



PGP GROUP

APPU HOTELS LIMITED

33rd
ANNUAL
REPORT
2018-19



Le Royal Meridien, Chennai - Front view



CONTENTS	Page Nos.
Board of Directors	2
Notice to Shareholders	3
Board's Report	6
Annexures to the Board's Report	15
Auditors' Report	24
Balance Sheet	36
Notes to Financial Statements	39
Notes Forming Part of Financial Statements	47



**BOARD OF DIRECTORS**

Dr Palani G Periasamy	:	Chairman
Mrs Visalakshi Periasamy	:	Executive Vice Chairman & CEO
Dr V Janakiraman	:	Director
Dr M C Thirumoorthi	:	Independent Director
Mr K Kandasamy	:	Director
Mr C Ramachandran IAS (Retd)	:	Independent Director
Dr A Sakthivel	:	Independent Director
Ms Ananthi Periasamy	:	Director
Mr. Anoop Bali	:	Nominee Director - TFCI
Mr A Sennimalai	:	Managing Director
Company Secretary	:	Mr N Subramanian
Chief Financial Officer	:	Mr B Murugesan
Auditors	:	M/s Ramkrish & Co., Chartered Accountants New No 19 (Old No .9A) Bagavantham Street, T Nagar, Chennai 600 017 Firm Regn. No : 003017S
Internal Auditors	:	M/s. Srinivasan & Shankar Chartered Accountants No.18/36 Second Floor, Karpagambal Nagar, Mylapore, Chennai 600 004 Firm Regn. No : 005093S
Bankers & Financial Institutions	:	Indian Bank State Bank of India Bank of India IDBI Bank Ltd TFCI Ltd.
Registered Office	:	PGP House, New No.59 (Old No.57) Sterling Road Nungambakkam, Chennai – 600 034. Phone Nos. 28311313, 28311414 CIN No.U92490TN1983PLC009942 E –mail:secretarial@appuhotelsltd-pgp.com Website – www.appuhotels.com
Hotels	:	Le Royal Meridien Chennai No.1 GST Road, St. Thomas Mount, Chennai – 600 016. Phone No.91-44- 22314343 Fax No. 91-44-22347621 E-mail : chairman@leroyalmeridien-chennai.com Le Meridien Coimbatore 762 Avinashi Road, Coimbatore – 641 062 Phone: 91-422- 4254343 Fax : 91-422-2364444 E-mail : ahlcoimbatore@pgpgroup.in Hotel Riverside Resort & Spa, Kumbakonam 32/33 College Road (Govt. Mens College) Kumbakonam- 612 002 Phone: 91-435-2443636 Fax : 91-435-2443638 E-mail : ahlkumbakonam@pgpgroup.in





NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 33rd Annual General Meeting of the Members of the Company will be held at “**Le Royal Meridien**”, **No.1, G.S.T. Road, St. Thomas Mount, Chennai- 600 016 on Monday, the 30th September 2019 at 10.00 A.M.** to transact the following business.

ORDINARY BUSINESS:

ORDINARY RESOLUTION

1. To receive, consider and adopt the audited Financial Statements including Balance Sheet as at 31st March 2019, the Statement of Profit and Loss and Cash Flow Statements for the year ended on that date and consider the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Dr V Janakiraman, (DIN No.02309798) who retires by rotation and being eligible offers himself for re-appointment.
3. Appointment of New Statutory Auditor.

RESOLVED THAT pursuant to the provisions of Section 139, 141 and 142 of the Companies Act, 2013 and Audit and Auditors Rules, 2014, (the rules), (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) consent of the Company is hereby accorded for the appointment of the firm M/s Xavier & Thanabalan Chartered Accountants (Firm Regn No. 005761S), represented by Mr T. Xavier, Chartered Accountant (Membership No.028467), Chennai with the Institute of Chartered Accountants of India, as Statutory Auditors for a period of 5 years i.e., from the conclusion of this the 33rd AGM till the conclusion of the 38th Annual General Meeting of the Company on such remuneration as may be agreed upon by the Audit committee/ Board of Directors in consultation with the Auditors.

SPECIAL BUSINESS:

To re appoint Independent Directors Dr M C Thirumoorthi, Mr C Ramachandran and Dr A Sakthivel who are eligible for re –appointment.

To consider and, if thought fit, to pass with or without modification the following resolutions as **SPECIAL RESOLUTIONS.**

4. Re-appointment of Dr M C Thirumoorthi as an Independent Director.

RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Dr M C Thirumoorthi, (holding DIN 00129814), an Independent Director of the Company and whose term of office comes to a close by 29.09.2019 be and is hereby appointed as an Independent Director of the Company to hold office for a fresh term of 5 years.

5. Re-appointment of Mr C Ramachandran, IAS (Retd) as an Independent Director.

RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr C Ramachandran, (holding DIN 00050893), an Independent Director of the Company and whose term of office comes to a close by 29.09.2019 be and is hereby appointed as an Independent Director of the Company to hold office for a fresh term of 5 years.



**6. Re-appointment of Dr A Sakthivel as an Independent Director.**

RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Dr A Sakthivel, (holding DIN 00027485), an Independent Director of the Company and whose term of office comes to a close by 29.09.2019 be and is hereby appointed as an Independent Director of the Company to hold office for a fresh term of 5 years.

NOTES

A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

- a. The proxy form, in order to be effective must be duly completed, stamped and lodged with the Registered Office of the Company not less than forty-eight hours before the commencement of the meeting.
- b. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights.
A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- c. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
- d. All documents referred to in the notice and in the accompanying explanatory statement are open for inspection at the registered office of the company during office hours on all working days, except holidays, between 10.00 A.M. and 5.00 P.M up to the date of the Annual General Meeting.
- e. Shareholders are requested to intimate changes in their address, if any, quoting the Folio No./Client ID No. to the Company.
- f. The Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013, in respect of the special business set out against Item 4,5 and 6 are given below and forms part of this notice.
- g. Member/Proxies should bring their attendance slips sent herewith duly filled in, for attending the meeting. Only members/proxies will be admitted into the auditorium for the meeting.

By order of the Board

Place : Chennai –34
Date : 27.05.2019

for Appu Hotels Limited
N Subramanian
Company Secretary &
President (Corporate Affairs)



**EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013.**

Item Nos.4, 5 and 6**Reappointment of Independent Directors**

The Companies Act, 2013 (the Act) require the Company to have Independent Directors on the Board of Directors. In deference to this, the Company at the 28th Annual General Meeting held on 30th September 2014 appointed 3 Independent Directors to hold office from 25.09.2014 to 24.09.2019.

Dr M C Thirumoorthi, Mr C Ramachandran and Dr A Sakthivel, Independent Directors would retire after their first term at the close of 29.09.2019 and they can be appointed for a Second Term in office for 5 years.

The appointment of an Independent Director for a second term shall however require the Company to pass a Special Resolution in General Meeting vide Section 149(10) of the Act.

No other Director or Key Managerial Personnel is interested or concerned.

Inspection of Documents - No document is required to be kept for inspection.

Accordingly Directors recommend the resolutions to the shareholders for their approval as a special resolution.

By order of the Board

Place : Chennai –34
Date : 27.05.2019

for Appu Hotels Limited
N Subramanian
Company Secretary &
President (Corporate Affairs)



**BOARD'S REPORT**

All members,

Your Directors are pleased to present their 33rd Annual Report on the operations of the Company and the audited financial statements of accounts for the year ended 31st March 2019.

1. FINANCIAL SUMMARY

(Rs. In lakhs)

Particulars	Year ended 31.03.2019	Year ended 31.03.2018
Gross Revenue	9923.87	9044.96
Expenditure	6919.11	6405.26
Profit before Interest, Depreciation and Tax	3004.76	2639.69
Interest and Finance Charges	6702.44	3723.64
Depreciation	2002.44	2034.53
Profit / (Loss) before Tax	(5700.12)	(3118.48)
Current Tax	-	-
Deferred Tax/(Asset)	-	-
Net Profit/(Loss)	(5700.12)	(3118.48)
Dividend if any recommended	-	-
Transfer to Reserves proposed if any	-	-
Profit/(Loss) carried forward	(5700.12)	(3118.48)

2. DIVIDEND

No dividend could be considered for both the Preference and Equity Shareholders, in view of there being no profits.

(i) There was no unpaid/unclaimed dividend due to be transferred to IEPF Accounting during the F.Y. 2018-2019.

(ii) The provisions of Section 125(2) of the Companies Act, 2013 do not apply as there was no dividend declared and paid last year.

3. RESERVES

No amount is being transferred to Reserves as there were no profits.

4. REVIEW OF OPERATIONS

The total income for the year 2018-19 for all the Hotels was Rs.99.24 cr. as against Rs.90.45cr. in the previous year registering an increase of 9.72% in the income. The GOP for the year was Rs.30.15cr. as against Rs.26.43cr. in the previous year. The GOP percentage also has increased to 30% from the earlier percentage of 29%. The net loss after interest, depreciation and tax works out to Rs.56.89 cr. as against the loss of Rs.31.14 cr. in the previous year.

