrowings	Company with common shareholder/promoter	1,281.00	-
Interest accrued yet to be paid	Shareholder of the company	55.13	-
Interest accrued yet to be paid	Company with common shareholder/promoter	104.73	-
<b>Total</b>		<b>5,202.88</b>	<b>1,458.35</b>



## ARUNA HOTELS LIMITED

## C. Significant related party transactions and balances

Transaction during the year ended	Nature of Relationship	As at March 31, 2019	As at March 31, 2018
<b>Remuneration to Key Management Personnel</b>			
CFO	Key Management Personnel	3.65	3.31
Company Secretary	Key Management Personnel	6.66	3.83
<b>Remuneration Payable</b>			
CFO	Key Management Personnel	0.28	-
Company Secretary	Key Management Personnel	0.51	-
<b>Trade Payables</b>			
GAY TRAVELS PRIVATE LIMITED	Shareholder of the company	7.41	8.16
<b>Borrowings</b>			
KAMAL BABBAR	Shareholder of the company	-	268.75
GAY TRAVELS PRIVATE LIMITED	Shareholder of the company	2,446.17	320.72
RANI PRINETRS PRIVATE LIMITED	Shareholder of the company	500.00	-
MALAR PUBLICATIONS PRIVATE LIMITED	Company with common shareholder/promoter	797.34	853.58
SUBASRI REALTY PRIVATE LIMITED	Company with common shareholder/promoter	1,281.00	-
<b>Interest accrued yet to be paid</b>			
GAY TRAVELS PRIVATE LIMITED	Shareholder of the company	55.13	-
MALAR PUBLICATIONS PRIVATE LIMITED	Company with common shareholder/promoter	104.73	-
<b>Total</b>		<b>5,202.88</b>	<b>1,458.35</b>

## 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 31<sup>st</sup> March 2019, there were following contingent liabilities of the company.

TaxationDirect 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 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.

Indirect Tax

The company has received show cause notice from Service Tax Department for FY 2008-09 to FY 2013-14. While the normal taxes due have been paid with interest, the company has approached Service Tax Settlement Commission to get waiver of the penalties and pending dues upto FY 2013-14 imposed by the Service Tax Authorities. The total liability was for Rs 2.59 Crores out of which Rs 2.20 Crores have been paid. The outcome of the case is still pending.



## ARUNA HOTELS LIMITED

Civil

A civil suit (C.S. No. 637 of 2002) has been filed on September 17, 2002 against the Company & three others by one Kothari International Trading Limited (CIN: U51101TN1995PLC029759) before the Hon'ble High Court of Judicature at Madras. The said suit has been filed by the plaintiff against Soundararajan & Co. Private Limited (CIN: U74999TN1948PTC002382) for selling the land and multistoried buildings and other structures thereon situated at Door No. 144 & 145, Sterling Road, Nungambakkam Chennai 600034 to the extent of 7 grounds to the Company which were allegedly mortgaged to the plaintiff by Soundararajan & Co. Private Limited and as on the date of filing the suit, the principal sum of Rs. 2,41,00,000/- remained unpaid to the plaintiff by Soundararajan & Co. Private Limited and Anusha International Limited (CIN: U18209TN1993PLC025056). Under the said suit, the plaintiff has prayed an amount of Rs. 2,41,00,000/- along with interest @ 18% p.a. from the date of filing the suit till the date of payment and to pass a decree by directing the sale of the scheduled property. The matter is currently pending before the Hon'ble High Court of Judicature at Madras for final disposal.

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 Ld. 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:**

The company had issued preference share in earlier years and were not redeemed in the year in which it has to be 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	For and on behalf of the Board	
Chartered Accountants		
Firm Registration No.: 000318S		
Sriram visvanthan	Vaithyalingam Anbalagan	Muralidharan Ramasamy
Partner	Managing Director	Director
Membership No : 216203	DIN : 00059007	DIN : 07092976
Place : Chennai	Nagaraj P.	Ajay Shukla
Date : 21.05.2019	CFO	Company Secretary

**ARUNA HOTELS LIMITED**

**SIGNIFICANT ACCOUNTING POLICIES**

**1.1 Company Overview**

The Company was incorporated on 09<sup>th</sup> 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 21.05.2019.

