



**49th Annual Report
2010 - 2011**

ARUNA HOTELS LIMITED

DIRECTORS

Shri M. Sivaraam
Vice-Chairman & Managing Director

Shri Kamal Babbar
Joint Managing Director

Shri Kartick P. Sivaram
Executive Director

Shri S. Kalyanam
Director

Shri C.L. Ravichandran
Director

Shri. P.B. Santhanakrishnan
Director (from 3-04-2010)

SR.VICE PRESIDENT (LEGAL) & COMPANY SECRETARY

Shri D. Ramjee

VICE PRESIDENT - PROJECTS

Shri M.P. Rajeendranath

AUDITORS

M/s. S. Viswanathan
Chennai-600 004

INTERNAL AUDITORS

M/s. Suri & Siva
Chennai-600 018.

CORPORATE & REGD. OFFICE

“Aruna Centre”
145, Sterling Road,
Chennai-600 034.

HOTEL DIVISION

HOTEL THE ARUNA
144, Sterling Road,
Chennai-600 034.

SHARE TRANSFER AGENT

M/s. MCS Limited,
Mumbai.

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FORTY NINTH ANNUAL GENERAL MEETING

Date	29/09/2011
Day	Thursday
Time	10.30 A.M.
Venue	“THE ARUNA CHENNAI” 145 Sterling Road Chennai-600 034

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



NOTICE TO SHAREHOLDERS

Notice is hereby given that the Forty Ninth Annual General Meeting of the Company will be held at 10.30 A.M. on Thursday, the 29th September 2011 at the Hotel "The Aruna Chennai", 145, Sterling Road, Chennai-600 034, to transact the following business:

ORDINARY BUSINESS:

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

"RESOLVED THAT the Directors' Report, Audited Balance Sheet as at, and the Profit & Loss Account for the year ended, 31-03-2011 and the Auditors' Report thereon, be and are hereby adopted".

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

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

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

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

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

"RESOLVED THAT M/s. S. Viswanathan, Chartered Accountants, Chennai-600 006 retiring Auditors, be and are hereby re-

appointed as Auditors of the Company from the conclusion of the Forty Ninth Annual General Meeting till the conclusion of the Fiftieth Annual General Meeting of the Company on a remuneration of Rs.75,000/- (Rupees Seventy Five Thousand Only) plus reimbursement of out-of-pocket expenses".

By order of the Board
For Aruna Hotels Limited
Date: 12.07.2011 D. RAMJEE
Place: Chennai 34. Sr.Vice-President (Legal)
& Company Secretary

NOTES

1. A member entitled to attend and vote, is entitled to appoint a proxy to attend and vote instead of himself, and such proxy need not be a member.
2. Proxy forms, complete in all respects, should be deposited at the registered office of the company not later than 48 hours before the commencement of the meeting. Form of proxy is enclosed.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 22-09-2011 to 29-09-2011(both days inclusive).
4. Shareholders seeking any information with regard to accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready.
5. M/s. MCS Limited, Mumbai have been the Share Transfer Registrars.
6. The Company's shares are listed in The Stock Exchange, Mumbai (BSE) and the process of delisting the shares from Ahmedabad and Madras Stock Exchanges is on.

ARUNA HOTELS LIMITED

Reappointment of Directors:

Item No.2

Mr.Kartick P.Sivaram was born on 05.12.1976 and is aged about 35 years, is a Commerce Graduate and an MBA from Australia. He also holds Diploma in Software Technology and Systems Management from NIIT. After completing his education, he was working as Business & Planning Analyst – Coal in FreightCorp, Sydney and as Management Consultant in Morgan & Banks Ltd., Sydney.

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

Item No.3

Mr. S. Kalyanam is a holder of triple M.A. qualification and is also holding degree of Bachelor of Law. He was born on 07.01.1934 and is aged about 77 years. He is an advocate of High Court of Madras with 25 years stranding, and was appointed youngest Public Prosecutor & Government Pleader in India in 1968 by late Thiru C.N. Annadurai, the then Chief Minister of Tamil Nadu. Later, he was appointed Special Prosecutor by Income Tax Department, selected as Judicial Member of Customs Excise & Gold Control Appellate Tribunal, and promoted as Vice-President of the Tribunal with all India jurisdiction. He was also appointed as a Judge of International Court of Arbitration Centre, Paris and has held sittings at Singapore along with co-arbitrators of Hong Kong & Malaysia.



DIRECTORS' REPORT

Your Directors have pleasure in presenting their Forty Ninth Annual Report, together with the Audited Accounts of the Company for the financial year 2010/2011 consisting of 12 months from 01-04-2010 to 31-03-2011.

FINANCIAL RESULTS

During this financial year, your Company made a turnover of Rs. 489.33 lakhs including other income, and incurred a cash loss of Rs. 167.27 lakhs. After providing for a sum of Rs. 145.52 lakhs towards depreciation, there was a net loss of Rs.312.80 lakhs only.

Rs. in lakhs

	2010-11		2009-10	
Gross Sales	292.16		124.07	
Other Income	197.17		163.00	
Total Income		489.33		287.07
Less:				
- Mfg. & Other Expenses	417.06		317.46	
- Financial Charges	239.54		96.94	
- Total Expenditure		656.60		414.40
Loss before depreciation & tax		-167.27		-127.33
Less: Depreciation		145.52		108.62
Loss before Tax		-312.80		-235.95
Less:				
- Provision for tax	0.00		0.00	
Net Profit / Loss (-)		-312.80		-235.95

DIVIDEND

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

REVIEW OF OPERATIONS

HOTEL DIVISION

During the year under review, the Hotel resumed operations in September 2010 with 40 rooms. The gross sales shown above consisted of room revenue and Food & Beverage revenue. The Other Income consisted of rent received from three floors in the annexe building leased out to restaurants. The performance has been satisfactory.

We have already entered into agreement with M/s. Fortune Park Hotels Limited of ITC Group for branding, marketing and managing the day-to-day operations of the Hotel. However, this arrangement will come into force after completion of the remaining part of renovation.

After completion of renovation, Fortune Park Hotels Limited, a wholly owned subsidiary of ITC Hotels Ltd., will take up the marketing and management of the Hotel. The name of the Hotel would also be altered suitably to indicate their association.

