

CHENNAI BENCH

ATTENDANCE CUM ORDER HEET OF THE HEARING OF CHENNAI BENCH, COMPANY LAW BOARD, CHENNAI HELD ON 02/03/2015 AT 10.30 AM

PRESENT: SRHI KANTHI NARAHARI, MEMBER - JUDICIAL

APPLICATION NUMBER :
 PETITION NUMBER : CP/15/2014
 NAME OF THE PETITIONER(S) : Subasri Realty Pvt Ltd & 3 Others
 NAME OF THE RESPONDENT(S) : M/s Aruna Hotels Ltd & 5 Others
 UNDER SECTION : 397/398

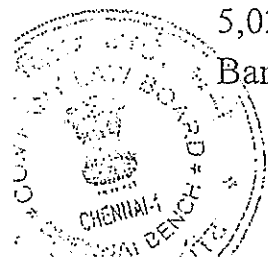
S.No.	NAME (IN CAPITAL)	DESIGNATION	SIGNATURE
-------	-------------------	-------------	-----------

REPRESENTATION BY WHOM			
	S. RAVI	Counsel for petitioners	S. Ravi
	S. Indumathi Ravi	" " "	Shobha Ravi
	R. SANKARASUBRAMANIAM	Counsel for Respondents	R. Sankarasubramaniam
	Praveen Reddy	6th Respondent	Praveen Reddy
	M. SIVARAM	2nd Respondent	M. Sivaram
	ARUNA HOTELS LIMITED	1st Respondent	For ARUNA HOTELS LIMITED
	A. PRABHAKARA REDDY	Counsel for 1st Respondent	Chairman & Managing Director

ORDER

The parties have filed a Memo of Compromise dated 12.02.2015 duly signed by them before the Bench. The counsel appeared for both the parties submitted that the parties have arrived at a compromise and requested the Bench to record the Memo of Compromise and dispose of the CP in terms thereof. The learned counsel for the respondent handed over a DIS slip issued by Punjab National Bank requesting the Bench to keep the same under the custody of Bench Officer until the terms of the Memo of Compromise is complied with.

2. On perusal of Memo of Compromise it is recorded at paragraph 7 that the selling shareholders shall execute delivery instruction slip (DIS) through depository participant for the shares in demat form for transfer of 5,03,393 number of equity shares pledged by them with Punjab National Bank which is held in demat form in favour of the purchasers or their



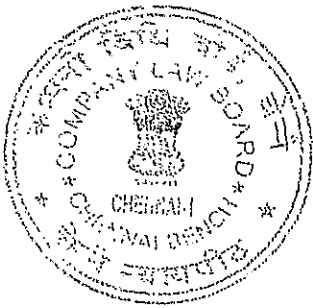
5

nominees and letter of consent for transfer of shares and deposit the same before this Bench.

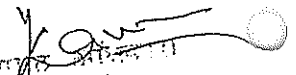
3. In accordance with the said clause the selling shareholders have deposited a slip bearing No.2118102 issued by Punjab National Bank to an extent of 4,88,535 equity shares out of 5,03,393 with the Bench Officer of this Bench and the same shall be in the custody of the Bench Officer until the compliance of the terms as stipulated in Memo of Compromise dated 12.02.2015. Further the learned counsel stated that the selling shareholders will deposit a DIS for remaining 14,858 shares with the Bench Officer of this Bench on 03.03.2015 and requested the Bench to keep the same under the custody of the Bench Officer. In view of the request and in terms of the above clause the Bench Officer of this Bench shall keep the same under his custody until the compliance of the terms as stated in the Memo of Compromise.

4. The Memo of Compromise dated 12.02.2015 is taken on record and will form part and parcel of this order. Accordingly, the CP No.15/2014 is disposed of in terms of Memo of Compromise. For reporting compliance the matter is posted on 02.06.2015 at 2.30 PM.