The sharp increase in the loss was mainly on account of increase in the interest charge to Rs.67.02cr as against Rs.37.23cr in the previous year. This increase was due to the company providing for the redemption premium on the Non-Convertible Debentures (NCDs) which are due from the year 2018-19





A. LRM Chennai.

The average occupancy for the year was 52% as against 51% in previous year. The average room revenue for the year has increased to Rs.5458/- as against Rs.5197/- in the previous year. The REVPAR has also increased to Rs.2861/- from Rs.2638/- in the previous year.

The total income for the year 2018-19 was Rs.52.46 cr. as against Rs.45.83 cr. in the earlier year. The GOP for the year was Rs.16.83 cr. as against Rs.12.19 cr. in the previous year. The GOP percentage works out to 32% as against the GOP percentage of 27% in the previous year.

B. LM-Coimbatore.

The overall performance of Coimbatore Hotel for the year 2018-19 has shown marginal improvement over the previous year. The occupancy level has improved to 46% against 45% in the previous year.

Average room revenue for the year was Rs.5381/- as against Rs.5233/- in the previous year. The REVPAR has increased to Rs.2498/- from the previous year amount of Rs.2349/-.

The total income for the year was Rs.45.29 crs. as against Rs.43.29 crs in the previous year, showing an increase of 4.62%. The GOP for the year was Rs.13.32 cr. as against Rs.14.29 cr. in the previous year. The decrease in the GOP mainly due to exchange fluctuation charge of Rs.1.22cr on the ECB loan

C. Hotel River Side Resort & Spa at Kumbakonam

The performance of the Kumbakonam Hotel has remained almost same as in the previous year. The occupancy level for the year was 37% similar to the earlier year. However the average room recovery has decreased to Rs.2549/- as against Rs.3184/- in the previous year. The REVPAR has decreased to Rs.947/- as against Rs.1183/- in the previous year.

5. PLAN OF ACTION

Finances of the Company continues to be tight leading to some delay in meeting its financial commitments to lenders on the due dates in few instances, leading to recall of the entire outstandings in regard to Non Convertible Debentures. Company is making efforts to raise additional resources by sale of some non-core assets.

In this connection, the Company has obtained approval of Chennai Metropolitan Development Authority (CMDA) in regard to re-classification of land use for the vacant land of 26 Acres at Gerugambakkam near Chennai Airport, into mixed residential zone. NOC from the Airport Authority of India and the PWD department have also been obtained. The Company is in the process of selling the land and it is expected that on receipt of the sale proceeds, the financial position of the Company will improve.

The renovation of the Chennai Hotel is also in progress without causing inconvenience to guests.

6. OUTLOOK

Foreign Tourist arrivals have increased over 5% during the year. Major arrivals were Delhi Airport, followed by Mumbai Airport, Chennai Airport and Bangalore Airport. The e-visa scheme launched by the Government in Nov-2014 has helped in improve the Foreign Tourist arrivals. The Visitors were mainly from China, France and Germany. The performance of our Hotels is expected to improve substantially. The Company has also taken various steps to improve the marketing and better service to the Guests.

However the Company is not sparing any effort to improve the yield and performance of the Chennai and Coimbatore property.

7. (A) MATERIAL CHANGES AND COMMITMENTS

The Company has adopted Ind AS from 01.04.2017 and the format figures as well as comparative figures for the previous year have been given accordingly.





There were no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year and the date of the report.

(B) Variations in the net worth of the Company as at the close of the current financial year and previous financial year.

Particulars	Rs Lakhs
Net Worth at the Close of	
Current Financial Year 2018-19	24028.39
Previous Financial Year 2017-18	29717.72
Variations – increase/(decrease)	(5689.33)

8. SIGNIFICANT AND MATERIAL ORDERS

There were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

9. INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit function is defined in the assignment order. To maintain its objectivity and independence, the Internal Auditor reports to the Chairman of the Audit Committee & to the Chairman of the Board.

The Internal Audit monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies. Based on the report of internal auditor, management undertakes corrective action and thereby strengthen the controls. Significant audit observations wherever made and recommendations along with corrective actions thereon are presented to the Audit Committee of the Board

10. SUBSIDIARY COMPANIES

The Company does not have any Subsidiary or Associate Company

11. DEPOSITS

Your Company has not accepted any deposits covered under Chapter V of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

There are no deposits which are not in compliance with the requirements of Chapter V of the Act. The following amounts were received as unsecured loans (not considered as deposits) from people who at the time of receipt of the amount were directors of the Company. Declarations have been obtained from the Directors.

1. Mr A Sennimalai, Managing Director	Rs. 4.00 lakhs
---------------------------------------	----------------

12. STATUTORY AUDITORS

M/s K. Ramkrish & Co., Chartered Accountants (Firm Regn. No. 003017S), Chennai have completed their tenure and will demit office by the Annual General Meeting.

Board of Directors has in its meeting held on 27.05.2019, on the recommendations of the Audit Committee approved the appointment of M/s Xavier & Thanabalan, Chartered Accountants, Chennai (Firm Regn. No.005761S) as Statutory Auditors of the Company for a period of 5 years from this Annual General Meeting. They have furnished their consent for the appointment and have also certified that the appointment if made shall be in accordance with the conditions prescribed, and that they satisfy the criteria provided in Section 141 and proviso to Section 139(1) of the Companies Act, 2013.

13. AUDITOR'S REPORT

Auditors have observed: a) that the company has not redeemed NCDs amounting of Rs. 1,50,75,000/- due on 20.06.2018 as per terms of issue. b) that the Company has not paid an amount of Rs. 91,23,26,000/- to the various Banks/Financial Institutions due to be repaid on or before 31.03.2019 as per terms of restructuring. The auditors have therefore furnished their modified opinion as follows.

“Based on audit evidence obtained, there exists a material uncertainty that casts a significant doubt on the Company's ability to





continue as a going concern. Our opinion is modified in respect of this matter”.

Management of the Company has examined this observation in detail and their report is as follows.

The auditor has drawn attention to delay in redeeming the installments of debentures due on 20.06.2018 amounting into Rs 15.07 crs. Due to this, they have recalled the entire outstandings. The total amount due as recalled by the debenture holders including interest etc., is Rs 64.25 crs. The Company is in discussion with another lender bank for taking over the dues. Negotiations are in final stages with the lender bank and it is hoped that it will be completed in the next 3 months.

Another point noted by the Auditor is default in payment to Banks/FIs. The Company was due to make a payment of Rs 91.23 crs to various banks/FIs by 31st March 2019 as per terms of restructuring agreement. The Company has planned a sale of noncore assets consisting of 26 acres of valuable vacant land near Chennai Airport worth more than Rs 100 crs. The Company has also entered into an agreement with one of the reputed builders for the sale. Though the transaction was expected to be completed by March 31, 2019, due to unforeseen circumstances it could not be carried through and has been delayed. Consequently, the promised payment to the banks could not be made on the due dates. However the Company is confident of completing the sale within next few months and from out of the sale proceeds the amount due to the banks will be paid thereafter.

Once these two issues are cleared (expected to be completed within the next 3 months), the Company's ability to continue as going concern will not be in doubt, as the value of the assets is far higher than its liabilities.

The prescribed statement on impact of Audit Qualifications as per Regulation No.52(3) of LODR 2015 is attached to the Auditors' Report.

14. SECRETARIAL AUDIT

M/s. Damodaran & Associates, Chennai carried out the Secretarial Audit in accordance with Section 204 (1) of the Companies Act and their

report as on 31st March 2019 is attached. There were no qualifications reservation or adverse remarks. The Company declares that all applicable secretarial standards have been followed.

15. SHARE CAPITAL

Against the total authorized Capital of Rs.115 crores, consisting of Rs 100 crores equity and Rs 15 crores preference Share Capital, the Company's paid up equity share capital is Rs.89.71 crores and Preference Share Capital is Rs.9.00 crores as at 31.03.2019.

16. EXTRACT OF ANNUAL RETURN

Extract of the Annual Return in form MGT-9 as provided under Section 92(3) of the Companies Act 2013 is attached herewith.

17. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUT GO.

Enclosed as Annexure

18. CORPORATE SOCIAL RESPONSIBILITY

Your Company does not fall within the ambit of Companies mandated to follow these requirements as per Section 135 of the Companies Act 2013.

19. DIRECTORS & KEY MANAGEMENT PERSONNEL

Dr V. Janakiraman, Director (DIN.02309788) is due to retire by rotation at this Annual General Meeting and being eligible has offered himself for re-appointment. He has furnished the declaration as required in Section 164(2) of the Companies Act, 2013.