CURRENT YEAR'S PROSPECTS

The prospects of hotel industry in the country as a whole continue to be encouraging and particularly in Chennai city, the industry should be doing well as many more companies in IT, ITES and Auto segments are expected to set up shops in and around the City.

The renovation of the Hotel and our association with Fortune Park Hotels Limited would help us achieve satisfactory performance of the Hotel, barring unforeseen circumstances.

FIXED DEPOSITS

The Company has long back stopped accepting deposits from public.

BOARD OF DIRECTORS

In accordance with the provisions of Companies Act, 1956 and the Articles of Association of your

ARUNA HOTELS LIMITED

company, Mr. Kartick P Sivaram and Mr. S. Kalyanam retire by rotation at the 49th Annual General Meeting and, being eligible, offer themselves for re-appointment.

AUDITORS

At the Annual General Meeting, the members have to appoint Auditors for the period from conclusion of the 49th AGM till the conclusion of the 50th AGM. M/s. S.Viswanathan, Chartered Accountants, Chennai-600 006, the retiring Auditors, are eligible for re-appointment and they have confirmed that their re-appointment, if made, will be within the limits specified under Section-224 (1-B) of the Companies Act, 1956.

CORPORATE GOVERNANCE:

A report on Corporate Governance including Auditors' Certificate on compliance with the conditions of Corporate Governance under Clause 49 of the listing agreement is furnished with the Annual Report.

BOARD COMMITTEES:

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

STATUTORY PARTICULARS

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm:

That in preparation of the annual Accounts, the applicable accounting standards have been followed along with proper explanation.

That the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended on 31st March 2011 and of the loss of the Company for that year.

That the Directors had taken proper and sufficient care for maintenance of adequate accounting records for the year ended 31st March 2011 in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for prevention of fraud and other irregularities.

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

ACKNOWLEDGEMENT

Your Directors wish to take the opportunity to thank the Central & State Governments and Punjab National Bank for the help and support extended by them.

Thanks are also due to our patrons for their continued patronage and the vendors for their co-operation.

Your Directors also wish to thank the Members for the continued confidence they repose in the Management and the Employees for their sincere services and co-operation.

By Order of the Board
For Aruna Hotels Limited

Date: 12.07.2011
Place: Chennai-34

M.Sivaram
Vice-Chairman
& Managing Director



MANAGEMENT DISCUSSION & ANALYSIS **REPORT**

INDUSTRY STRUCTURE & OUTLOOK:

The Indian hospitality industry has emerged as one of the key industries driving the growth of the services sector and, thereby, the Indian economy.

In the first half of the year 2009-10, the Indian hotel industry felt the effects of the global financial crisis, coupled with the Mumbai terror attack, which took place in the previous year.

With most organisations curbing expenses related to travel and entertainment, the hotel industry suffered from a decrease in commercial travel and decline in revenues from meetings and conferences as well as corporate events and get-togethers.

Overall, the average occupancy across India declined by approximately 3%, with some cities witnessing declines of up to 15%, reflecting decreased travel by corporations, re-negotiation of corporate contracts, and decreased leisure travel. However, the average rates witnessed an increase of approximately 8%.

Fortunately, towards the end of the year, strong domestic demand, coupled with increased global confidence in the business environment in India helped in improving occupancies and average rates. The hotel industry is benefitting from this continuing trend.

SWOT ANALYSIS OF THE INDUSTRY

The strong point for development of the Hotel Industry in India has been the support being extended by both Central and State Government.

Thanks to its cultural, historical and religious heritage, India has a number of tourist spots attracting tourists who travel for different purposes. The availability of a very wide variety

of hotels to meet the different demands of the tourists is a strong supporting point. There is a steady increase in the international tourist inflow to the country.

The major weakness has been the lack of infrastructure such as good roads, uninterrupted power supply, etc. In order to remove this weakness, the National Action Plan for Tourism prepared by Government of India have identified 21 travel circuits, 12 destinations and 33 pilgrim centres as destinations/places of tourism potential for intensive development through the joint efforts of Central and State Governments and the private sector in order to strengthen infrastructure facilities.

The major opportunity is the growing importance of India in the international scenario, which has a tremendous potential to the growth of tourism sector. More and more companies in India are investing in the sector to fill in the gap between supplies (61,000 rooms) and demand (100,000 rooms). International hotel chains such as Hyatt, Radisson, Meridian and Marriot are expanding their chains in the country by tying up with companies in India.

The Industry is facing a threat in the form high tax structure in the industry makes the industry worse off than its international equivalent. In India the expenditure tax, luxury tax and sales tax inflate the hotel bill by over 30%, which is one of the highest in the world.

SWOT ANALYSIS OF OUR HOTEL

Locations of our hotel, availability of ample space for parking and large size of our rooms are our strengths.

Non-renovation was our weakness, which has now been removed with the completion of renovation of the hotel.

We would be facing competition from the new hotels that are expected to come up shortly and from the increasing number of serviced apartments and posh guest houses.

However, the continuing growth of Chennai metropolis gives tremendous business opportunities for our hotel.

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

		CURRENT YEAR 2010-11	PREVIOUS YEAR 2009-10	
1	ELECTRICITY			
a)	Purchased			
	Units	000 KWH	765260	496933
	Amount	Rs.in lakhs	76.98	35.53
	Rate / Unit	Rs.	10.06	7.15
b)	Own Generation			
i)	Through Diesel Generator			
	Units	000 KWH	3765	34742
	Diesel oil bought		3707	33220
	Price of diesel oil bought		166858	1395272
	Units per litre of diesel oil	KWH	1.04	1.04
	Cost / Unit	Rs.	44.32	40.16
2	Coal		Nil	Nil
3	Furnace Oil:			
	Quantity KL		Nil	Nil
	Total Amount	Rs.in lakhs		
	Average Rate	Rs.		
4	Others/Internal Generation			
	Quantity (Agricultural Wastage)	000 MTs	Nil	Nil
	Total Amount	Rs.in lakhs	Nil	Nil
	Average Rate	Rs.	Nil	Nil

B CONSUMPTION PER UNIT OF PRODUCTION

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

II RESEARCH & DEVELOPMENT

Nil

III TECHNOLOGY ABSORPTION & INNOVATION

Nil

IV FOREIGN EXCHANGE EARNED & USED**2010-11****2009-10**

1. Foreign Exchange Earned

Nil

Nil

2. Foreign Exchange used

Nil

Nil

CORPORATE GOVERNANCE



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

1. COMPANY'S PHILOSOPHY:

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

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

2. BOARD OF DIRECTORS

a) Composition of Board of Directors:

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

Out of the three independent directors, one director was appointed as additional director at the Board Meeting held on 30/04/2010.