(KANTHI NARAHARI)



Certified to be True Copy


Bench Officer
Company Law Board
Chennai Bench
Dated the 02.06.2015

भारतीय गैर न्यायिक

बीस रुपये

₹.20

भारत

Rs.20

TWENTY
RUPEES

INDIA

INDIA NON JUDICIAL

தமிழ்நாடு தமில்நாடு TAMIL NADU

Aruna Hotels

20982
10-2-15

S. Mallinathan
10AB 290829
S. MALLINATHAN
STAMP VENDOR
L.No. 14561-B/86
Plot. 1706, 35th Street, 1-Block,
ANNA NAGAR WEST, MADRAS-600 049.

BEFORE THE HON'BLE COMPANY LAW BOARD
SOUTHERN REGIONAL BENCH AT CHENNAI

C.P. No. 15 of 2014

In the matter of the Companies Act, 1956
And

In the matter of
Sections 235, 237(6), 397, 398, 402 and 403
and other relevant provisions of the said Act
AND

IN THE MATTER OF
M/s. ARUNA HOTELS LIMITED

A company incorporated under the provisions of the
Companies Act, 1956 having its registered office at
No. 145, Sterling Road, Nungambakkam, Chennai 600 034

1. M/s. Subasri Realty Private Ltd.
86, Periyar E.V.R. High Road,
Chennai 600 007

[Signature]

[Signature]

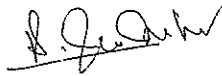
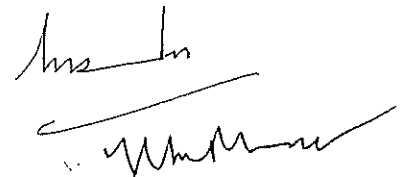
2. M/s. Gay Travels (P) Ltd.
New No. 99/16, Old No. 61,
Uthamar Gandhi Salai Chennai 600 007
3. M/s. Sovereign Media Marketing Pvt. Ltd.
86, Periyar E.V.R. High Road,
Chennai 600 007
4. M/s. Rani Printers (P) Ltd.
86, Periyar E.V.R. High Road,
Chennai 600 007

Petitioners 1 to 4 are represented by
Mr. B. Rabu Manohar, authorised by
Power of Attorney dated 11.03.2014
Executed by the Board of Directors
of the Petitioner Companies

...Petitioners

vs.

1. M/s. Aruna Hotels Limited
A company incorporated under the provisions
of the Companies Act, 1956,
having its registered office at
No. 145, Sterling Road,
Nungambakkam, Chennai 600 034
2. Sivaraman
Chairman and Managing Director of
M/s. Aruna Hotels Limited, residing at
No. 4-A, II Main Road,
Thiruvalluvar Nagar, Thiruvanmiyur,
Chennai 600 041
3. Karthik P. Sivaraman
S/o Sivaraman
Executive Director of M/s. Aruna Hotels Limited
and residing at
New No. 12, Old No. 10, 14th Avenue,
Harrington Road, Chennai 600 034
4. C.L. Ravichandran
No. 19/6, Vasu Street,

Chennai 600 010

5. S. Kalyanam
2nd Floor, 20/9,
Sadasivam Street,
Chennai 600 014

6. Kamal Babbar
No. 33, Kasthuri Avenue,
M.R.C. Nagar, Chennai 600 028

...Respondents

Memorandum of Compromise

This Memorandum of Compromise entered into at Chennai on this 12th day of February 2015 between

i) M/s Subasri Realty Private Ltd, 86, Periyar E.V.R High Road, Chennai - 600 007.

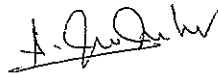
ii) Gay Travels (P) Ltd, New No.99/16, Old No.61, Uthamar Gandhi Salai, Chennai - 600 034.