The Independent Directors have given their declarations as per Section 149(6) that they meet the criteria of Independence. The 3 Independent Directors viz., Dr M C Thirumoorthi, Mr C Ramachandran and Dr A Sakthivel who were appointed as Independent Directors in the Annual General Meeting held on 30th September 2014 will hold office for 5 years from 30.09.2014 to 29.09.2019. They are being proposed for appointment for a second term of 5 years.



**20. BOARD MEETINGS**

During the year 2018-19 four Board Meetings were held on 28.05.2018, 13.08.2018, 08.11.2018 and 14.02.2019.

The names of Directors and their attendance at the Board Meetings during the year are given below.

Sl. No	Name of the Director	DIN Numbers	Category of Directorship	No. of Board Meetings Attended
1	Dr Palani G Periasamy	00081002	Chairman – Non Executive-Promoter	4
2	Mrs Visalakshi Periasamy	00064517	Vice Chairman – Executive-Promoter	1
3	Mr A Sennimalai	00062791	Managing Director – Executive	4
4	Mr K Kandasamy	00277906	Non – Executive - Promoter	1
5	Dr V Janakiraman	02309788	Non - Executive	1
6	Dr M C Thirumoorthi	00129814	Independent Director	1
7	Mr C Ramachandran	00050893	Independent Director	4
8	Dr A Sakthivel	00027485	Independent Director	3
9	Ms Ananthi Periasamy	07643379	Non-Executive - Promoter	4
10	Mr Anoop Bali	00302077	Nominee Director – TFCI	1

21. BOARD EVALUATION

Formal Annual Evaluation has been carried out by the Board of its own performance and that of its Committee and individual Directors in accordance with the approved policy. The Nomination & Remuneration Committee has recommended a suitable policy for performance evaluation covering the following.

- Evaluation of Board process
- Evaluation of Committees
- Individual evaluation of Board members & the Chairperson.

This policy duly approved by the Board is available on the website of the Company.

22. AUDIT COMMITTEE

Audit Committee consisting of the following Directors and their Attendance details are given below.

Sl. No	Name of the Director	Category of Directorship	No. of Meetings Attended
1	Dr A Sakthivel	Independent Director	1
2	Mr A Sennimalai	Managing Director – Executive	2
3	Mr C Ramachandran	Independent Director	2
4	Dr M C Thirumoorthi	Independent Director	0
5	Mr Anoop Bali	Nominee Director – TFCI	1

Mr C Ramachandran is the Chairman of the Audit Committee. During the year 2018-19 the Audit Committee met on 28.05.2018 and 08.11.2018. there was no instance where the Audit Committee's recommendation was not accepted by the Board.

23. MANAGEMENT COMMITTEE

The Committee consists of the following members. During the year 2018-19 no Management Committee Meeting was held.

Sl. No	Name of the Director
1	Dr Palani G Periasamy
2	Mrs Visalakshi Periasamy
3	Mr A Sennimalai
4	Mr K Kandasamy
5	Mr C Ramachandran

24. NOMINATION & REMUNERATION COMMITTEE & REMUNERATION POLICY.

On the recommendations of the Nomination & Remuneration Committee a suitable policy on Directors' appointment, remuneration including criteria for determining qualifications, positive attributes has been established by the Board. Details of the policy are available in the website of the Company. The following are Members of the Committee. The committee met on 28.05.2018. Attendance details are given below.

Sl. No	Name of the Director	Category of Directorship	No. of Meetings Attended
1	Mr C Ramachandran	Independent Director	1
2	Mr K Kandasamy	Non - Executive	1
3	Dr A Sakthivel	Independent Director	1

Remuneration for Independent Directors and Non-Independent Non-Executive Directors.

- Independent Directors (ID) and Non-Independent Non-Executive Directors (NINED) are being paid sitting fees for attending the meetings of the Board and of Committees of which they may be members, within the limits as per Sec 197(5) of the Companies Act 2013.

Remuneration policy for Executive Directors, Managing Director (MD)/ Key Managerial Personnel (KMP)/ rest of the Employees.





- The extent of overall remuneration should be sufficient to attract and retain talented and qualified individuals suitable for every role. Hence remuneration should be market competitive, driven by the role played by the individual, reflective of the size of the Company, complexity of the sector/ Industry/ Company's operations and the Company's capacity to pay, consistent with recognized best practices and aligned to any regulatory requirements. No commission is payable.

It is affirmed that the remuneration paid to Directors, KMP and all other employees is as per the Remuneration Policy of the Company.

25. LOANS, GUARANTEES OR INVESTMENTS

Your Company has not given any loans or provided any guarantees covered under the provisions of section 186 of the Companies Act, 2013.

Company has invested the following:

- (1) A sum of Rs. 249500/- was invested in M/s MMS Steel and Power Private Limited to be considered as a captive power consumer to avail concessional power and was allotted additional 24950 equity shares at Rs. 10/- each.
- (2) An additional amount of Rs 300000/- was invested in Mytrah Vayu (Manjira) Private Limited for additional 32500 shares of Rs 10/- each as required by TANGEDCO regulations to be treated as captive power consumer.
- (3) A sum of Rs 1554990/- was earlier invested in M/s Clarion Wind Firm Private Limited to be treated captive power consumer according to TANGEDCO Regulations. The contract has been terminated by the supplier, and the company has taken up with them to get back the amount invested.

Investments in such cases are regulated, increased or decreased based on power consumption according to TANGEDCO Regulations.

26. CONTRACTS, ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SECTION 188(1)

All related party transactions that were entered into during the financial year were in the ordinary course of the business and were on arm's length basis. The statement in form AOC 2 is attached. There are no materially significant related party transactions made by the Company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with the interest of the Company at large. There are no loans or advances in the nature of loans to firms/ Companies in which directors are interested.

27. VIGIL MECHANISM FOR DIRECTORS & EMPLOYEES

An effective Vigil mechanism has been established and a whistle blower policy has been designed to help Directors and Employees to report genuine concerns. Details of the mechanism are disclosed in the website of the Company.

The Audit Committee oversees this mechanism and Mrs. Visalakshi Periasamy, Executive Vice Chairman, is the ombudsperson.

28. CORPORATE GOVERNANCE CERTIFICATE

This is not applicable to this Company as the Company's shares are unlisted.

29. RISK MANAGEMENT POLICY

The Company has developed a risk management policy. Pursuant to Section 134 (3) (n) of the Companies Act, 2013 details of the Policy are disclosed in the Company's Website.

At present the Company has not identified any element of risk which may threaten the existence of the Company.





30. MANAGERIAL REMUNERATION

A	Details of the ratio of the remuneration of each director to the median employee's remuneration and other details as required pursuant to Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. (Applicable to listed Company)	Not Applicable	
B	Details of the every employee of the Company as required pursuant to 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014	The information as per Rule 5(2) of the (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this report. However as per first proviso to Section 136(1) of the Act and second proviso of Rule 5(2) of the Rules, the Report and Financial Statements are being sent to the Members of the Company excluding the statement of particulars of employees under Rule 5(2) (first part). Any member interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the Company. There are no employees falling within the requirements of rule 5(2) (Second part) of the said rules.	
C	Any director who is in receipt of any commission from the company and who is a Managing Director or Whole-time Director of the Company shall receive any remuneration or commission from any Holding Company or Subsidiary Company of such Company subject to its disclosure by the Company in the Board's Report.	NIL	
D	The following disclosures shall be mentioned in the Board of Director's report under the heading "Corporate Governance", if any, attached to the financial statements as per Schedule V, Part II, Section II of the Companies Act, 2013.	Mrs Visalakshi Periasamy,* Executive Vice Chairman	Mr A Sennimalai,* Managing Director
	(i) all elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc., restricted to all the directors;	Salary Rs. 42.00 lakhs p.a. No other perquisites. (Actual payment restricted to Rs.24 Lakhs)*	Salary Rs.21,60,000.00 Perquisites HRA Rs.3,00,000.00 LTA Rs.1,80,000.00 Medical Rs.1,80,000.00
		Payment kept in abeyance.	Payment beyond Oct.2018. Kept in abeyance.
	(ii) details of fixed component and performance linked incentives along with the performance criteria;	Nil	Nil
	(iii) service contracts, notice period, severance fees;	5 years, 3 months, Nil	5 years, 3 months, Nil
	(iv) stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.	Nil	Nil

*Actual remuneration payable for 2018- 19 is regulated in accordance with Section 197 and Schedule V, Part II, Section II as there are no profits.



In the absence of profits, remuneration within the prescribed limits as given in D (i) above has been proposed to be provided. Approval of the Shareholders in accordance with Schedule V Part II Section II of the Companies Act, 2013 for making this payment to the Managerial Personnel will be obtained through a special resolution after getting the prior consent of the secured lenders.

31. PREVENTION OF SEXUAL HARASSMENT

The Company has in place an Anti Sexual harassment policy in line with the requirements of Section 4 of the Sexual harassment of Women at Work Place (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints of sexual harassment. All employees are covered under this policy. Details have been displayed prominently in the work place and also in the Company's Website.