**1.2 Basis of preparation of financial**

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). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued there after.

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

As the 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.

**1.3 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.

**1.4 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.
- 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



## ARUNA HOTELS LIMITED

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.

- 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 evaluation of the likelihood of the contingent events is applied best judgement by management regarding the probability of exposure to potential loss.

### 1.5 Going Concern Assumption

The company halted its operations in FY 2014-15. Since FY 15-16 the company is under the process of renovation and is likely to commence its operations in FY 2019-20 as per Management plans 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 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

Ind AS 116 Leases: On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116, will replace the existing standard, Ind AS 17 Leases, and related interpretations. The standard sets out the principles for the recognition, measurement and presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

## ARUNA HOTELS LIMITED

The effective date of adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019.

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatment: On March 30, 2019 Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax base, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition-1) Full retrospective approach-Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8-Accounting policies, Changes in Accounting Estimates and Errors, without using hindsight and 2) Retrospectively with cumulative effect of initially applying appendix C recognized by adjusting equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019.

Amendment to Ind AS 12-Income taxes: On March 30, 2019 Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognize the income tax consequences of dividend in profits or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019.

Amendment to Ind AS 19-plan amendment, curtailment or settlement-On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement, and
- to recognize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019.

None of these amendments are expected to have any material effect on the company's financial statements.



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, which 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 construc-

tion 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, 2019	Useful life considered March, 2018
Plant & Machinery	15 Years	15 Years
Building	30 Years	30 Years
Office Equipment	NA	5 Years
Vehicles	NA	8 Years
Computers	6 Years	6 Years
Laptop	3 Years	3 Years

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

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 2013-14:

(Rs in Lakhs)

Name of the Assets	Carrying Value before revaluation as on 31.3.2019	Carrying Value after revaluation as on 31.03.2019
Land	772.52	8384.00
Building	1085.38	1842.64

#### **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 1 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:

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

**Financial liabilities and equity instruments**

Classification as debt or equity

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a company entity are recognised at the pro-

ceeds 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 by dividing the net profit or loss for the period attributable to equity shareholders 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.

**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 31<sup>st</sup>, 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><b>Going Concern Principle</b> 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><b>Principal Audit Procedures</b> 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>



## ARUNA HOTELS LIMITED

2.	<p>Redemption of Preference Shares</p> <p>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</p> <p>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</p> <p>The Company is involved in civil litigation and taxation litigation: Direct and indirect taxation.</p>	<p>Principal Audit Procedures</p> <p>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:</p> <p>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.

## ARUNA HOTELS LIMITED

### 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



**ARUNA HOTELS LIMITED**

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

**ARUNA HOTELS LIMITED****“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

**ARUNA HOTELS LIMITED**

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:

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
<b>ASSETS</b>			
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
<b>Total Non-current Assets</b>		<b>13,246.44</b>	<b>11,766.80</b>
Current Assets			
(a) Financial assets			
(i) Cash and cash equivalents	4	34.32	231.15
(b) Other current assets	5	343.78	153.93
<b>Total Current Assets</b>		<b>378.11</b>	<b>385.08</b>
<b>Total Assets</b>		<b>13,624.54</b>	<b>12,151.88</b>
<b>EQUITY AND LIABILITIES</b>			
Equity			
(a) Share capital	6	1,210.00	1,210.00
(b) Other equity	7	503.53	1,386.29
<b>Total Equity</b>		<b>1,713.53</b>	<b>2,596.29</b>
Liabilities			
<b>Non-current Liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	8	9,228.85	7,753.85
(b) Deferred tax liabilities	3	1,120.99	978.82
<b>Total Non-current Liabilities</b>		<b>10,349.84</b>	<b>8,732.67</b>
<b>Current liabilities</b>			
(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
<b>Total Current Liabilities</b>		<b>1,561.18</b>	<b>822.92</b>
<b>Total Liabilities</b>		<b>11,911.02</b>	<b>9,555.59</b>
<b>Total Equity and Liabilities</b>		<b>13,624.54</b>	<b>12,151.88</b>