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

During the financial year 2010-11, there were five Board Meetings, held on 30th April 2010, 3rd August 2010, 16th September 2010, 2nd November 2010 and 7th February 2011.

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

Name & Designation of the Directors	Category & Position	Board Meetings during the tenure		Attendance at the last AGM 31/12/10	No. of Directorships in other Public Companies		No. of Committee Membership in other Public Companies	
		Held	Attended		Chairman	Director	Chairman	Member
Mr. M. Sivaaram Vice-Chairman & Managing Director	Promoter - Executive Director	5	5	Yes	-	1	-	-
Mr. Kamal Babbar Jt. Managing Director	Promoter - Executive Director	5	5	Yes	-	1	-	-
Mr. Kartick P.Sivaram Executive Director	Promoter - Executive Director	5	5	Yes	-	3	-	-
Mr. S. Kalyanam	Independent - Non-Executive Director	5	5	Yes	-	1	-	-
Mr.C.L.Ravichandran	Independent - Non-Executive Director	5	5	No	-	1	-	-
Mr.P.B. Santhanakrishnan*	Independent - Non-Executive Director	5	4	Yes	-	3	-	-

* Co-opted as Additional Director at the Board meeting held on 30-04-10. Hence the effective number of meetings was only 4.

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3. AUDIT COMMITTEE:

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

a) Functions of the Committee in brief:

The functions of the Audit Committee include:

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

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

The Audit Committee consists of three independent non- executive Directors viz. Shri S. Kalyanam (Chairman of the Committee), Shri C.L. Ravichandran and Shri P.B. Santhanakrishnan, besides Shri M. Sivaraam, Vice-Chairman & Managing Director, Shri Kamal Babbar, Joint Managing Director and Shri Kartick P Sivaram, Executive Director as executive

director-members of the Committee. The constitution of Audit Committee meets with the requirements under Section 292A of the Companies Act, 1956.

c) Meetings and attendance during the year:

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

Mr. S. Kalyanam	Chairman (Independent)	5
Mr.C.L.Ravichandran	Member (Independent)	5
Mr.P.B. Santhanakrishnan*	Member (Independent)	4
Mr. M. Sivaraam	Invitee (Managing Director)	5
Mr. Kamal Babbar	Invitee (Jt.Managing Director)	5
Mr. Kartick P.Sivaram	Invitee (Executive Director)	5

Mr. P.B. Santhanakrishnan became a member only from the meeting held on 30th April 2010.

* After he became a member, there were only four meetings and he attended all the meetings.

4. REMUNERATION TO DIRECTORS.

Mr. M. Sivaraam, Vice-Chairman & Managing Director, Mr. Kartick P. Sivaram, Executive Director, and Mr. Kamal Babbar are the three executive directors who received remuneration during the year under review. The details are given below:

Particulars	Mr. M. Sivaraam, Vice-Chairman & Managing Director	Mr. Kamal Babbar Jt.Managing Director	Mr. Kartick P. Sivaram Executive Director
Salary	15.60	8.85	7.50
Perquisites	9.36	6.19	6.11
Contribution to PF	1.87	1.06	0.90
Total	26.83	16.10	14.51



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

5. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE:

The Company has constituted the Shareholders / Investors grievance committee comprising of Mr. M. Sivaram, Mr. Kamal Babbar and Mr. Kartick P. Sivaram.

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

6. GENERAL BODY MEETINGS:

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

AGM Detail	Venue	Time & Date
46 th Annual General Meeting	Hotel Aruna, Chennai 144, Sterling Road, Chennai-600 034.	10.35 A.M. on 30 th September 2008
47 th Annual General Meeting	Hotel Aruna, Chennai 144, Sterling Road, Chennai-600 034	10.15 A.M. on 31 st December 2009
48 th Annual General Meeting	Hotel Aruna, Chennai 144, Sterling Road Chennai-600 034	10.15A.M. on 30 th December 2010

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

7. DISCLOSURES:

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

b) Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchanges or SEBI, or any statutory authority, on any matter related to capital markets, during the last three years: Trading of Company's shares had been suspended by the Stock Exchange, Mumbai and

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

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

Complaints relating to	Received	Attended	Pending
Share Transfer	12	12	0
Dematerialisation	15	15	0
Others	3	3	0

the suspension was subsequently revoked, but the Company could not pay the restoration fees to the Stock Exchange and hence the suspension continued. Hence the Company has again applied for restoration. SEBI had imposed a fine of Rs.2,00,000/- (Rupees Two Lakhs only) for the delay in confirmation of demat requests from shareholders.