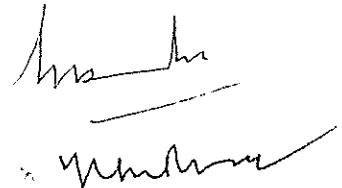
iii) Sovereign Media Marketing Pvt Ltd, 86, Periyar E.V.R High Road, Chennai - 600 007,

iv) Rani Printers (P) Ltd, 86, Periyar E.V.R High Road, Chennai - 600 007 (hereinafter referred to as the "Purchasers", which expression shall include its successors and permitted assigns) of the **FIRST PART**;

and

(i) M.Sivaram, son of late Dr.P.Marudhai pillai, residing at No. 5/65 Blue Beach Road, Neelangairai, Chennai - 600 041.





(ii) Kartick P.Sivaram, son of Mr.M.Sivaram, residing at New no. 12, Old No.10, 14th Avenue. Harrington Road, Chennai 600031. (hereinafter referred to as "**Selling Shareholders**", which expression shall include their heirs, executors, administrators, successors and permitted assigns) **of the Second Part** and

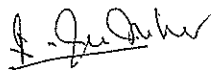
Witnesseth as follows.

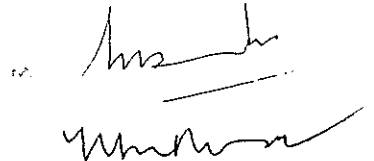
WHEREAS the parties hereto are the shareholders of Messrs Aruna Hotels Limited, a public listed company, incorporated under the Companies Act, 1956 (hereinafter called "**The Company**")

WHEREAS the Issued, Subscribed and Paid-up Share Capital of the Company is Rs.9 Crores comprising of 90,00,000/- Equity Shares of Rs.10/- each, out of which the Purchasers collectively hold 13,56,066 Equity Shares of Rs.10/- each; and

WHEREAS the Selling share holders are the Chairman & Managing Director and Executive Director respectively of the company and they along with their family members collectively hold 7,42,951 Equity Shares of Rs.10/- each, the details of which are more fully described in Annexure 1 hereunder :

WHEREAS the Purchasers filed C.P.No.16/2014 against the Selling share holders complaining acts of oppression and mismanagement in the affairs of the company and the said Company Petition is pending before the Hon'ble Company Law Board; and





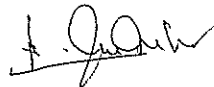
WHEREAS one Mr.Kamal Babbar, a Shareholder issued notices for convening Extraordinary General Meeting of the company on 9.11.2013 for the purpose of removal of the Selling share holders and other Directors from the Board of Directors of the company and for the appointment of three other Directors in their place; and

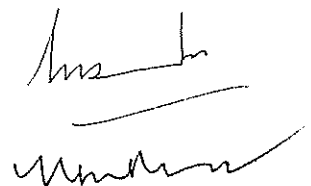
WHEREAS the Selling share holders filed C.S.No.⁷⁵¹~~51~~/2013 before the Hon'ble High Court, Madras, challenging the notices issued by Mr.Kamal Babbar for convening the Extraordinary General Meeting of the members of the company and in O.A.No.870/2013, the Hon'ble High Court, by order dated 08.11.2013, directed Mr.Kamal Babbar and other shareholders not to implement the resolution of the meeting dated 09.11.2013 until further orders; and

Whereas pursuant to the aforesaid order the EGM called for by Mr.Kamal Babbar was held in which the resolutions seeking removal of the Parties of the 2nd part and other Directors and for the induction of new Directors in their place was passed but has not been implemented in view of the interim orders of the High Court.

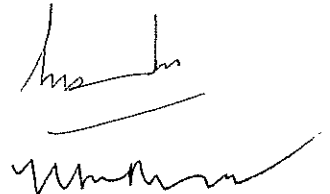
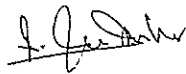
WHEREAS the said suit is still pending adjudication before the Hon'ble High Court, Madras; and

WHEREAS during the pendency of the aforesaid proceedings, the parties hereto held mutual discussions for amicable settlement of the dispute and have arrived at a compromise, the terms of which are as follows :

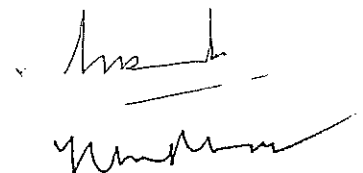
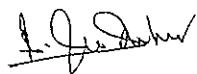