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**

86

**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
<b>INCOME</b>			
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
<b>Total Income</b>		<b>10.49</b>	<b>82.60</b>
<b>EXPENSES</b>			
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
<b>Total expenses</b>		<b>656.89</b>	<b>912.18</b>
<b>Profit before tax</b>		<b>(646.40)</b>	<b>(829.58)</b>
Tax Expense:			
(1) Current tax			
(2) Deffered tax (asset)/liability	3	142.17	984.88
<b>Total tax</b>		<b>142.17</b>	<b>984.88</b>
<b>Profit for the year</b>		<b>(788.57)</b>	<b>(1,814.46)</b>
Other Comprehensive Income for the year, net of tax			-
<b>Total Comprehensive Income for the year ( Comprising Profit and Other Comprehensive Income for the year)</b>		<b>(788.57)</b>	<b>(1,814.46)</b>
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.Muralidham  
Director  
DIN : 07092976

K.Lakshmi  
Company Secretary

87

**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)
<b>Adjustments for:</b>		
Depreciation	79.60	80.11
Interest accrued yet to be paid		
Interest received		(9.05)
Interest expense	402.89	444.02
<b>Operating cash flow before changes in working capital</b>	<b>(163.91)</b>	<b>(314.51)</b>
Adjustments for changes in:		
Other current assets	(189.85)	(120.23)
Other current liabilities	(266.01)	258.98
Trade payables	36.73	15.61
<b>Cash generated from operations</b>	<b>(583.04)</b>	<b>(160.15)</b>
Income taxes paid	-	-
<b>Net cash from operating activities-A</b>	<b>(583.04)</b>	<b>(160.15)</b>
<b>Cash flows from investing activities</b>		
Change in Capital work in progress	(1,653.43)	(805.05)
Proceeds from sale of assets	-	-
Interest received	-	9.05
<b>Net cash used in investing activities-B</b>	<b>(1,653.43)</b>	<b>(796.01)</b>
<b>Cash flows from financing activities</b>		
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)
<b>Net cash used in financing activities-C</b>	<b>2,039.64</b>	<b>5,929.65</b>
<b>Net increase in cash and cash equivalents - (A+B+C)</b>	<b>(196.82)</b>	<b>4,973.49</b>
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
	<b>34.32</b>	<b>231.15</b>

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

**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.)"
<b>Balance as at March 31, 2018</b>		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		-	-	-	-	-	-	-	-
<b>Balance as at March 31, 2019</b>		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		-	-	-	-	-	-	-	-
<b>Balance as at March 31,2020</b>		9,000,000	90,000,000	60,000	6,000,000	50,000	5,000,000	200,000	20,000,000



## b. Other Equity

(Rs in Lakhs)

Particulars	Reserves and surplus				Other Comprehensive Income	Total
	Capital Redemption Reserve	Securities Premium Reserve	Preference share Redemption Reserve	Retained Earnings	Revaluation Reserve	
<b>Balance as at March 31, 2018</b>	4.00	1,652.16	30.25	(6,818.36)	8,426.89	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)	(94.20)
<b>Total Comprehensive Income for the year</b>	-	-	-	(1,814.46)	(94.20)	(1,908.65)
<b>Balance as at March 31, 2019</b>	4.00	1,652.16	30.25	(8,632.82)	8,332.70	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)	(94.20)
<b>Total Comprehensive Income for the period</b>	-	-	-	-	(94.20)	(94.20)
<b>Balance as at March 31, 2020</b>	4.00	1,652.16	30.25	(8,632.82)	8,238.50	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

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

## 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
<b>Total</b>	<b>14.15</b>	<b>14.15</b>
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 Agrifuranc Industries Private Limited (Petitioner) against M/s Yessir Holdings and Investments Private Limited (1<sup>st</sup> Respondent), M/s Aruna Hotels Limited (2<sup>nd</sup> Respondent) and Hon'ble Mr Justice K.P. Sivasubramanian (3<sup>rd</sup> 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 Agrifuranc 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
<b>Total</b>	<b>34.32</b>	<b>231.15</b>