No complaints were received during the year 2018-19.

32. DIRECTOR'S RESPONSIBILITY STATEMENT

In terms of Section 134 (5) of the Companies Act, 2013, the directors state that:

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed.
- ii) The directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review.
- iii) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in

accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

- iv) The directors have prepared the annual accounts on a going concern basis.
- v) The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- vi) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

33. GENERAL INFORMATION

Share Transfer Agent & Dematerialisation of Shares

The company has entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialisation of the Company's shares. M/s Cameo Corporate Services Limited, Chennai is functioning as the "Registrars" for dematerialisation purposes. Address is given below:

**M/s Cameo Corporate Services Limited,
Unit : Appu Hotels Limited
Subramanian Building,
No.1 Club House Road,
Chennai 600 002
Telephone No. 044- 28460718/28460390
Email Id – investor@cameoindia.com**

Members now have the option to hold their shares in demat form (i.e., electronic mode) either through the NSDL or CDSL .but for transfer of shares, holding of shares in demat form is mandatory. Members who wish to hold





shares in physical form (i.e., in the form of Share Certificates) may continue to hold Share Certificates. However no transfer of physical shares is permissible. All shareholders are advised to convert their physical share certificates to demat form for ease and safety.

The Shareholding details as on 31.03.2019.

Sl.No	Particulars	No of Shares	%
I. Dematerialized			
01	NSDL	30401376	33.89
02	CDSL	2604	0.00
Physical		59307253	66.11
Total		89711233	100.00

International Securities Identification Number (ISIN) allotted to the company is **INE820F01012**

Privately placed secured, non convertible debentures have been listed in the Bombay Stock Exchange with No.INE820F07027.

Debenture Trustee Address and Contact details:

IDBI Trusteeship Services Limited
Regd.Office Asian Building, Ground Floor
No.17 R Kamani Marg, Ballard Estate, Mumbai – 400 001
Telephone No. 022- 40807000, Fax No. 022-66311776
Email id – itsl@idbitrustee.com Website : idbitrustee.com

34. ACKNOWLEDGEMENTS

The Board places on record its appreciation of the support and assistance received from the Government of India, Government of Tamil Nadu and other agencies, Banks, and Financial Institutions.

The Board also acknowledges the teamwork and enthusiastic contribution by the employees and the executives of the Company.

The Board also thanks the valued guests, customers, Vendors and the Investors for their support, patronage and co-operation.

By order of the Board

for Appu Hotels Limited

Dr. Palani G. Periasamy
Chairman
DIN. No. 00081002

Place : Chennai – 34
Date : 27.05.2019





ANNEXURE I TO THE BOARD'S REPORT

Information pursuant to the Companies (Disclosures of particulars in the Report of Board of Directors) under Section 134 (3) (m) of the Companies Act, 2013, and rule 8 of Companies (Accounts) Rule 2014.

(Rs.in lakhs)

	2018-19	2017-18
A. Conservation of Energy	As in Annexure given below	
B. Technology absorption	-	-
C. Foreign Exchange Earnings	1926.17	1900.72
D. Foreign Exchange outgo	646.92	450.15

A. Conservation of Energy

Sl.No.	PARTICULARS	Energy saved (In Rs.)
1	The steps taken or impact on conservation of energy – Replacement by energy efficient LED/LCD lamps.	7,64,920.00
2	The steps taken by the Company for utilizing alternate sources of energy – Purchase of Wind Mill Power, Natural Gas and Solar Lamps	2,62,19,173.00

By order of the Board

Place : Chennai – 34
Date : 27.05.2019

for Appu Hotels Limited
Dr. Palani G. Periasamy
Chairman



**Annexure A to Boards Report****Form No. MGT-9****EXTRACT OF ANNUAL RETURN**

For the financial year ended on 31st March, 2019

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION & OTHER DETAILS:

i	CIN	U92490TN1983PLC009942
ii	Registration Date	06.04.1983
iii	Name of the Company	Appu Hotels Limited
iv	Category/Sub-category of the Company	Limited by Shares
v	Address of the Registered office & contact details	No.59 Sterling Road, Nungambakkam, Chennai - 600 034, Tel : 91-44-28311313
vi	Whether listed company	No
vii	Name , Address & contact details of the Registrar & Transfer Agent, if any.	Cameo Corporate Services Ltd, No.1 Club House Road, Subramanian Building, Chennai - 600 001 Tel : 91-44-28460718 / 28460390

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated

SL No.	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1.	Hoteliering including accommodation, Restaurants and Catering Services	55101	100%

III. PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

SI No.	Name & Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1	NIL				

IV. SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

Category of Shareholders	No. of Shares held at the beginning of the year 01.04.2018				No. of Shares held at the end of the year 31.03.2019				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Shareholding Of Promoter And Promoter Group									
1 Indian									
A. Individuals/hindu Undivided Family	0	3025898	3025898	3.37	1376710	7275721	8652431	9.65	-
B. Central/ State Government	0	0	0	0.00	0	0	0	0.00	0.00
C. Bodies Corporate	0	20475249	20475249	22.82	18260786	2214463	20475249	22.82	0.00
D. Financial Institutions/ Banks	0	0	0	0.00	0	0	0	0.00	0.00
E. Any Other									
Sub - Total (a)(1)	0	23501147	23501147	26.20	19637496	9490184	29127680	32.47	-
2 Foreign									
A. Individuals (non-resident Individuals/ 'foreign Individuals)	160975	16409472	16570447	18.47	2813304	8130610	10943914	12.20	-
B. Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
C. Institutions	0	0	0	0.00	0	0	0	0.00	0.00
D. Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
E. Any Other									
Sub - Total (a)(2)	160975	16409472	16570447	18.47	2813304	8130610	10943914	12.20	-
Total Share Holding Of Promoter And Promoter Group (a) = (a)(1)+(a)(2)	160975	39910619	40071594	44.67	22450800	17620794	40071594	44.67	0.00
B. Public Shareholding									
1 Institutions	0	0	0	0.00	0	0	0	0.00	0.00
2 Non-institutions	0	0	0	0.00	0	0	0	0.00	0.00
B. Individuals -									
I Individual Shareholders 'holding Nominal Share Capital 'upto Rs. 1 Lakh	8574	49712	58286	0.06	23012	15331	38343	0.04	-
I Individual Shareholders 'holding Nominal Share Capital In Excess Of Rs. 1 Lakh	225545	591401	816946	0.91	262706	380018	642724	0.72	-
C. Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
D. Any Other									
Hindu Undivided Families	2604	11486	14090	0.02	2604	11486	14090	0.02	0.00
Non Resident Indians	35775294	12975023	48750319	54.34	36544975	12399507	48944482	54.56	-
Sub - Total (b)(2)	36012017	13627622	49639639	55.33	36833297	12806342	49639639	55.33	0.00
Total Public Shareholding (b) = (b)(1)+(b)(2)	36012017	13627622	49639639	55.33	36833297	12806342	49639639	55.33	0.00
Total (a)+(b)	36172992	53538241	89711233	100.00	59284097	30427136	89711233	100.00	0.00
C. Shares Held By Custodians And Against Which Depository Receipts Have Been Issued									
Promoter And Promoter Group	0	0	0	0.00	0	0	0	0.00	0.00
Public	0	0	0	0.00	0	0	0	0.00	0.00
Total Custodian (c)	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (a)+(b)+(c)	36172992	53538241	89711233	100.00	59284097	30427136	89711233	100.00	0.00



(ii) SHARE HOLDING OF PROMOTERS

SI No.	Shareholders Name	Shareholding at the beginning of the year 01.04.2018			Shareholding at the end of the year 31.03.2019			% change in share holding during the year
		No of shares	% of total shares of the Company	% of shares pledged encumbered to total shares	No of shares	% of total shares of the Company	% of shares pledged encumbered to total shares	
1	Dr Palani G Periasamy	8652431	9.64	8.11	8652431	9.64	9.64	0.00
2	Mrs Visalakshi Periasamy	8533694	9.51	8.65	8533694	9.51	9.51	0.00
3	Dr Jayanthi Periasamy	302185	0.34	0.00	302185	0.34	0.00	0.00
4	Santhi Periasamy	583206	0.65	0.00	583206	0.65	0.00	0.00
5	Nalini Periasamy	671176	0.75	0.00	671176	0.75	0.00	0.00
6	Ananthi Periasamy	583206	0.65	0.00	583206	0.65	0.00	0.00
7	Vikram Periasamy Kumar	270447	0.30	0.00	270447	0.30	0.00	0.00
8	Dharani Credit & Finance (P) Ltd	4441356	4.95	0.00	4441356	4.95	0.00	0.00
9	Dharani Sugars & Chemicals Ltd	5121500	5.71	5.71	5121500	5.71	5.71	0.00
10	Dharani Developers (P) Ltd	10912393	12.16	0.00	10912393	12.16	0.00	0.00
	Total	40071594	44.67	22.47	40071594	44.67	24.86	0.00