8. MEANS OF COMMUNICATION.

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

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

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

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

ARUNA HOTELS LIMITED

9. GENERAL SHAREHOLDER INFORMATION:

a.	49 th Annual General Meeting Date and Time : Venue :	29 th September 2011 at 10.30 A.M. Hotel The Aruna Chennai, 145 Sterling Road, Chennai-600 034.
b.	Financial Calendar for the: year 2011-2012 (Tentative) 50 th Annual General Meeting Board Meetings Results for the quarter ended 31 st March, 2011 Results for the quarter ended 30 th June 2011 Results for the quarter ended 30 th September, 2011 Results for the quarter ended 31 st December, 2011 Results for the quarter ending 31 st March, 2012	 September 2012 Second week of May 2011 (Over) Second week of July 2011 (Over) Second week of November 2011 Second week of February 2012 Second week of May 2012
c.	Date of Book Closure	22 nd Sep. 2011 to 29 th Sep. 2011 (both days inclusive)
d.	Dividend Payment Date	Not applicable as the Company has not declared any dividend.
e.	The Company's Equity shares Listed on the Stock Exchanges at	The Stock Exchange, Mumbai
f.	Stock Code Trading Symbol at BSE - 500016 Demat ISIN Numbers in NSDL & CDSL--INE 957C 01019	
g.	Market Price Data	Trading of company's shares remains suspended. Hence these details could not be given.
h.	Performance in comparison to BSE Sensex:	Trading of company's shares remains suspended. Hence these details could not be given.
i.	Registrars & Share Transfer System	M/s. MCS Ltd., Plot 6, Sector I, Khanda Colony, New Punwel (West), Mumbai - 410 206. M/s. MCS Ltd. have connectivity with National Securities Depository Ltd. (NSDL) and Central Depository Services Ltd. (CDSL)
j.	Share Transfer System	: The Physical share transfers are processed and unless the transfer documents are found invalid, the transfers are effected and the share certificates are returned to the transferees within a maximum period of 30 days. Those shareholders who want to demat their shares may hand over their share certificate(s) to the Depository Participant with whom they have demat account, and the DP will forward it to the RTA for confirmation. All demat requests are processed and if found correct, requisite confirmation given within 21 days of receipt.



j. Distribution of shareholding:

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

Category	No. of shares held	%age of shareholding
Promoters, Directors & Associates	4622699	51.36
Mutual Funds & UTI	94489	1.05
Banks, Financial Institutions & Insurance Cos.	138885	1.54
Foreign Institutional Investors	2100	0.02
Private Corporate Bodies	287775	3.20
NRIs / OCBs	270400	3.00
Indian Public	3583652	39.82
Total	9000000	100.00

k. Dematerialisation of shares: As per the notification issued by SEBI, trading in the Company's shares is permitted only in demat form with effect from February 2001. As of March 31, 2010, about 40% of the Company's shares have been dematerialized.

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

m. Plant Locations: The Company's Hotel is situated at No.144/145, Sterling Road, Nungambakkam, Chennai-600034, Tamil Nadu.

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

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

To the Members of Aruna Hotels Limited.

I, M. Sivaraam, Vice-Chairman & Managing Director of Aruna Hotels Limited, declare that to the best of my knowledge and belief, all the members of the Board and Senior Management personnel of the Company have affirmed their respective compliance with the applicable code of conduct for the year ended 31st March 2011.

Place: Chennai
Date: 12.07.2011

M. Sivaraam
Vice-Chairman & Managing Director

ARUNA HOTELS LIMITED

AUDITOR'S REPORT

To the Shareholders of Aruna Hotels Limited

We have audited the attached Balance Sheet of Aruna Hotels Limited as at 31st March 2011, Profit and Loss Account of the Company and also Cash Flow statement for the year ended on that date annexed hereto. These Financial statements are responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

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

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

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

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

(e) On the basis of written representations received from the directors, as on 31st March 2011 and taken on record by the Board of Directors. We report that none of the directors is disqualified as on 31st March 2011 from being appointed as a director of the Company under clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

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

(i) In the case of the Balance Sheet of the State of affairs of the Company as at 31st March 2011 and.

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

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

For M/s. S. Viswanathan
Chartered Accountants
Firm Number: 004770 - S

Place: Chennai -34

Dated: 12.07.2011

CHELLA K.SRINIVASAN
(Partner)
M. No. 023305



ANNEXURE TO THE AUDITOR'S REPORT

- I. (a) The Company has maintained proper records showing full particulars including quantitative details situation of fixed assets.
- (b) The fixed assets of the Company have been physically verified during the year by the Management and no material discrepancies between the book records and the physical inventory have been noticed.
- (c) During the year, the Company has not disposed off any substantial part of its fixed assets.
- II. (a) Physical verification of stocks of finished goods, stores, spare parts and raw materials was conducted by the Management during the period. In our opinion, the frequency of verification was reasonable.
- (b) The procedures of physical verification of stocks followed by the Management are reasonable and adequate, commensurate to the size of the Company and nature of its business.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material and have been properly dealt with in the books of accounts.
- III. (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) The Company has taken unsecured loan from parties covered in the register maintained under section 301 of the Companies Act, 1956, the maximum amount outstanding during the year is Rs.433.50 lakhs /-
- IV. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services.
- V. (a) Based on the audit procedures applied by us and according to the information and explanation provided to us by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) In our opinion, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable have regard to the prevailing market prices at the relevant time.
- VI. The Company has not accepted any deposits from the public.
- VII. A firm of Chartered Accountants is appointed as Internal Auditors of the Company for the period under review. In our opinion, the company has internal audit system commensurate with its size and nature of its business.
- VIII. No cost records have been prescribed by the Central government under section 209(1)(d) of Companies Act, 1956.
- IX. (a) Undisputed statutory dues including provident fund; investors education and protection fund, employees state insurance, income-tax, sales-tax, wealth-tax, service-tax, customs duty, excise duty, cess have not been regularly deposited with the appropriate authority and there have been delays in large number of cases, the extent of arrears of statutory dues as at the last day of the financial year 2010-2011 outstanding from the date they became payable as per the list attached.

ARUNA HOTELS LIMITED

Name of Statute	Nature of Dues	Amount In (Rs.)	Due Date	Date of Payment
In c o m e T a x Act,1961	TDS on Interest Other Than Interest On Securities	1516370.00	7 th of the next month	Not remitted
In c o m e T a x Act,1961	TDS onSalaries	1719795.00	7 th of the next month	Not remitted
In c o m e T a x Act,1961	TDS on Professional Services	359920.95	7 th of the next month	Not remitted
In c o m e T a x Act,1961	TDS onContractors	395113.75	7 th of the next month	Not remitted
In c o m e T a x Act,1961	TDS on Rent	1061702.00	7 th of the next month	Not remitted
In c o m e T a x Act,1961	TDS on Advertisement	403.00	7 th of the following month	Not remitted
In c o m e T a x Act,1961	TDS on Commission	255224.00	7 ^h of the next month	Not remitted
Payment of Gratuity Act	Gratuity	1778769.00		Not remitted
Luxury Tax	Luxury Tax	5552229.95	20 th of the next month	Not remitted
Sales TaxAct	Sales Tax	2873471.35	20 th of the next month	Not remitted
ESIAct	ESI	556180.23	21 st of the next month	Not remitted
Provident Fund Act	PF	650799.00	15 th of the next month	Not remitted
Excise Duty & Service Tax	Service Tax	881520.00	5 th of the next month	Not remitted
Professional Tax	Professional Tax	72256.00	7 th of the next month	Not remitted
Corporation Tax	Property Tax	788136.00	Before the end of the FY	Not remitted
CorporationTax	Water Tax	304214.00	Before the end of the FY	Not remitted