- 1) The Selling share holders and other shareholders representing their group, whose names along with the details of their shareholding in the company are found in Annexure 1 shall sell their shares in favour of the Purchasers or their nominees for a sale consideration of Rs.300/- per Equity Share of Rs.10/- each.
- 2) The Selling share holders have obtained Letters of Consent and Share Transfer Forms SH4 duly signed by other shareholders belonging to their group for sale of their shares held by them in the company in favour of the Purchasers or their nominees for aforesaid price.
- 3) The Selling share holders have pledged all the shares mentioned in Annexure I with Punjab National Bank, Mount Road Branch and has availed various financial assistances from the said bank for the Company.
- 4) The Selling share holders hereby confirms that as per the Bank a aggregate sum of Rs. 11,28,00,000 is outstanding to Punjab National Bank as on 31.1.2015 for the Term Loan availed by the company.
- 5) The Selling Shareholders shall convene a meeting of Board of Directors of the company and pass the following resolutions:
 - (i) Resolutions of the Board:

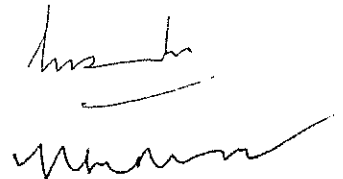



- (a) Approving the sale and purchase of the Sale Shares from the Selling Shareholders to the Purchaser in the manner contemplated under this Agreement and the endorsement of the name of the Purchasers as the owner of the Sale Shares on the share certificates in respect thereof;
- (b) Approving the resignation of all Existing Directors and revocation of all the powers granted to the Existing Directors and complying with statutory provisions for effecting the same.
- (c) Approving the change in the authorized signatories of all the bank accounts maintained by the Company in favour of the in coming directors,
- (d) Authorizing the Purchasers to settle the entire loan due and payable by the company to Punjab National bank and receive the share certificates pledged by the Selling share holders along with the original title deeds of the immovable property owned by the company.
- (e) handing over all the statutory records under various applicable laws and regulations, minutes book.



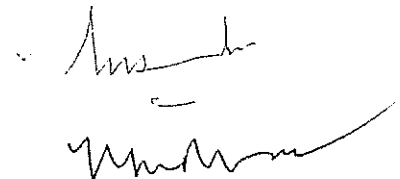
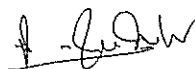
Registers, books of accounts of the company to the incoming Board of Directors.

- 6) Out of the Shares listed in Annexure 1 the first of the Selling Shareholder M.Sivaram has on the day of execution of this Compromise executed Delivery Instruction Slip (DIS) through Depository Participant for transfer of 33,000 Equity Shares pledged by him with Punjab National Bank which is held in demat form in favour of the Purchasers or their nominees. As and when the said 33,000 Shares are transferred in favour of the Purchasers a sum of Rs.99,00,000/ (Rs.Ninety Nine Lakhs Only) shall be paid by the Purchasers by Cheque.No.000415 dated 12.2.2015 drawn on HDFC Bank, Anna salai Branch .
- 7) Simultaneously, the Selling share holders shall execute Delivery Instruction Slip (DIS) through Depository Participant for the shares in demat form for transfer of 5,03,393 number of Equity Shares pledged by them with Punjab National Bank which is held in demat form in favour of the Purchasers or their nominees and letter of consent for transfer of shares and deposit the same before the Hon'ble Company Law Board
- 8) The Selling share holders have obtained share transfer forms and letter of consent for transfer of 2,06,558 equity shares duly signed by the other shareholders belonging to their group which are held



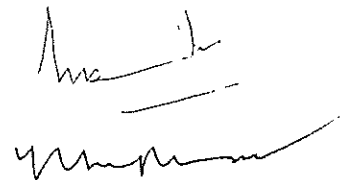
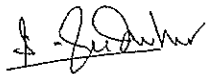
in physical form and deposit the same before the Hon'ble Company Law Board.