(iii) Changes in shareholdings of Promoters

SI. No.	Name of the Shareholder	Shareholding at the beginning of the year -01.04.2018		Cumulative Shareholding during the year-31.03.2019	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Dr Palani G Periasamy	8652431	9.64	8652431	9.64
2	Mrs Visalakshi Periasamy	8533694	9.51	8533694	9.51
3	Dr Jayanthi Periasamy	302185	0.37	302185	0.34
4	Santhi Periasamy	583206	0.65	583206	0.65
5	Nalini Periasamy	671176	0.75	671176	0.75
6	Ananthi Periasamy	583206	0.65	583206	0.65
7	Vikram Periasamy Kumar	270477	0.30	270477	0.30
8	Dharani Credit & Finance (P) Ltd	4441356	5.47	4441356	5.47
9	Dharani Sugars & Chemicals Ltd	5121500	6.31	5121500	6.31
10	Dharani Developers (P) Ltd	10912393	12.16	10912393	12.16

No Change



(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)

Sl. No	Name of the Shareholder	Shareholding at the beginning of the year 01.04.2018		Cumulative Shareholding during the year 31.03.2019	
		No.of shares	% of total shares of the company	No of shares	% of total shares of the company
1	Pethinaidu Veluchamy & Mrs Parameswari Veluchamy	6393756	7.13	6393756	7.13
2	Arunkumar Veluchamy	4269119	4.76	4269119	4.76
3	Dr T R Shantha	3859709	4.30	3859709	4.30
4	Anuradha Veluchamy	3845158	4.29	3845158	4.29
5	Prabha Mohan	3219201	3.59	3219201	3.59
6	Muthusami Kuppusami	2114969	2.36	2114969	2.36
7	Saraswathi Ramachandran	1013822	1.13	1013822	1.13
8	Vani Thirumoorthi	923586	1.03	923586	1.03
9	Dr Murugiah Mani	873631	0.97	873631	0.97
10	Dr R G Krishnan/Jyothi Krishnan	821854	0.92	821854	0.92
	At the beginning of the year	27334805	30.47		
	At the end of the year			27334805	30.47

(v) Shareholding of Directors & KMP

Directors					
1	Dr Palani G Periasamy	8652431	9.64	8652431	9.64
2	Mrs Visalakshi Periasamy	8533694	9.51	8533694	9.51
3	Mr A Sennimalai	81595	0.09	81595	0.09
4	Mr K Kandasamy	121254	0.14	121254	0.14
5	Dr V Janakiraman	3706902	4.13	3706902	4.13
6	Dr M C Thirumoorthi	404974	0.45	404974	0.45
7	Dr A Sakthivel	0	0.00	0	0.00
8	Mr C Ramachandran	0	0.00	0	0.00
9	Mr Anoop Bali	0	0.00	0	0.00
10	Ms Ananthi Periasamy	583206	0.65	583206	0.65
	Total A	22084056	24.62	22084056	24.62
Key Managerial Personnel					
1	Mr B Murugesan, CFO	0	0.00	0	0.00
2	Mr N Subramanian, Company Secretary	0	0.00	0	0
	Total B	0	0	0	0
	At the beginning of the year	22084056	24.62		
	At the end of the year			22084056	24.62



VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(In Rupees)

SI.No	Particulars of Remuneration	Name of the MD/WTD/Manager		Total Amount
		A Sennimalai	Mrs Visalakshi Periasamy	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961.	2400000.00	2400000.00	4800000.00
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	0	0	0
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	0	0	0.00
2	Stock option	0	0	0.00
3	Sweat Equity	0	0	0.00
4	Commission as % of Profit	0	0	0.00
5	Others, please specify	0	0	0.00
	Total (A)	2400000.00	* 2400000.00	4800000.00
	Ceiling as per the Act	12000000.00	12000000.00	

*Kept in abeyance, pending prior approval from Lending Institutions

B. REMUNERATION TO OTHER DIRECTORS

In Rupees

SI.No	Particulars of Remuneration					Total Amount
		Dr M C Thirumoorthi	Dr A Sakthivel	Mr C Ramachandran	Ms. Ananthi Periasamy	
1	Independent Directors					
	(a) Fee for attending board committee meetings	5000.00	25000.00	35000.00	20000.00	85000.00
	(b) Commission	0	0	0	0	0
	(c) Others, please specify	0	0	0	0	0
	Total (1)	5000.00	25000.00	35000.00	20000.00	85000.00
2	Other Non Executive Directors	Dr Palani G Periasamy	Dr V Janakiraman	Anoop Bali	K Kandasamy	Total Amount
	(a) Fee for attending board committee meetings	20000.00	5000.00	10000.00	10000.00	60000.00
	(b) Commission	0	0	0	0	0
	(c) Others, please specify.	0	0	0	0	0
	Total (2)	20000.00	5000.00	10000.00	10000.00	60000.00
	Total (B)=(1+2)	25000.00	30000.00	45000.00	30000.00	130000.00
	Total Managerial Remuneration					
	Overall Ceiling as per the Act.					N.A

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

In Rupees

SI. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		CFO	Company Secretary	
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961.	721617.00	771000.00	1492617.00
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961.	55383.00	18000.00	73383.00
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	0	0	0
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission as % of profit	0	0	0
5	Others, please specify	0	0	0
	Total	777000.00	789000.00	1566000.00



VI. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment					Rs in Lakhs
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness	
Indebtedness at the beginning of the financial year 01.04.2018					
(i) Principal Amount	24302	5259	-	29561	
ii) Interest due but not paid	0	0	0	0	
iii) Interest accrued but not due	574	2153	0	2727	
Total	24876	7412	0	32288	
Change in Indebtedness during the financial year					
Additions	3818	-294	0	3525	
Reduction	-	0	0	-	
Net Change	3818	-294	0	3525	
Indebtedness at the end of the financial year 31.03.2019					
(i) Principal Amount	24737	4801	0	29538	
ii) Interest due but not paid	3570	2317	0	5888	
iii) Interest accrued but not due	387	0	0	387	
Total	28694	7118	0	35813	

VII. PENALTY:

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

By order of the Board

for Appu Hotels Limited
 Dr. Palani G. Periasamy
 Chairman
 DIN. No. : 00081002

Place : Chennai – 34
 Date : 27.05.2019

**Annexure E to Board's Report****Form No. AOC-2**

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length - Nil

2. Details of material contracts or arrangement or transactions at arm's length basis

	Name(s) of the related party and nature of relationship	Nature of contracts / arrangements / transactions.	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any.	Date(s) of approval by the Board, if any.	Amount paid as advances, if any
1.	Dharani Finance Limited (Directors hold more than 2% of the paid up Capital.)	Availing Travel Services – cars for the guests of the Hotel	One year from 01.04.2018	Not exceeding Rs. 6 crs p.a. Transaction during the period was Rs.20.31 lakhs.	28-05-2018	-
		Leasing of Vehicles	3 years from 01.09.2017	Rs. 48.60 lakhs p.a. Transaction during the period was Rs.18.79 lakhs	05-12-2017	-
		Availed Loan (ICD) Rs.4.27 crs with Interest @ 12% p.a.	Repayment 31.03.2020	Not exceeding Rs.5.00 crs. Total outstanding as on 31st March 2019 was Rs.4.60 crs	09.08.2017	-
2.	Dr Palani G Periasamy - Chairman	Taking on Rent Registered Office Premises at prevailing market rates	3 years from 01.06.2016	Not exceeding Rs.40 lakhs p.a. Transaction during the period was Rs.29.13 lakhs p.a.	25.05.2017	-
3.	Dharani Developers Private Limited (Directors hold more than 2% indirectly)	Funding by the promoters to meet working capital and general corporate purposes	Repayment 31.03.2019 Interest @ 12% p.a.	Rs.5.00 crores Total outstanding as on 31.03.2019 is Rs.0.66 crs (Principal Rs.0.41 crs + interest Rs.0.25 crs)	09.08.2017	-
4.	Dr Palani G Periasamy, Chairman and Mr A Sennimalai, Managing Director	Unsecured Loans from Directors towards gap funding by the promoters and Relatives to meet working capital and general corporate purposes.	Long Term Interest @ 12% p.a.	Rs.2.69 crores	25.05.2017	-

By order of the Board

Place : Chennai – 34

Date : 27.05.2019

for Appu Hotels Limited

Dr. Palani G. Periasamy

Chairman

DIN. No. : 00081002





**Annexure to Board's Report
SECRETARIAL AUDIT REPORT**

Form MR-3

For The Financial Year Ended as on 31st March, 2019

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

To
The Members,
APPU HOTELS LIMITED
PGP House, No.59, Sterling Road,
Nungambakkam, Chennai -600 034.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. APPU HOTELS LIMITED** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion there on.