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



**ARUNA HOTELS LIMITED**

92

**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
<b>Total</b>	<b>343.78</b>	<b>153.93</b>

\*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
<b>Authorised</b>				
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
<b>Total</b>	<b>67,800,000</b>	<b>7,500.00</b>	<b>67,800,000</b>	<b>7,500.00</b>
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				
<b>Total paid up equity shares</b>	<b>9,000,000</b>	<b>900.00</b>	<b>9,000,000</b>	<b>900.00</b>
<b>14% Redeemable Cumulative Taxable Preference Share of Rs. 100/- each</b>	<b>60,000</b>	<b>60.00</b>	<b>60,000</b>	<b>60.00</b>
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
<b>Capital Redemption Reserve</b>		
Opening Balance	4.00	4.00
Add: Transfer during the year	-	-
Closing Balance	4.00	4.00
<b>Securities Premium Reserve</b>		
Opening Balance	1,652.16	1,652.16
Add: Transfer during the year	-	-
Closing Balance	1,652.16	1,652.16
<b>Preference Share Redemption Reserve</b>		
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
<b>Surplus / (Deficit) in Statement of Profit and Loss</b>		
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)
<b>Total Other Equity</b>	<b>503.53</b>	<b>1,386.29</b>

## 8. Financial liabilities-Non-current

(Rs in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Borrowings</b>		
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
<b>Total</b>	<b>9,228.85</b>	<b>7,753.85</b>

## 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
<b>Total</b>	<b>1,459.20</b>	<b>454.93</b>

# 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
<b>Total</b>	<b>101.98</b>	<b>367.99</b>

## 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
<b>Total Income</b>	<b>10.49</b>	<b>82.60</b>

## 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
<b>Total</b>	<b>37.23</b>	<b>26.25</b>



## ARUNA HOTELS LIMITED

## 13. Depreciation &amp; 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
<b>Total</b>	<b>79.60</b>	<b>80.11</b>

## 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
<b>Total</b>	<b>137.01</b>	<b>361.53</b>

\*Excluding GST for FY 2019-20

## ARUNA HOTELS LIMITED

## 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
<b>Total</b>	<b>403.06</b>	<b>444.29</b>

## 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.Suyambu, 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
<b>Interest accrued yet to be paid</b>			
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
<b>Total</b>		<b>6,876.75</b>	<b>5,202.88</b>

**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 31<sup>st</sup> 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/(1B)/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 1<sup>st</sup> 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

eSign

Signed by: Balaji  
Srinivasan  
Reason: MA N  
subramaniam  
Location: New Delhi  
Date: 10-Mar-2021  
(04:01 PM)

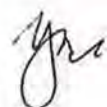
(True copy)

ICSI Institute of Insolvency Professionals(Disciplinary Committee)

ICSI IIP/DC/06/2019

21<sup>st</sup> November, 2019ORDER(Under Part III of Disciplinary Policy read with Clause 24(1)(a) of Bye Laws of ICSI Institute of Insolvency Professionals)1. Background

- 1.1 The Disciplinary Committee of ICSI IIP, vide its Interim Order dated 11<sup>th</sup> March, 2019 permitted M/s. Aruna Hotels Ltd. to file an amended complaint and directed Mr. Venkataramanrao Nagarajan to file a response within two weeks from the receipt of the amended complaint. The Respondent i.e. Mr. Venkataramanrao Nagarajan was directed to file a specific response within a period of maximum two weeks thereafter i.e., on or before 10<sup>th</sup> April, 2019. It was further mentioned that failure by the Respondent to file a response within the stipulated time shall be treated as the Respondent is not keen to counter any of the allegations.
- 1.2 Meanwhile, Mr. Nagarajan preferred a Writ Petition before Hon'ble Madras High Court wherein vide order dated 07.06.2019, the Writ Petition was dismissed as withdrawn, with the liberty to Mr. Nagarajan to file written objections raising the ground of inherent lack of jurisdiction before the Disciplinary Committee of ICSI IIP on or before 14.06.2019. Mr. Nagarajan further raised his objections on the same vide his letter dated 12.06.2019.
- 1.3 The Disciplinary Committee issued a notice dated 8<sup>th</sup> August, 2019 directing Mr. Nagarajan to appear for personal hearing before the Disciplinary Committee at its meeting on Monday, 19<sup>th</sup> August, 2019. After the personal hearing, the Disciplinary Committee directed Mr. Nagarajan to file his reply *on the basis of facts* as mentioned in the amended Complaint filed against him. Mr. Nagarajan submitted his reply dated 25.08.2019 to the Secretariat.