- 9) The Purchasers shall settle/ take over the dues payable to Punjab National Bank and redeem the shares pledged by the selling share holders as per the agreement that may be entered in to with Punjab National bank.
- 10) The Selling share holders shall authorize in writing the Purchasers to redeem the shares pledged by the Selling Share holders and to receive the share certificates which are in physical form directly from the Bank.
- 11) The Purchasers shall conduct due diligence of the records including financial, Secretarial and legal of the Company and complete the same within 3 months from the date of this Compromise to verify the liabilities of the Company. Any Clarifications or Information required for conducting due diligence shall be provided by Mr.kartik P. Sivaram representing the Second party and for the said purpose the Purchasers shall provide access to Mr.Karthik Shivaram/ Mr.Shivaram to the records required for the said purpose.
- 12) All statutory Liabilities including dues payable to Workmen will be the responsibility of the Purchasers.
- 13) The liabilities determined by due diligence conducted by the Purchasers as liabilities of the Company shall be accepted by the

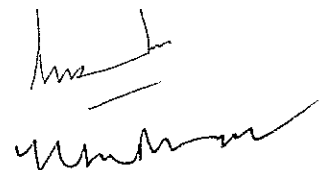
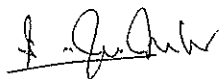


parties hereto. The Purchasers shall not be liable in any manner whatsoever for any of the liability which are not ascertained as liabilities of the Company during the process of due diligence.

- 14) Within One week of the finalization of the audit of the books (due diligence) of the Company the Purchasers shall notify in writing the liabilities which they do not accept as that of the Company.
- 15) The Purchasers shall after deducting the liabilities notified as per Cl.14 supra from the sale consideration payable to the selling Shareholders and pay the balance amount to the sellers by way of D.D in favour of each individual share holders upon which the Delivery Instruction Slip (DIS) through Depository Participant for the shares in demat form and the Share transfer forms for shares in physical form lying with the CLB shall be handed over to the Purchasers. The deduction of liabilities shall be made initially from and out of the sale consideration payable to Mr.M.Sivaram and if required proportionately from the amounts payable to the other share holders belonging to the Selling share holders.
- 16) The Selling share holders and other Directors shall pass a resolution for handing over all the statutory records, minutes book, books of accounts of the company to the Directors already appointed in the Extraordinary General Meeting held on 9.11.2013.



- 17) The Selling share holders and other Directors, as a matter of abundant caution, shall submit letters of resignation resigning from the Board of Directors of the company and DIR 11 & 12 shall be filed with the ROC, Chennai.
- 18) It is hereby agreed between the parties that immediately upon execution of this Memorandum of Compromise, the management and control of the company, the possession of all the movable and immovable properties of the company at Nos.143 to 145 Sterling Road, Nungambakkam, Chennai 600 034 shall be handed over to the Board of Directors elected in the Extraordinary General Meeting held on 9.11.2013.
- 19) The Selling Share holders have borrowed money from M/s Mr.Babu of Kumaran Silks and it is represented by the Selling share holders that the said party has created a Deed of Lease and placing reliance on the said Deed of Lease the said party has filed a suit in the City Civil Court, Chennai. Pursuant to the said suit the said party has locked the Banquet Hall of the Hotel. The selling share Holders shall negotiate and arrive at a settlement with the said creditor within one week of execution of this Memorandum of Compromise failing which the Purchaser will make payment of the entire amount Claimed by the said Party. The said amount paid by the Purchaser will be deducted from the sale consideration payable to the selling Share holders.