(b) According to the information and explanations given to us, no disputed amounts payable in respect of Income-Tax, Wealth-Tax, Service-Tax, Custom duty, Excise duty were outstanding, as at 31st March 2011, except the following:

Purchase Tax – Rs.104.07 Lakhs and Sales Tax – Rs.52.53 Lakhs on which Appeal is pending before the High Court.

- X. (a) The accumulated losses of the Company are not more than fifty percent of its net worth. It has incurred cash loss during the year and in the immediately preceding financial year.
- XI. Based on the audit procedures and on the information and explanations given by the Management, we are of the opinion that the Company has not defaulted in repayment of dues to Financial Institutions or Banks.
- XII. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- XIII. The company has not given any guarantees for loans taken by others from banks and financial institutions.

XIV. The term loan availed during the year has been utilized for the purpose for which it has been raised.

XV. Based on audit procedures applied by us and according to the information and explanations provided by the Management, we are of the opinion that the Company has not used the funds raised on short-term basis for long-term investments.

XVI. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.

XVII. No fraud on or by the company had been noticed or reported during the course of our audit.

XVII. Other provisions of Companies (Auditor's Report) Order, 2003 are not applicable

For M/s. S. Viswanathan
Chartered Accountants

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

Place: Chennai -34
Dated: 12.7.2011

ARUNA HOTELS LIMITED**BALANCE SHEET AS AT 31st MARCH 2011**

		(In Rs.Lacs)			
		31.03.2011		31.03.2010	
SOURCES OF FUNDS					
Shareholders' Funds					
(a) Share Capital	1	1532.14		1207.87	
(b) Reserves & Surplus	2	874.91	2407.05	1187.71	2395.58
Loan Funds					
(a) Secured Loans	3	1871.79		1433.90	
(b) Unsecured Loans	4	458.50	2330.29	634.13	2068.04
Total Funds Employed			4737.34		4463.61
APPLICATION OF FUNDS					
Fixed Assets					
(a) Gross Block	5	5396.87		3519.77	
(b) Less : Depreciation		1775.67		1640.04	
(c) Net Block		3621.21		1879.72	
(d) Capital Work-in-progress		0.00	3621.21	1409.09	3288.81
Investments	6		1.95		1.95
Current Assets, Loans & Advances					
(a) Inventories	7	107.72		70.57	
(b) Sundry Debtors	8	211.30		222.11	
(c) Cash & Bank Balances	9	14.42		12.55	
(d) Loans & Advances	10	783.79		982.55	
		1117.24		1287.78	
Less : Current Liabilities & Provisions :					
(a) Current Liabilities	11	777.34		889.21	
Net Current Assets (6) less (7)			339.90		398.57
Deffered tax asset			774.28		774.28
Total Assets (Net)			4737.34		4463.61
Notes Forming Part of Accounts As per our report annexed.	12				

M. SIVARAAM
Vice - Chairman & Managing Director

KAMAL BABBAR
Jt. Managing Director
D.RAMJEE
Sr.Vice President (Legal)
& Company secretary

For S.VISWANATHAN
Chartered Accountants
Firm No.: 004770-S
CHELLA K.SRINIVASAN
Partner
Membership No.: 023305

PLACE : Chennai - 600 034
DATE : 12.07.2011

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2011**

		(In Rs.Lacs)	
		31.03.2011	31.03.2010
INCOME			
Sales and Income from operations		292.16	124.08
Other Income	A	197.17	163.00
		489.32	287.07
EXPENDITURE			
Operating & Other Expenses	B	417.06	317.46
Financial Charges	C	239.54	96.94
Total		656.60	414.40
Profit before Depreciation and Tax		-167.27	-127.33
Add: Depreciation		145.52	108.62
Profit / (Loss) before Tax		-312.80	-235.95
Less: Provision for Taxation -current		0.00	0.00
Add: Fringebenefit tax		0.00	0.00
Net Profit / (Loss)		-312.80	-235.95
Balance brought forward from Previous Year		-499.02	-263.47
Balance Carried to Balance Sheet		-811.82	-499.42
Basic & Diluted Earnings per share (Equity shares par value Rs.10 per share)		-3.48	-2.62

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

As per our report annexed.

M. SIVARAAM
Vice - Chairman & Managing Director
PLACE : Chennai - 600 034
DATE : 12.07.2011

KAMAL BABBAR
Jt. Managing Director
D.RAMJEE
Sr.Vice President (Legal)
& Company secretary

For S.VISWANATHAN
Chartered Accountants
Firm No.: 004770-S
CHELLA K.SRINIVASAN
Partner
Membership No.: 023305

ARUNA HOTELS LIMITED

SCHEDULES FORMING PART OF BALANCE SHEET

	(In Rs.Lacs)			
	31.03.2011		31.03.2010	
SCHEDULE 1				
SHARE CAPITAL :				
1 Authorised				
2,40,00,000 Equity Shares of Rs.10/- each	2400.00		2400.00	
8,00,000 Redeemable Cumulative Taxable Preference Shares of Rs.100/- each	800.00	3200.00	800.00	3200.00
2 Issued, Subscribed and Paid Up :				
90,00,000 Equity Shares including 6,90,000 shares of Rs.10/- each allotted by capitalisation of reserves and share premium	900.00		900.00	
Less : Calls-in-arrears (Note No.3)	2.13	897.87	2.13	897.87
60,000 14% Redeemable Cumulative Taxable Preference Shares of Rs.100/- each (Note No.2a & c)	60.00		60.00	
50,000 17.5% Redeemable Cumulative Taxable Preference Shares of Rs.100/- each (Note No.2b & c)	50.00		50.00	
2,00,000 16.5% Redeemable Cumulative Taxable Preference Shares of Rs.100/- each (Note No.2c)	200.00		200.00	
		310.00		310.00
Advance towards Share Capital		324.27		
		1532.14		1207.87
SCHEDULE 2				
RESERVES AND SURPLUS				
a) Capital Reserve	0.72		0.72	
b) Capital Redemption Reserve	4.00		4.00	
c) Share Premium	1652.16		1652.16	
Less : Amount adjusted towards issue expenses Note No. 4.	0.00		0.00	
d) Investment Allowance Reserve	0.00		0.00	
Less : Amount transferred to Profit & Loss Account	0.00	0.00	0.00	0.00
d) Preference Share Redemption Reserve	30.25		30.25	
	1500.00		1500.00	
e) Profit & Loss Account	2312.22		-1999.42	
	874.91		1187.71	