2. Based on the amended complaint received, reply dated 25.08.2019 filed by Mr. Nagarajan and documents available on records, the Disciplinary Committee broadly observed as follows:

2.1 **Alleged Contravention**

Prior and proper physical notice of the first meeting of the Committee of Creditors (CoC) was not given to the suspended Board of Directors of the Corporate Debtor viz. Aruna Hotels Limited. The meeting was conducted abruptly not adhering to timelines specified.

**Submissions of Mr. V. Nagarajan**

Mr. Nagarajan submitted that meeting was scheduled for 11am on 14.12.2017 at Chennai. Notice through email was sent at 10:57 am on 13.12.2017 without the Agenda for the meeting. Further the Agenda for the meeting was sent by e-mail dated 13.12.2017 at 04:28 pm.

**Findings of Disciplinary Committee**

Pursuant to Regulation 19(1) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, the Disciplinary Committee observed that it is not necessary to provide physical notice of the meeting of committee of creditors. Notice by electronic means can also be given not less than 5 days in accordance with Regulation 20 of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016. As per Regulation 19(2) of IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, the committee may reduce the notice period from five days to such other period of not less than twenty-four hours, as it deems fit. Regulation 21 (3) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 provides for the contents that should be included in a notice of the meeting.

The Disciplinary Committee further observed that in terms of Regulation 19 (1) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, Mr. Nagarajan failed to give notice for 1st CoC meeting 5 days prior to the meeting. Mr. Nagarajan has clearly violated Regulation 19 (1) and also Regulation 21 (3) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.



## 2.2 Alleged Contravention

The Minutes of the 1st CoC meeting were not shared with suspended Board of Directors of the Corporate Debtor and the same was shared after 225 days from the date of meeting.

### Submissions of Mr. V. Nagarajan

RP submitted that though there was a delay in circulating the 1st CoC minutes but the contention that the minutes were circulated on 26.07.2018 is false. Mr. Nagarajan further submitted that 2nd meeting of CoC was held on 10.02.2018 and the minutes of 1st CoC were approved in the 2nd meeting of CoC as evident by the minutes of 2nd CoC meeting.

### Findings of Disciplinary Committee

Pursuant to Regulation 24(7) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, the Disciplinary Committee observed that Mr. Nagarajan failed to circulate the minutes of the meeting to all participants by electronic means within forty eight hours of the said meeting.

## 2.3 Alleged Contravention

'M/s. Kgeyes Residency Private Limited' was allowed to be a part of the 2nd CoC meeting held on 10.02.2018 irrespective of the fact that the claim of M/s. Kgeyes Residency Private Limited was already settled with full and final amount of Rs. 5,78,16,187 through a Memo of Compromise dated 31.07.2015 and a settlement order was also passed in D.A. No. 1024 of 2014 by the High Court of Madras. Though the subsequent claim of M/s. Kgeyes Residency Private Limited amounting to Rs. 88,32,940/- was also dismissed through the award passed by Arbitrator, Mrs. Chitra Sampath on 30.12.2017.

### Submissions of Mr. V. Nagarajan

Mr. Nagarajan submitted that the Arbitration award was passed on 30.12.2017, during the pendency of CIRP, which should be considered as null. Further, the Arbitrator held that the claim was not arbitral as the same was not covered by the Arbitration Agreement. Therefore, there was no bar on admitting the claim of M/s Keyges Residency Private Limited as a Financial Creditor under the CIRP.