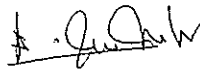



20) INDEMNITIES

Indemnification by the Selling Shareholders

Each of the Selling Shareholders (collectively, the "Indemnifying Persons") agree to jointly and severally indemnify and hold harmless the Purchaser, its Affiliates, their respective directors, officers, representatives, employees and agents, and the Company and its Subsidiary (at the discretion of the Purchaser) (collectively, the "Indemnified Persons") from and against any and all Losses, whether suffered or incurred by any of the Indemnified Persons (regardless of whether or not such Losses relate to any Third Party claim) and which arise out of, or result from or are connected with:

- i. Any misrepresentation in, inaccuracy in or breach by the Company or any Selling Shareholder, of any representation, warranty, covenant, agreement, obligation or undertaking of the Company or any Selling Shareholder contained in this Agreement.
- ii. Any violation of applicable Law by any of the Company, the Subsidiary and/or the Selling Shareholders (including failure to obtain adequate Governmental Approvals and acceptance of public deposits) or the terms of any Governmental Approval, or breach of any Contract;
- iii. Any liability or obligation of the Company and the Selling Shareholders (whether disclosed or not disclosed to the Purchaser by the Company or the Selling Shareholders) not specifically assumed by the Purchaser;
- iv. Any claims, liabilities or obligations of the Company, the Selling Shareholders arising out of any loans (secured or unsecured) availed or any Financial Indebtedness incurred, by the Company, the Subsidiary or the Selling Shareholders (whether disclosed or not disclosed by the Company, the Subsidiary or the Selling Shareholders to the Purchaser) except for the amounts set forth in Annexure II
- v. Any claim by a Person or Governmental Authority, that relates to or arises in connection with the transactions contemplated by this Agreement including any investigations by any Governmental Authority;

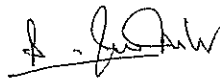
- vi. Any obligation or liability of the Company, whether arising as a result of any Tax litigation or dispute or arising as a result of any liability or claim(s) for Taxes arising as a result of a failure by the Selling Shareholders to remit and deposit any Taxes in connection with the sale of the Sale Shares or otherwise;

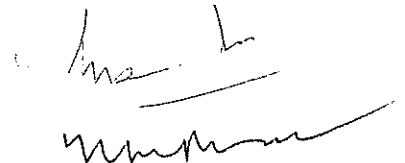
Indemnification Procedures

- (i) In the event that the Purchaser has a Claim for indemnity under Clause 20, the Purchaser shall be entitled to exercise its rights under this Clause.
- (ii) Any Claim for indemnity pursuant to this Agreement shall be made by the Indemnified Persons by notice in writing to any Indemnifying Person with a copy of the same to the Company.
- (iii) In the event that any Indemnified Person becomes aware of any matter that it believes is covered under Clause 20 and such matter involves:
 - (a) Any Claim made against the Indemnified Persons by any Person; or
 - (b) The commencement of any Legal Proceedings against the Indemnified Person,

the Indemnified Persons shall promptly notify, in writing (the "Indemnity Notice"), any of the Indemnifying Persons (with a copy of the same to the Company) of such Claim setting out the amount due through the date of such notice to the Indemnified Person under this Clause 20. The indemnity shall be made by any Indemnifying Person to the Indemnified Persons or at the instance of the Purchaser, to the Company, within 30 (thirty) days of the Indemnified Persons or the Company being required to make any payments or incurring any loss or liability in relation to any Claims.

- (iv) In the case of any Claim or proceeding made against any Indemnifying Person which is covered by the indemnity set forth in Clause 20, then Purchaser, or at the discretion of the Purchaser, the Company, shall have the right to control the defence, negotiation or settlement of such Claim or proceeding. The Indemnifying Persons shall promptly assist the Purchaser or the Company in relation to such defense



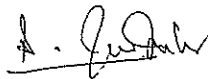


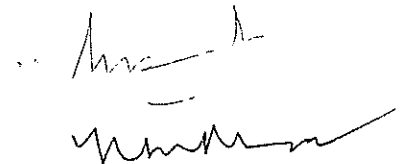
and shall not undertake any actions that are contrary to the defense adopted by the Purchaser or the Company provided however, the Purchaser shall have the right to require the Selling Shareholders, at the discretion of the Purchaser, to actively control the defence.