SCHEDULE 3
LOANS - SECURED :

A) Loans & Advances from Banks:

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

(Due within one year Rs. Lacs)

SCHEDULE 4
LOANS - UNSECURED

- a) Loan received from Director
- b) Inter-Corporate Deposit

(In Rs.Lacs)	
31.03.2011	31.03.2010
1859.62	1421.67
7.05	0.00
5.12	12.24
1871.79	1433.90
433.50	608.95
25.00	25.18
458.50	634.13

SCHEDULE : 5
FIXED ASSETS

Particulars	Gross Block				Depreciation				Net Block	
	As at	Addition	Deletion	As at	As at	For the year	Deletion	As at	As at	As at
	1.4.2010			31.3.2011	1.4.2010			31.3.2011	31.3.2011	31.03.2010
Land	772.52	0.00	0.00	772.52	0.00	0.00	0.00	0.00	772.52	772.52
Building	1276.43	969.64	0.00	2246.08	567.71	58.83	0.00	626.54	1619.54	708.72
Plant & machinery	908.14	873.76	0.00	1781.91	580.79	71.02	0.00	651.81	1130.10	327.35
Intangible	38.00	0.00	0.00	38.00	20.00	4.00	0.00	24.00	14.00	18.00
Office equipments	77.03	42.42	0.00	119.45	52.27	5.19	0.00	57.46	61.99	24.76
Furniture	387.18	10.07	0.00	397.25	387.18	0.48	0.00	387.66	9.59	0.00
Vehicles	60.46	5.67	24.47	41.67	32.09	6.01	9.90	28.20	13.46	28.37
TOTAL	3519.77	1901.57	24.47	5396.87	1640.04	145.52	9.90	1775.67	3621.21	1879.72

ARUNA HOTELS LIMITED

SCHEDULE 6

INVESTMENTS:

	(In Rs.Lacs)	
	31.03.2011	31.03.2010
1 Non-Trade Unquoted		
a) 7 Year National Savings Certificate 1994	0.79	0.79
b) 7 Year National Savings Certificate 1995	0.02	0.02
c) 7 Year National Savings Certificate 1995 (Note No.5a)	0.50	0.50
d) 7 Year National Savings Certificate 1996	0.49	0.49
2 a) Trade - unquoted		
1510 Equity Shares of Aruna Foods Ltd. Rs.10/- each fully paid	0.15	0.15
	<u>1.95</u>	<u>1.95</u>
Investments as on 01-04-10	1.95	1.95
Add : Addition during the year	0.00	0.00
	0.00	0.00
Less : Matured / sold during the year	0.00	0.00
Balance as on 31-03-2011	1.95	1.95

SCHEDULE 7

INVENTORIES

(As valued and certified by the Management)

a) Stores and Spare parts	46.21	38.02
b) Food and Beverages	41.53	32.55
c) Other raw materials	19.98	0.00
	<u>107.72</u>	<u>70.57</u>

SCHEDULE 8

SUNDRY DEBTORS

a) Outstanding for more than six months	211.30	222.11
b) Others	0.00	0.00
Debts considered good for which the company holds no security other than Debtors' Personal Security	<u>211.30</u>	<u>222.10</u>



	(In Rs.Lacs)	
	31.03.2011	31.03.2010
SCHEDULE 9		
CASH AND BANK BALANCES		
a) Cash and Stamps on Hand	0.07	0.68
b) With Scheduled Banks		
1. On Fixed Deposits Account	8.29	8.29
2. On Current Account	6.06	3.58
	<u>14.35</u>	<u>11.87</u>
	14.42	12.55
SCHEDULE 10		
LOANS AND ADVANCES		
Good and Unsecured		
a) Advances with public bodies	334.45	371.76
b) Other Advances/Deposits (refer note No. 8)	378.27	577.06
c) Prepaid expenses	11.15	0.06
d) Tax Payment pending adjustments	59.92	33.66
	<u>783.79</u>	<u>982.53</u>
SCHEDULE 11		
CURRENT LIABILITIES		
a) Sundry Creditors		
i) For goods supplied	24.25	89.90
ii) For accrued Wages & Salaries	5.96	6.38
iii) For other Liabilities	747.13	792.93
b) Liability towards investors education & Protection Fund under section 205C of the Companies Act, 1956		
Due as on 31.03.2011		
Unclaimed Dividend	0.00	0.00
	<u>777.34</u>	<u>889.21</u>