**Findings of Disciplinary Committee**

The Disciplinary Committee was of an opinion that in view of Section 14 (1) (a) of the Insolvency and Bankruptcy Code, 2016, moratorium will apply on arbitration on the commencement of Insolvency proceedings against the Corporate Debtor. Since the CIRP was initiated on 17<sup>th</sup> November, 2017 and Arbitral award was passed on 31.12.2017, therefore Section 14 (1) (a) of the Insolvency and Bankruptcy Code, 2016 was applicable on the pending arbitral proceedings.

In view of the same, the DC does not find any merit in this allegation.

2.4 **Alleged Contravention**

Complainant alleged that vide email dated 07.02.2018, RP i.e. Mr. Nagarajan sought a demand draft of Rs 1.77 Lakh as valuer fee and the same was returned by the RP after the closure of his term without obtaining the valuation report.

**Submissions of Mr. V. Nagarajan**

Mr. Nagarajan submitted that the valuation could not be done as during CIRP the hotel was shut down and renovation work was going on. In absence of the records and non-co-operation, valuation could not be done.

**Findings of Disciplinary Committee**

The Disciplinary Committee observed that Mr Nagarajan was appointed as Interim Resolution Professional on 17<sup>th</sup> November, 2017 and thereafter appointed as Resolution Professional by the Committee of Creditors but in compliance with Regulation 27 of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, failed to appoint registered valuers within seven days of his appointment.

3. **Order**

3.1 In view of the above, the Disciplinary Committee finds that Mr. Venkataramanrao Nagarajan has contravened the provisions of Sec 208(2)(a) (b) of the Insolvency and Bankruptcy Code, 2016, Regulation 19 (1), 21 (3) ,24(7), 27 of IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016, , Regulation 7(2)(a), (h) of the IBBI (Insolvency Professionals) Regulations, 2016.

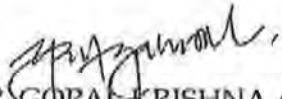
3.2 The Disciplinary Committee issues following directions:

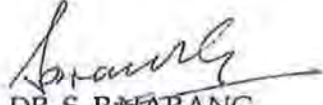
 

- (i) A monetary penalty of INR 10,000 (Rupees Ten thousand only) on Mr. Venkataramanrao Nagarajan and directs him to deposit the penalty amount by a demand draft payable in favour of the ICSI Institute of Insolvency Professionals within 30 days of the issue of this order. The Agency shall in turn deposit the said penalty amount in the Insolvency and Bankruptcy Fund.
- (ii) Mr. Venkataramanrao Nagarajan shall undergo the pre-registration educational course specified under regulation 5(b) of the Insolvency and Bankruptcy Board of India (Insolvency professionals) Regulations, 2016 from ICSI Institute of Insolvency Professionals to improve his understanding of the Code, and regulations made thereunder, before accepting any assignment under the Insolvency and Bankruptcy Code, 2016.
- (iii) Mr. Venkataramanrao Nagarajan shall abide by all the provisions of the Insolvency and Bankruptcy Code, 2016 and rules, regulations made thereunder in future otherwise, necessary actions shall be taken against him.

Accordingly, the Complaint is disposed off.

- 3.3 This order shall come into force on expiry of 30 days from the date of its issue.
- 3.4 A copy of this order shall be forwarded to the Insolvency and Bankruptcy Board of India.

  
MR. GOPAL KRISHNA AGARWAL  
(CHAIRMAN)

  
DR. S. P. NARANG  
(MEMBER)

  
Signed by: Balaji  
Srinivasan  
Reason: MA N  
subramaniam  
Location: New Delhi  
Date: 10-Mar-2021  
(03:56 PM)

|| True Copy ||



V.NAGARAJAN  
INSOLVENCY RESOLUTION PROFESSIONAL

March 7, 2021

To

1. Mr. Susainadar David,  
B1 R C PRINCESS ROYAL APPARTMENTS  
44-45 SIRUVALLUR HIGH ROAD, PERAMBUR,  
CHENNAI, Tamil Nadu Pincode: 600 011.
2. Mr. Suyambu Narayanan  
NO 9A VALLALAR STREET,VELACHERY  
CHENNAI - 600 042.
3. Mr. K.N. Rajakumar  
29A, 3RD STREET THANGAM COLONY  
ANNANAGAR WEST  
CHENNAI, Tamil Nadu  
Pinocde: 600 040
4. Mr. Freeda Gnanaselvam Kanagiah  
PLOT NO.5, SALAIMUTHU NAGAR 1ST CROSS STREET, ARASARADI  
MADURAI- 625 016.
5. Mr. Ramasamy Muralidharan  
NO.16/19, ANDAVAR NAGAR, 5TH STREET, KODAMBAKKAM  
CHENNAI, Tamil Nadu  
Pincode: 600 024.