Based on my verification of **M/s. APPU HOTELS LIMITED's** books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on **31.03.2019** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made here in after:

I have examined the books, papers, minutes books, forms and returns filed and other records maintained by **M/s. APPU HOTELS LIMITED** ("the Company") for the financial year ended on **31.03.2019** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (iii) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (b) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act, and dealing with client;

I have also examined compliance with the applicable Regulations and standards of the following:

- i). The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for listing of its Debt securities as per the Listing Agreement entered into by the Company with Bombay Stock Exchange Limited; and
- ii). The Secretarial Standards issued by the Institute of Company Secretaries of India.

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

NIL

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors and there were no changes in the composition of the Board of Directors during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

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

I further report that during the audit period there was no major/specific events in the company.

Place : Chennai
Date : 27.05.2019

Name of the Company Secretary
in practice/ Firm : **M Damodaran**
ACS/FCS No. : **5837**
CP.No.**5081**





To the Members of M/s. Appu Hotels Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of M/s. Appu Hotels Limited ("the Company") which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including other comprehensive income), Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effect of the matter described in the Basis of Qualified Opinion section of our report, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its Profit and total comprehensive income, Cash Flow and Changes in equity for the year ended on that date.

Basis of Opinion

We draw attention to Note No.37 to annexed financial statements, wherein the company has not redeemed Non-convertible debentures (NCD) as on 20 June 2018 amounting to Rs.15,07,50,000/- as per the terms of issue. Accordingly, the lender has recalled entire NCD of Rs.30,15,00,000/- outstanding as on that date, resulting in an immediate demand of interest and premium payable amounting to Rs.34,13,72,000, due to non fulfillment of term of issue.

The Company, also has not paid an amount of Rs.91,23,26,000, required to be repaid on or before 31st March 2019 as per the terms of restructuring agreement with various banks and financial institutions.

Based on audit evidence obtained, there exists a material uncertainty that casts a significant doubt on the company's ability to continue as a going concern. Our opinion is modified in respect of this matter.

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

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Ind AS Financial Statements of the current period. These matters were





INDEPENDENT AUDITOR'S REPORT

addressed in the context of our audit of the Standalone Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	<p>Valuation of Inventories Inventories were considered as a Key Audit Matter due to the size of the balance and inventory valuation involves management judgment. As disclosed in the Significant accounting policies in the financial statements, Inventories are measured at the lower of cost and Net realizable value. The company has region specific procedures for identifying for obsolescence and measuring inventories at the lower of cost or net realizable value.</p>	<p>Principal Audit Procedures : To address the risk for material error on inventories, our audit procedures included amongst others</p> <ul style="list-style-type: none"> Assessing the compliance of Company/s accounting policies over inventory with applicable accounting standards. Assessing the inventory valuation processes and practices on major locations, we tested the effectiveness of the key controls. On a sample basis we tested the net realizable value of inventory to recent selling prices <p>Conclusion From the procedures performed we are satisfied with the valuation of inventories</p>

Responsibilities of Management and those charged with governance for the Standalone Ind AS Financial Statements

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





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

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

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

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

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

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

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



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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143 (3) of the Act, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Cash Flow Statement and the Statement of Changes in Equity dealt with this Report are in agreement with the relevant books of account.
- d. In our opinion, the aforesaid standalone Ind AS financial statements comply with the Ind AS specified under section 133 of the Act.
- e. On the basis of written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended;

In our opinion and to the best of the information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of the information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position in its standalone Ind AS financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For K. Ramkrish & Co.,
Chartered Accountants
Firm's Registration * 003017S

(S. Baskar Shrinivas)
Partner
Membership # 209004

Place : Chennai
Date : 27.05.2019



**"ANNEXURE" A TO THE AUDITOR'S REPORT**

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of the report of even date to the standalone Ind AS financial statements of the Company for the year ended March 31, 2019:

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.
- (c) The title deeds of immovable properties are held in the name of the company.
- 2) (a) The management has conducted the physical verification of inventory at reasonable intervals.
- (b) The discrepancies noticed on physical verification of the inventory as compared to the books have been properly dealt with in the books of account and were not material.
- 3) According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (c) of the Order are not applicable to the Company and hence not commented upon.
- 4) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security.
- 5) The Company has not accepted any deposits from the public and therefore the provisions of clause 3(v) of the order are not applicable to the Company.
- 6) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company. Thus, reporting under Clause 3(vi) of the Order is not applicable to the Company.
- 7) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2019 for a period of more than six months from the date on when they become payable.

b) Statement of Disputed Statutory Dues

Name of the Statute	Nature of dues	Amount (Rs)	Forum where dispute is pending
Central Excise Act	Central Excise	11,99,643	Assistant Commissioner of Central Excise
Central Excise Act	Service Tax	13,40,024	Commissioner Appeals

- 8) In our opinion and according to the information and explanations given to us and as per the books and records examined by us, the Company has defaulted in the repayment of dues to banks and financial institutions as detailed below:



Banks/Financial Institutions	Nature of Dues	Amount in Rs	Due date	Date of payment
Tourism Finance Corporation of India Limited	Repayment of Loan	75,000	31-03-2018	23-04-2018
		31,000	30-04-2018	19-05-2018
		31,000	31-05-2018	22-06-2018
		31,000	30-06-2018	17-07-2018
		31,000	31-07-2018	04-08-2018
		31,000	30-09-2018	03-10-2018
		31,000	31-12-2018	02-01-2019
		31,000	31-01-2019	02-02-2019
		12,000	31-03-2018	23-04-2018
		5,000	30-04-2018	19-05-2018
		5,000	31-05-2018	22-06-2018
		5,000	30-06-2018	17-07-2018
		5,000	31-07-2018	04-08-2018
		5,000	31-08-2018	01-09-2018
		5,000	30-09-2018	03-10-2018
		5,000	30-11-2018	01-12-2018
		5,000	31-12-2018	02-01-2019
5,000	31-01-2019	02-02-2019		
5,000	28-02-2019	01-03-2019		
		7,37,48,557	31-03-2019	Unpaid
Bank of India (ECB)	Repayment of Loan	17,54,39,128	31-03-2019	Unpaid
Allium Finance Private Limited	Repayment of Loan	67,50,000	20-06-2018	20-09-2018
Edelweiss Asset Reconstruction Company Limited	Repayment of Loan	1,12,50,000	20-06-2018	20-09-2018
ECAP Equities Limited & Edelweiss India Special Assets Fund Pte Limited	Redemption of Debentures	15,07,50,000	20-06-2018	Unpaid
State Bank of India	Repayment of Loan	36,12,80,856	31-03-2019	Unpaid
Indian Bank	Repayment of Loan	39,792	31-03-2018	25-06-2018
		19,896	30-06-2018	20-07-2018
		19,896	30-09-2018	20-10-2018
		39,792	31-03-2019	16-04-2019
		67,876	31-03-2018	25-06-2018
		33,938	30-06-2018	20-07-2018
		33,938	30-09-2018	20-10-2018
		33,948	31-03-2019	16-04-2019
		1,01,834	31-03-2018	25-06-2018
		50,917	30-06-2018	20-07-2018
		50,917	31-12-2018	19-01-2019
		50,917	31-03-2019	16-04-2019
		38,126	31-03-2018	25-06-2018



Banks/Financial Institutions	Nature of Dues	Amount in Rs	Due date	Date of payment
Indian Bank (contd)		19,063	30-06-2018	20-07-2018
		78,555	31-08-2018	20-09-2018
		82,220	30-09-2018	20-10-2018
		80,344	30-11-2018	24-12-2018
		80,344	31-12-2019	23-01-2019
		80,344	31-01-2019	18-02-2019
		80,344	28-02-2019	11-03-2019
		25,37,58,263	31-03-2019	Unpaid
Industrial Development Bank of India (IDBI)	Repayment of Loan	58,062	31-03-2018	21-04-2018
		31,680	30-06-2018	18-07-2018
		46,666	31-12-2018	18-01-2019
		10,200	31-03-2018	21-04-2018
		10,000	30-06-2018	18-07-2018
		10,200	31-12-2018	18-01-2019
		10,200	28-02-2019	04-03-2019
		4,86,26,080	31-03-2019	Unpaid
Tourism Finance Corporation of India Limited	Payment of Interest	17,77,565	30-04-2018	19-05-2018
		18,27,249	01-06-2018	22-06-2018
		18,07,267	01-07-2018	17-07-2018
		18,24,510	01-08-2018	04-08-2018
		17,54,168	30-09-2018	03-10-2018
		18,40,089	31-12-2018	02-01-2019
		18,41,435	31-01-2019	02-02-2019
State Bank of India	Payment of Interest	12,60,743	31-12-2018	02-01-2019
Industrial Development Bank of India (IDBI)	Payment of Interest	8,73,823	30-04-2018	29-05-2018
		9,28,077	31-05-2018	21-06-2018
		9,21,459	30-06-2018	18-07-2018
		9,50,070	31-07-2018	21-08-2018
		9,07,210	31-08-2018	27-09-2018
		9,50,752	31-10-2018	22-11-2018
		9,20,492	30-11-2018	06-12-2018
		9,49,137	31-01-2019	05-02-2019
		8,52,898	28-02-2019	06-03-2019
		1,68,474	30-04-2018	29-05-2018
		1,74,655	31-05-2018	21-06-2018
		1,68,876	30-06-2018	18-07-2018
		1,73,906	31-07-2018	21-08-2018
		1,74,075	31-08-2018	27-09-2018
1,68,904	30-09-2018	22-10-2018		
1,74,085	31-10-2018	22-11-2018		