- (v) The obligation of the Indemnifying Persons to indemnify the Indemnified Persons pursuant to this Clause 20 and 21 shall arise immediately upon the commencement of any such Claim irrespective of any defence or right of appeal available to it. The failure of the Indemnified Persons to notify the Indemnifying Persons and/or the Company of a Claim shall not relieve the Indemnifying Persons of any indemnification responsibility under this Clause 20 unless such failure materially prejudices the ability of the Indemnifying Persons to defend such Claim.
- (vi) The Indemnified Persons shall ensure that all commercially reasonable steps are taken and all commercially reasonable assistance is given to avoid or mitigate any Losses, which in the absence of mitigation might give rise to a liability in respect of any Claim for indemnity under this Clause 20.

Nature of Indemnification

- i. The indemnification rights of the Indemnified Persons under this Agreement are without prejudice, independent of and in addition to, such other rights and remedies as the Indemnified Persons may have at Law or in equity or otherwise, including the right to seek specific performance, rescission, restitution or other injunctive relief, none of which rights or remedies shall be affected or diminished thereby
- ii. Notwithstanding any investigation conducted before or after the date of this agreement, and notwithstanding any actual or implied knowledge or notice of any facts or circumstances which the Indemnified Persons may have as a result of such investigation, the Indemnified Persons shall be entitled to rely upon each Indemnifying Party's representations, warranties, covenants and/or agreements set forth in this Agreement. The Indemnified Persons may bring a claim for indemnification under this Clause notwithstanding the fact that the Indemnified Persons had knowledge of the breach or inaccuracy giving rise





to such claim prior to the Date of this Compromise. Furthermore, any knowledge of the Indemnified Persons or the conduct of any investigation in relation to the Company/Subsidiary thereof (actual, constructive or imputed) shall not in any manner affect or limit the right to indemnification, payment of claims or other remedies with respect to the accuracy, or inaccuracy of or compliance or non-compliance with, any representation, warranty, covenant, obligation or arrangement set forth herein.

21) ~~25~~. It is hereby agreed that the Purchasers and its nominees are liable to buy only the shares listed in Annexure I at the agreed price.

22) ~~26~~. It is hereby agreed between the parties that consequent to this settlement, the Selling share holders and their group, whose names are mentioned in Annexure 1, shall not interfere with the management of the company by its Board of Directors.

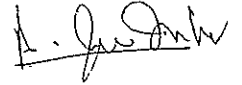
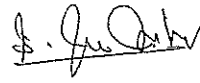
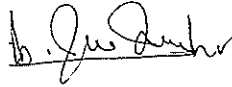
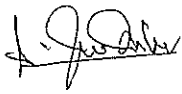
23) ~~27~~. The parties hereby agree that C.S.No. ⁷⁵¹~~51~~ of 2013 pending on the file of the Hon'ble High Court, Madras, will be withdrawn as settled out of court.

24) ~~28~~. The Parties agree that this Memorandum of Compromise shall be filed in C.P.No. 16 of 2014 before the Company Law Board, Southern Regional Bench, Chennai to record the Compromise and dispose off C.P.No. 16 of 2014 in terms thereof.

R. J. S. S. S.


[Signature]

In witness whereof the parties hereto have executed this Memorandum of
Compromise on this 12th day of February 2015 at Chennai.



Purchasers

W



Selling share holders

ANNEXURE 1

S. No	Name of Shareholder	No. of Demat Pledge forms	No. of Blank Share Transfer forms	Folio No.	Cert. No.	No. of shares
1.	M. Sivaram	1	1	756	216602	95185
			1	23665	216603	257
			1	38211	216604	4903
			1	38597	216611	231371
			-do-	216612	135736	
			-do-	216614	7427	
			-do-	216615	46656	
			Sub-total	1	4	
2.	Swarna	1	1	2950	216609	2069
			1	37908	216610	12789
			Sub-total	1	2	
3.	Karthik P. Sivaram	1	1	1609	216606	76231
4.	Raghavan Sivaram	1	1	2117	216608	68558
5.	Sathya Sivaram	0	1	2118	216605	61769
	Grand Total	4	9			742951

f. J. J. J.

v. h. h.
h. h. h.