**Key Managerial Persons**

1. Mr. P. Nagarajan, CFO
2. Ms. Kumar Lakshmi, Company Secretary

Sir,

**M/s ARUNA HOTELS LTD ( CIN: L15421TN1960PLC00425) now under CIRP under the  
Insolvency and Bankruptcy Code 2016 with revival of order of NCLT Chennai  
dated 17.11.2017 vide order dated 03.03.2021 of Hon'ble Supreme Court of India**

**Demand under Section 19 of the Code read with Section 18 of the Code and the  
Regulations there under**

I am the Resolution professional in respect of M/s Aruna Hotels Ltd with of you were  
Directors/ Key Management Personnel

NEW NO. 29 KAVARAI STREET, WEST MAMBALAM, CHENNAI 600 053.  
MOBILE: 99401 11058 Email id: irpnaga@gmail.com





V.NAGARAJAN  
INSOLVENCY RESOLUTION PROFESSIONAL

As you are aware the CIRP in respect of the said company was commenced on 17.11.2017 as per order dated 17.11.2017 Hon'ble NCLT Chennai Bench in CP/597/IB/CB/2017 and since then I was initially the Interim Resolution Professional and thereafter the Resolution Professional in respect of the Corporate Debtor.

While by order dated 16.07.2018 the Hon'ble NCLAT, New Delhi had set aside the order of the NCLT commencing CIRP. The Hon'ble Supreme Court of India has on 03.03.2021 (Civil Appeal No. 187 of 2019) set aside the order of NCLAT and has restored the order of Hon'ble NCLT, Chennai.

In the above circumstances M/s Aruna Hotels Ltd is presently continuing to be under CIRP and I am functioning as the Resolution professional and the Board of Directors stand suspended.

I am aware of the various issues created by you at the time of initiation of CIRP to try and thwart the effective conduct of the CIRP and to try and avoid any repetition of the same I demand as under:

1 That the following be handed over to me/designated representatives:

- a. List of present employees of the company with their roles and responsibilities and copies of their appointment orders and any changes made thereto including their location and contact details ( Mobile and E Mail Id )
- b. List of all Subsisting contracts in respect of the company
- c. The fixed asset register of the company duly updated till date with location
- d. All original deeds of title in respect of immovable properties
- e. All vehicles held in the name of the company
- f. All Statutory records of the company including Board minutes and Shareholder meeting minutes
- g. List of all records held by the company duly indexed
- h. Contract with the Agency providing Security services at the registered office of the company
- i. Complete back up of the Accounting records of the company
- j. Day book of all transactions from date of NCLAT order till date whether by way of bank transactions or by journals
- k. All contracts entered into from NCLAT order date till date by the Company
- l. Hand over of the current accounting system to enable my team to perform a hard close
- m. Pending litigations as on date

2. That further I intend to take over possession of the Registered office of the company on Monday 08.03.2021. Needless to say none of the Directors will have any access to the Registered office premises without my specific permission in writing. I shall of course grant necessary access to any of you who may be required to attend the office to enable the smooth transition of the records.

NEW NO. 29 KAVARAI STREET, WEST MAMBALAM, CHENNAI 600 082  
MOBILE: 99401 11058 Email id: irpnaga@gmail.com





**V.NAGARAJAN**  
**INSOLVENCY RESOLUTION PROFESSIONAL**

3. I would fix a mutually convenient time for a virtual meeting with such of you who have been in Executive capacity at the Company to give me a briefing to understand what activities are presently underway at the Corporate Debtor so that I can decide how the same are to be handled from now on.

I request your immediate and full compliance of the above as the same are only to comply with the provisions of the Code. It would be my endeavor to complete the CIRP at earliest so that by way of Resolution all stakeholders including the unpaid creditors are paid off.