ARUNA HOTELS LIMITED

		(In Rs.Lacs)	
		31.03.2011	31.03.2010
SCHEDULE A			
1. Sales & Income from Operations		292.16	124.08
2. Other Income			
a) Miscellaneous Receipts	35.40		36.72
b) Rent received	161.76		125.84
c) Profit on sale of Assets	0.00		0.44
		197.16	163.00
SCHEDULE B			
Operating and Other Expenses			
a) Consumption of Raw Materials		60.13	30.82
b) Payments to Employees			
I) Salaries, Wages & Bonus, etc.	86.99		64.28
ii) Contribution to Provident and other Funds	4.09		3.28
iii) Workmen & Staff Welfare Expenses	8.41	99.49	3.98
c) Operation & Other Expenses			71.53
I) Stores consumed including pkg. materials	9.04		3.55
ii) Power & Fuel consumed	43.80		43.65
iii) Repairs & Maintenance Building	0.84		0.03
iv) Repairs & Maintenance of Machinery	8.75		2.27
v) Rent	30.00		0.00
vi) Rates, Taxes & Licences	13.15		10.62
vii) Insurance	2.29		3.57
viii) Selling Expenses & Service charges	46.94		35.83
ix) Directors' Sitting Fees	0.32		0.30
x) Directors' Travelling Expenses	3.92		0.12
xi) Office & Other Expenses	33.12		57.81
xii) Miscellaneous Expenses	5.51		2.15
xiii) Donations	0.00		0.00
xv) Freight & Transport, Hire charges	0.78	198.45	1.85
d) Audit Fees			161.74
i) Audit Fees	0.50		0.50
ii) Tax Audit and Certificate Fees	0.33	0.83	0.10
e) i) Internal Audit Fees	1.79		0.60
ii) Internal Audit Expenses	0.02		1.79
	0.00	1.81	0.02
		1.81	1.81
C/O		359.61	266.50



		(In Rs.Lacs)	
		31.03.2011	31.03.2010
	B/F	359.61	266.50
f)	Managing Director's Remuneration		
	I) Remuneration	15.60	14.40
	ii) Perquisites	9.36	8.73
	iii) Contribution to PF	1.87	1.44
		26.83	24.57
g)	Joint Managing Director's Remuneration		
	I) Remuneration	8.85	8.25
	ii) Perquisites	6.19	5.42
	iii) Contribution to PF	1.06	0.99
		16.10	14.66
h)	Executive Director's Remuneration		
	I) Remuneration	7.50	6.90
	ii) Perquisites	6.11	4.14
	iii) Contribution to PF	0.90	0.69
		14.51	11.73
		57.45	317.46
SCHEDULE C			
FINANCIAL CHARGES			
a)	Interest on fixed loans/HP instalments	138.12	93.80
b)	Interest on Others	95.35	0.00
c)	Bank charges	6.07	3.14
		239.54	96.94

SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Concepts:

- a) Financial statements are based on historical cost and on the basis of going concern. Company follows mercantile system of accounting and recognizes income and expenditure on accrual basis.

2. Revenue Recognition:

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

1. Fixed Assets.

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

- i) In respect of Hotel Division, on Straight Line method on all assets.
- ii) On other assets on straight-line method on Plant & Machinery and Buildings and on written down value method on other assets.
- b) Intangible asset constitute Brand Name acquired for valuable consideration. It will be Amortized over a period of ten years

ARUNA HOTELS LIMITED

4. Current Assets.

- i) Raw materials and stores and spares (other than bonded materials) have been valued at weighted average price. Cost includes taxes and duties (but does not include excise duty / , freight and other direct expenses.
- ii) Valuation of stock in trade is at cost or net realisable value whichever is less. Stock in process is valued at cost. Cost includes material, direct labour, overheads and exciseduty where applicable, other than selling and administrative overheads.

5. Investments.

Investments are stated at cost

6. Taxation:

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

7. Employee Benefits:

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

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

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

8. Expenses and income of this year include amounts below Rs.1, 000/- in relation to earlier years, which are accounted on cash basis.

9. Foreign Exchange Transaction:

Transactions in foreign exchange are accounted at the exchange rates prevailing at the time of realization / payment of bills.

NOTES TO BALANCE SHEET AS ON 31ST MARCH 2011 AND THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

Schedule – 13

1. Contingent Liabilities

- a. Estimated amount of contracts remaining to be executed on capital account not provided for (Net of Advance) is Rs.192.06
(Rs in Lacs)

2. Terms of Redemption.

- a. The 14% Redeemable cumulative taxable Preference Shares are redeemable at par at any time after the date of issue but before the expiry of ten years from the date of issue. Earliest redemption month February 99.

- b. The 17.5% Redeemable cumulative taxable Preference Shares are redeemable at par at any time after the date of issue but before the expiry of ten years from the date of issue. Earliest redemption month July 2003.

- c. The 16.5% Redeemable cumulative taxable Preference Shares are redeemable at par at any time after the date of their issue date but before the expiry of 15 months from the date of issue. Earliest redemption month March 97.

- d. Preference shares, which have fallen due for redemption long ago, could not be redeemed due to inadequate Profits and non issuance of additional shares.

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

3. Reserves on account of Share premium of Rs.1652.16 Does not include arrears in share premium amounting to Rs.6.58 Lacs due from Shareholders other than directors.

4. Details of Secured Loans & Security

- a) Term Loan from Punjab National Bank for Refurnishing of hotel& Acquiring of Annexure building . Secured by first mortgage and charge on all immovable and movable properties of the Company both present and future and guaranteed by Managing Director, Joint Managing Director and Executive Director.



6. Earnings Per Share

Particulars	Year Ended 31.3.2011	Year Ended 31.3.2010
Profit after taxation (Rs. in lakhs)	-312.80	-235.95
Weighted number of equity shares outstanding	89,98,700	89,98,700
Basic Earnings per Share	-3.48	-2.62
Diluted Earnings per Share		

7. 7 Year National Saving Certificate 1995 has been lodged with the Sales Tax Authorities, Kerala as Sales Tax Deposit.
8. Confirmation of balances has not been received from Creditors and Debtors.
9. Other advances / Deposits include Rs.25 Lacs paid as Lease Deposit for purchase of land and building for the Hotel Division.
10. In the absence of adequate profits the remuneration paid to Managing Director is within the limits prescribed as minimum remuneration in Schedule XIII of the Companies Act.
11. There is no amount due to SSI Units, pending for more than 30 days and above Rs.1.00 Lac.
12. Previous year figures have been regrouped and rearranged wherever necessary, to confirm to current period's figures.