Banks/Financial Institutions	Nature of Dues	Amount in Rs	Due date	Date of payment
IDBI (Contd)		1,68,526	30-11-2018	06-12-2018
		1,73,727	31-01-2019	05-02-2019
		1,56,103	28-02-2019	06-03-2019
Indian Bank	Payment of Interest	9,67,568	31-07-2018	06-09-2018
		6,99,470	31-08-2018	12-09-2018
		33,05,942	30-09-2018	20-10-2018
		21,26,260	31-10-2018	16-11-2018
		33,25,747	30-11-2018	07-12-2018
		50,10,090	31-12-2018	19-01-2019
		51,37,127	31-01-2019	18-02-2019
		53,49,778	28-02-2019	12-03-2019
		60,92,532	31-03-2019	16-04-2019
ECAP Equities Limited & Edelweiss India Special Assets Fund Private Limited	Payment of Interest	34,13,72,000	30-11-2018	Unpaid
Allium Finance Private Limited	Payment of Interest	18,47,000	31-03-2019	Unpaid
Edelweiss Asset Reconstruction Company Limited	Payment of Interest	1,38,08,000	31-03-2019	Unpaid
Bank of India	Payment of Interest	1,04,40,637	06-11-2018	04-01-2019
		1,27,77,432	30-11-2018	Unpaid

- 9) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- 10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- 11) In our opinion and according to the information and explanations given to us, the company is in the process of obtaining the requisite approvals from the secured lenders as mandated by the provisions of section 197 read with Schedule V to the Act. Pending such approvals, the Company has accrued the managerial remuneration.
- 12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order are not applicable to the Company.
- 13) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- 14) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- 15) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- 16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For K. Ramkrish & Co.,
Chartered Accountants
Firm's Registration * 003017S

(S. Baskar Shrinivas)
Partner
Membership # 209004

Place : Chennai
Date : 27.05.2019



**“ANNEXURE B” TO THE AUDITORS’ REPORT****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of M/s. Appu Hotels Limited (“the Company”) as of March 31, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A





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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on

- i. Existing policies and procedures adopted by the company for ensuring orderly and efficient conduct of business.
- ii. Continuous adherence to Company's policies.
- iii. Existing procedures in relation to safeguarding of Company's fixed assets, investments, inventories, receivables, loans and advances made & Cash and Bank Balances.
- iv. Existing system to prevent and detect fraud & errors.
- v. Accuracy and completeness of Company's accounting records; and
- vi. Existing capacity to prepare timely and reliable financial information.

For K. Ramkrish & Co.,
Chartered Accountants
Firm's Registration * 003017S

(S. Baskar Shrinivas)
Partner
Membership # 209004

Place : Chennai
Date : 27.05.2019





**Statement on impact of Audit Qualifications for the Financial year ended 31st March 2019
(See Regulation 33/52 of the SEBI (LODR) (Amendment) Regulation , 2016)**

Sl.No	Particulars	Audited Figures (as reported before adjusting for qualifications)	Audited Figures (audited figures after adjusting for qualifications)
		(Rs. lakhs)	
I	a	Turnover/ Total Income	9923.87
	b	Total Expenditure	15624.00
	c	Net Profit/ (Loss)	570013.00
	d	Earnings Per share	-6.34
	e	Total Assets	67198.43
	f	Total Liabilities	43170.04
	g	Net Worth	24028.39
	h	Any other financial item(s) as felt appropriate by the Management)	0.00
II	Audit Qualification (each audit qualification / Disclaimer of Opinion/ Adverse Qualification)		
	a	Details of Audit Qualifications	Based on audit evidence obtained, there exists a material uncertainty that casts a significant doubt on the company's ability to continue as a going concern. Our opinion is modified in respect of this matter.
	b	Type of Audit Qualifications: Qualified Opinion / Disclaimer of Opinion / Adverse Opinion	Qualified Opinion
	c	Frequency of Qualifications: Whether appeared first time/ repetitive / since how long continuing	Appeared First Time
	d	for Audit Qualification(s) where the impact is qualified by the auditor, Management's views:	Not Applicable
	e	for Audit Qualification(s) where the impact is not qualified by the auditor:	
		i. Management's estimation on the impact of audit qualification.	NA
		ii. Management's is unable to estimate the impact, reasons for the same:	The Auditors' observation draws attention to delay in redemption of instalments of debentures and repayment of instalments of Loans to Banks / FIs on due dates, due to which the Company will find it difficult to continue as a going concern. The action planned and being taken by the Company to repay the dues to the Banks and Financial Institutions at the earliest by sale of non-core assets has been explained to the Auditors. Once these are cleared (expected within the next 3 months) the Company's ability to continue as a going concern will not be in doubt, as the value of its total assets is far higher than the dues to Banks/FIs.
		iii. Auditor's comments on (i) or (ii) above;	Our comments on the above view of the management is as given below: 1) The Company could not honour its commitment for partial redemption of debentures resulting in the entire debentures being recalled by the lenders. 2) The Company failed to honour its commitments to repay during the year, major term loan instalments to banks & Financial Institutions. 3) Concrete plan of action for repayment of the above loans/debentures was not available, though the Company has indicated that it has entered into a Memorandum of Understanding with a prospective buyer for selling its land property, the proceeds of which can be used for settling its payment obligations.

Balance Sheet as at March 31, 2019
All amounts are in Indian Rupees unless otherwise stated

	Notes	As at 31 March 2019	As at 31 March 2018
I. ASSETS			
Non-Current Assets			
Property Plant and Equipment	3	6,33,49,25,369	6,50,68,78,622
Capital Work-in-Progress		10,80,26,792	12,18,25,679
Financial Assets			
Investments	4	18,95,900	27,28,990
Other Financial Assets	5	4,20,21,542	3,69,33,875
Tax Assets	6	4,08,48,187	3,59,53,828
Other non current assets	7	6,50,11,145	6,86,25,642
		6,59,27,28,935	6,77,29,46,636
Current Assets			
Investment Property			
Inventories	8	35,401,400	3,58,34,752
Financial Assets			
Trade receivables	9	5,99,33,540	407,95,677
Other Financial Assets	10	51,40,509	55,52,897
Tax Assets	6	69,19,034	85,43,446
Cash and Cash Equivalents	11	34,77,999	3,08,64,278
Bank Balances Other than Cash and Cash Equivalents	11	51,18,741	8,42,766
Other Current assets	8	1,11,23,246	95,26,281
		12,71,14,469	13,19,60,097
		6,71,98,43,404	6,90,49,06,733
TOTAL ASSETS			
II. EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	12	89,71,12,330	89,71,12,330
Other Equity			
Other Reserves	12.1	1,50,57,26,824	2,07,46,59,941
		2,40,28,39,154	2,97,17,72,271
		2,40,28,39,154	2,97,17,72,271
Total Equity			
Non-Current Liabilities			
Financial Liabilities			
Borrowings	13	1,28,13,24,001	1,46,10,31,068
Other financial liabilities	14	44,71,12,833	47,09,40,375
Provisions	15	93,66,761	88,32,583
Other Non-Current Liabilities	16	59,52,49,860	57,71,93,438
		2,33,30,53,455	2,51,79,97,464
Current Liabilities			
Financial Liabilities			
Borrowings	17	171,37,45,107	117,85,33,580
Trade Payables			
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	18	14,43,89,208	14,75,01,089
Other current financial liabilities	19	3,89,16,131	3,42,56,949
Other Current Liabilities	16	7,19,31,763	4,22,31,219
Provisions	15	1,49,68,586	1,26,14,161
		1,98,39,50,795	1,41,51,36,998
		6,71,98,43,404	6,90,49,06,733
TOTAL EQUITY AND LIABILITIES			
Summary of Significant Accounting Policies	2		
The accompanying notes are an integral part of the financial statements			

As per our report of even date
For **K.RAMKRISH & CO.,**
Firm registration number: 003017S
Chartered Accountants

For and on behalf of the Board of directors of APPU HOTELS LIMITED

(S. Baskar Shrinivas)
Partner
Membership No.: 209004
Place : Chennai
Date : 27th May 2019