Kindly note that I am making this preliminary demand only to the limited extent of the immediate requirements that have to be complied without even going into the records of what all has been done post the NCLAT order till date and as such this may be treated as merely the initial requirement on my part and I may need your cooperation into the future as well.

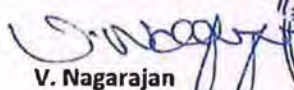
While I have come to know of the order only on 06.03.2021 when the Petitioning Operational Creditor/Appellant intimated me of the same I am sure you would have been aware of the order even as on 03.03.2021 and you would already have made arrangements for handover as mandated under the Code.

I seek you immediate confirmation by 10 AM on Monday 08.03.2021 as I would need to move the Hon'ble NCLT, Chennai by urgent application to ensure that the affairs of the CD are vested with me without delay.

I am sure that as stakeholders you would also be vitally interested in the CIRP being effected successfully and a resolution being achieved. As you would know I have already steered the Resolution of a Hotel company like the CD herein where there was 100% upfront settlement to the financial creditors without any haircut and even the shareholders had been provided for in the resolution. With support of all stakeholders I am sure we can make the same happen in this case also.

Kindly do the needful and for any further clarifications kindly call me.

Thanking you,  
Yours faithfully,  
For Aruna Hotels Limited  
(Under CIRP)

  
V. Nagarajan  
Resolution Professional



Encl: Hon'ble Supreme Court Order dated 03.03.2021

NEW NO. 29 KAVARAI STREET, WEST MAMBALAM, CHENNAI 600 033.  
MOBILE: 99401 11058 Email id: irpnaga@gmail.com

|| True Copy ||

*eSign*

Signed by: Balaji Srinivasan  
Reason: MA N subramaniam  
Location: New Delhi  
Date: 10-Mar-2021 (03:57 PM)





119



IN THE SUPREME COURT OF INDIA  
CIVIL APPELLATE JURISDICTION  
CIVIL APPEAL NO. 187 OF 2019

IN THE MATTER OF:

N. Subramanian

Appellant

VERSUS

M/s. Aruna Hotels Ltd & Anr.

Respondents

VAKALATNAMA

I, M/s Subasri Realty P. Ltd, Respondent No. 2 in the above Suit/ Petition/ Appeal, do hereby appoint and retain Mr. BALAJI SRINIVASAN, Advocate-on-Record, office at 24, Old Lawyers' Chamber, Supreme court of India, to act and appear in the abovesaid Petition/ Appeal on behalf of the abovesaid Petitioner/ Appellant/ Respondent, to conduct and prosecute the same and all proceedings that may be taken in respect of my application connected with the same or any decree or order passed therein including proceedings in taxation and application for review, to file and obtain return of documents and to deposit and receive money on behalf of the said Petitioner/ Appellant/ Respondent in the said Petition/ Appeal and in application for review and to represent him to take all necessary steps on behalf of the said Petitioner/ Appellant/ Respondent in the above matter.

Dated this 10<sup>th</sup> day of March, 2021

Accepted

*eSign*

Signed by: Balaji  
Srinivasan  
Reason: Subasri  
Vakalatn  
Location: New Delhi  
Date: 10-Mar-2021  
(03:45 PM)

For SUBASRI REALTY PVT. LTD.,

*D. D. D.*  
Chief Executive Officer

Balaji Srinivasan,  
Advocate on Record  
24, Old Lawyers' Chambers  
Supreme Court of India  
New Delhi 110 001

Respondent No. 2

M/s. Subasri Realty P. Ltd

MEMO OF APPEARANCE

To,

The Registrar

Sir,

Please enter my appearance for the Respondent No. 2 in the above mentioned petition.

Yours faithfully

Date: 10/03/2021

Balaji Srinivasan

Advocate on Record for Respondent No. 2

**BALAJI SRINIVASAN**  
Advocate-on Record  
24, Lawyers' Chamber  
Supreme Court of India  
New Delhi-110201  
Tel +91 11 23386651  
balaji@24lc.in

*No objection*  
*Sudhi*  
*10/3/21*