ARUNA HOTELS LIMITED

ARUNA HOTELS LIMITED Annexure XIII

Related parties transactions:

1	Name of the transacting related party	Gay Travels	Sounderarajan Private Limited	India Cabs Private Limited	Srirang Travels	Intercontinental leathers	M.Sivaram	Karlick P.Sivaram	Kamal Babbar
2	Description of the relationship between the parties		company over which brother of Managing Director as significant influence		company over which brother of Managing Director	company over which brother of Managing Director	Vice Chairman & Managing Director	Executive Director son of Vice Chairman & Managing Director	Joint Managing Director
3	Description of the nature of the transactions	Purchase of Air Tickets	Lease of Property 30	0	0	0	Salary 26.83	Salary 14.51	Salary 16.10
4	Volume of the transactions either as on (in Rs. Lacs) amount or as an appropriate proportion		0	0	0	0			Unsecure Loan-433.50 Adv.towards SC-250.00
5	Any other elements of the related party transactions necessary for an understanding of the financial statements	Air tickets booking	Rent	Car Hire					
6(a)	The amounts or appropriate proportions of outstanding items pertaining to related parties at the Balance sheet date	2.57	25	0.62	9.88	7.88			
(b)	Provision for Bad and Doubtful debts such parties at that date	Nil	Nil	Nil	Nil	Nil			
7.	Amounts written off or written back in respect of debts due from or to related parties	Nil	Nil	Nil	Nil	Nil			



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

1. A.PARTICULARS IN RESPECT OF SALES:

	Unit of	Quantity		Value(Rs.in Lakhs)	
		31.03.2011	31.3.2010	31.3.2011	31.3.2010
2. Hotel sales/Income from services	-	NIL	NIL	292.16	124.08

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

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

	Unit of	Quantity		Value(Rs.in Lakhs)	
		31.03.2011	31.3.2010	31.3.2011	31.3.2010
1. Raw Materials (Indigenous)					
5.Food & Beverage consumed	Nil	Nil	Nil	60.13	30.82
2. Stores, Spare parts and Components		Nil	Nil	9.04	3.55
3. a. Number of Non-Resident share holders		1352	1352	Nil	Nil
Number of Equity Shares held		270400	270400	Nil	Nil
b. Amount remitted in Foreign Currency on account of Dividends		Nil	Nil	Nil	Nil

3 EARNINGS IN FOREIGN EXCHANGE :

Export of Goods (F.O.B)	Nil	Nil	Nil	Nil
Earnings in rooms, restaurants and other services	Nil	Nil	0	0.02

4 EXPENDITURE IN FOREIGN CURRENCY

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

ARUNA HOTELS LIMITED**CASH FLOW STATEMENT**

	(In Rs.Lacs)	
	2010- 2011	2009- 2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Loss after Tax & extraordinary items	-312.80	-235.95
ADJUSTMENTS FOR:		
Provision for IT & FBT	135.62	108.62
Depreciation	239.54	96.44
Interest (Net)		-0.44
Profit on sale of fixed assets		
Net loss/(profit) on sale of Undertaking / Fixed assets	<u>375.16</u>	<u>204.62</u>
Operating Profit before working capital changes	62.36	-30.83
ADJUSTMENTS FOR:		
Trade & Other receivables	209.57	-31.46
Inventories	-37.15	0.36
Current Liabilities	-111.87	125.68
Cash generated from operations	122.91	63.75
Direct Taxes paid	0.00	0.00
Net Cashflow from operations	122.91	63.75
B. CASHFLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	-468.03	-626.73
Capital work in progress	0.00	0.00
Purchase of Investments	0.00	0.00
Deferred Revenue Expenses	0.00	0.00
Sale of Investments		
Net cash used in Investing activities	-468.03	-626.73
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long term borrowings	437.89	504.56
Proceeds from other term borrowings	148.64	143.85
Change in working capital finance	0.00	0.00
Interest paid	-239.54	-96.94
Net cash from financing activities	346.99	551.47
D NET INCREASE IN CASH & CASH EQUIVALENT	1.87	11.51
Op.Cash & Cash equivalent as on 31.3.2010	12.55	24.06
Cl.Cash & Cash equivalent as on 31.3.2011	14.42	12.55

M. SIVARAAM
Vice - Chairman & Managing
Director

KAMAL BABBAR
Jt. Managing Director

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

We have verified the above Cash-Flow Statement of Aruna Hotel Ltd derived from the audited annual accounts for the year ended 31st March 2009 and found the same to be drawn in accordance there with and also with the requirements of Clause 32 of the listing agreement with Madras Stock Exchange Limited.

For S.VISWANATHAN
Chartered Accountants

PLACE : Chennai - 600 034
DATE : 12.07.2011

CHELLA K.SRINIVASAN
Partner



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. Registration Details

Registration No. State Code

Balance Sheet Date
Date Month Year

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

Public Issue	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/>	Rights Issue	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/>
Bonus Issue	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/>	Private Placement	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/>

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

Total Liabilities	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="."/> <input type="text" value="3"/> <input type="text" value="4"/>	Total Assets	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="."/> <input type="text" value="3"/> <input type="text" value="4"/>
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Sources of Funds

Paid-up Capital	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="."/> <input type="text" value="1"/> <input type="text" value="4"/>	Reserves & Surplus	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="7"/> <input type="text" value="4"/> <input type="text" value="."/> <input type="text" value="9"/> <input type="text" value="1"/>
Secured Loans	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="7"/> <input type="text" value="1"/> <input type="text" value="."/> <input type="text" value="7"/> <input type="text" value="9"/>	Un Secured Loans	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="8"/> <input type="text" value="."/> <input type="text" value="5"/> <input type="text" value="0"/>

Application of Funds

Net Fixed Assets	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="."/> <input type="text" value="2"/> <input type="text" value="1"/>	Investments	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="."/> <input type="text" value="9"/> <input type="text" value="5"/>
Net Current Assets	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="."/> <input type="text" value="1"/> <input type="text" value="8"/>	Misc. Expenditure	<input type="text" value=""/> <input type="text" value="0"/>
Accumulated Losses	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/>		

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

Turnover	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="8"/> <input type="text" value="9"/> <input type="text" value="."/> <input type="text" value="3"/> <input type="text" value="2"/>	Total Expenditure	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="."/> <input type="text" value="1"/> <input type="text" value="2"/>
Accumulated Losses	<input type="text" value=""/>	Profit/Loss After Tax	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="-"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="."/> <input type="text" value="8"/> <input type="text" value="0"/>

V. Generic Names of Three Principal Products of the Company

As per monetary terms

Item Code No. (ITC Code)

Product Description