Dr Palani G Periasamy
Chairman

A Sennimalai
Managing Director

N. Subramanian
Company Secretary

B Murugesan
Chief Financial Officer





Statement of Profit and Loss Account for the year ended March 31, 2019

All amounts are in Indian Rupees unless otherwise stated

	Notes	For the year ended 31 March 2019	For the year ended 31 March 2018
I. Income			
Revenue from Operations	20	98,63,07,585	88,90,48,233
Other Income	21	60,79,439	1,54,47,539
Total Income		99,23,87,024	90,44,95,772
II. Expenses			
Costs of revenues	22	36,80,49,329	33,88,69,231
Changes in Inventories	23	1,11,158	(26,65,569)
Employees' benefits expense	24	16,03,96,060	16,11,85,462
Advertisement and marketing expenses	25	4,11,91,142	3,44,87,872
Depreciation and amortization expense	3	20,02,43,740	20,34,53,732
Finance costs	26	67,02,44,917	37,23,63,734
Other expenses	27	12,21,63,452	10,86,49,675
Total Expense		156,23,99,798	121,63,44,136
III. Profit/(Loss) Before Tax		(57,00,12,774)	(31,18,48,364)
Current Year		-	-
Minimum Alternate Tax		-	-
Deferred Tax (Net)		-	-
Income Tax Expense		-	-
IV. Profit (Loss) for the year		(57,00,12,774)	(31,18,48,364)
Other Comprehensive Income:			
(i) Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Others (Specify nature)		-	-
Income tax effect		-	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		-	-
(ii) Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Remeasurement gains and (losses) on defined benefit obligations (net)			
		(10,79,656)	(3,95,537)
Income tax effect		-	-
		(10,79,656)	(3,95,537)
Others (Specify nature)		-	-
Income tax effect		-	-
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		(10,79,656)	(3,95,537)
Other comprehensive income/(loss) for the year, net of tax (i+ii)		(10,79,656)	(3,95,537)
Total comprehensive income for the year, net of tax attributable to:		(10,79,656)	(3,95,537)
V. Profit (Loss) for the year		(56,89,33,118)	(31,14,52,827)
Earnings per Equity Share of INR 10 each			
Basic profit from operations attributable to equity holders of the parent		(6.34)	(3.47)
Diluted profit from operations attributable to equity holders of the parent		(6.34)	(3.47)
Significant Accounting Policies	2		

As per our report of even date
For K.RAMKRISH & CO.,
 Firm registration number: 003017S
 Chartered Accountants

For and on behalf of the Board of directors of APPU HOTELS LIMITED



(S. Baskar Shrinivas)
 Partner
 Membership No.: 209004
Place : Chennai
 Date : 27th May 2019

Dr Palani G Periasamy
 Chairman

A Sennimalai
 Managing Director

N. Subramanian
 Company Secretary

B Murugesan
 Chief Financial Officer

Cash Flow Statement for the year ended 31 March 2019

All amounts are in Indian Rupees unless otherwise stated

		Year ended 31 March 2019	Year ended 31 March 2018
Cash flow from operating activities			
Net profit before tax and extraordinary items		(57,00,12,774)	(31,18,48,364)
Adjustments to reconcile:			
Depreciation on tangible assets/investment property		20,02,43,740	20,34,53,732
IND AS Adjustments		10,79,656	3,95,537
(Profit)/Loss on sale of fixed assets/investment property, net		-	-
Translation loss / (gain) on monetary assets and liabilities		-	-
Provision for doubtful debts/Movie advances and other Assets		-	-
Provision for litigations and claims		-	-
Bad debts written off		-	-
Liabilities / provisions no longer required written back		-	-
Interest income		(26,24,138)	(21,80,808)
Dividend income		-	-
Interest expense		66,91,65,261	37,19,68,197
Operating profit before working capital changes		29,78,51,745	26,17,88,295
Movements in working capital :			
(Increase) / Decrease in trade receivables		(1,91,37,863)	1,47,94,229
(Increase) / Decrease in inventories		4,33,352	(34,63,734)
(Increase) / Decrease in other current assets/other financial assets		(69,33,720)	2,73,29,376
(Increase) / Decrease in loans and advances		(32,69,947)	(3,90,495)
Increase / (Decrease) in trade payables and other liabilities/other financial liabilities		3,12,47,845	2,95,90,283
Increase / (Decrease) in Other Non current Liabilities		1,80,56,424	25,16,35,125
Increase / (Decrease) in provisions		28,88,603	38,67,108
Cash generated from operations		32,11,36,439	58,51,50,188
Direct taxes paid (net of refunds)		-	-
Net cash flow from / (used in) operating activities (A)	A	32,11,36,439	58,51,50,188
Cash flow from investing activities			
Purchase of PPE, capital work in progress (including capital advances)		(1,44,91,604)	(4,28,50,251)
Purchase of intangible assets and expenditure on intangible assets under development (including advances towards purchase of intangible assets)		-	-
Purchase of investments		(7,21,900)	(11,74,000)
Sale of investments		15,54,990	59,15,840
Proceeds from sale of assets		-	-
Term deposits placed with banks during the year		-	-
Term deposits refunded from banks during the year		-	-
Interest received		26,24,138	21,80,808
Dividends received		-	-
Net cash from / (used in) investing activities (B)	B	(1,10,34,376)	(3,59,27,604)
Cash flow from financing activities			
Proceeds from issue of Equity Shares		-	-
Proceeds from Long Term Borrowings		-	-
Repayment of long term borrowings		(20,35,34,609)	(21,51,11,108)
Repayment of Short term borrowings (net)		53,52,11,527	6,67,46,329
Payment of dividend and tax thereon		-	-
Interest paid		(66,91,65,261)	(37,19,68,197)
Net cash (used in) / from financing activities (C)	C	(33,74,88,343)	(52,03,32,976)
Exchange differences on translation of foreign currency cash and cash equivalents (D)		-	-
Net increase / (decrease) in cash and cash equivalents	(A+B+C+D)	(27,386,279)	2,88,89,609
Opening balance of cash and cash equivalents	E	3,08,64,278	19,74,669
Closing balance of cash and cash equivalents	F	34,77,999	3,08,64,278
Net increase / (decrease) in cash and cash equivalents	(F-E)	(2,73,86,279)	2,88,89,609
Earmarked Balances with Banks (*)	G	-	-
Closing cash and Bank Balance	(F+G)	34,77,999	3,08,64,278

As per our report of even date

For **K.RAMKRISH & CO.,**

Firm registration number: 003017S

Chartered Accountants

For and on behalf of the Board of directors of APPU HOTELS LIMITED

(S. Baskar Shrinivas)

Partner

Membership No.: 209004

Place : Chennai

Date : 27th May 2019

Dr Palani G Periasamy

Chairman

A Sennimalai

Managing Director

N. Subramanian

Company Secretary

B Murugesan

Chief Financial Officer

**NOTES TO FINANCIAL STATEMENTS****1. Corporate Information**

The Company, a public limited company, registered under the Companies Act, 1956, is engaged in the luxury segment of Hospitality Industry and owns five-star category hotels with a complement of 499 rooms in aggregate, located at Chennai and Coimbatore, Tamilnadu. The Company also manages a resort type hotel in Kumbakonam, Tamilnadu with a complement of 14 rooms taken on lease from the Tamilnadu Tourism Development Corporation Ltd., offering the best of hospitality services.

2. Significant Accounting Policies**2.1 Basis of Preparation of Financial statements**

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015. For all periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended March 31, 2019 are the first the Company has prepared in accordance with Ind AS.

The financial statements have been prepared on a historical cost basis except for certain financial assets and liabilities measured at fair value.

2.2 Use of estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in India requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities as on the Balance Sheet date, reported amount of revenues and expenses for the year and disclosure of contingent liabilities as on the Balance Sheet date. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as on the date of the financial statements. Actual results could differ from these estimates.

2.3 Fixed Assets

Revalued land is stated at the replacement value as on the date of valuation as determined by the approved valuer. Other fixed assets are stated at cost. Cost includes all expenses attributable to bringing the assets to their working condition for their intended use including the borrowing costs incurred up to the date prior to commencement of commercial operation.

2.4 Depreciation

Depreciation on tangible Fixed Assets other than leasehold improvements is provided on Straight Line method at the rates and in the manner specified in Schedule II of the Companies Act, 2013. Tangible Assets individually costing less than Rs. 5,000 are depreciated @ 100% in the year of purchase. The carrying amount of assets as at April 01, 2016 is being depreciated over the remaining useful life of the asset.

Leasehold improvements are depreciated over the lower of estimated useful lives of the assets or the remaining primary period of the lease.

2.5 Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed, if there is a change in the estimate of recoverable amount. During the year the Company tested impairment of fixed assets as per the Accounting Standard 28 "Impairment of Assets" to identify impairment loss, if any. The realizable amount calculated as per net selling price for all the cash generating units was higher than the carrying values of such units. Accordingly, no impairment was required to be recognized during the year.

2.6 Inventories

Inventories are valued at lower of, or net realizable value. Cost includes related taxes, duties, freight etc. excluding input tax for which credit is availed.





2.7 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the year in which they are incurred.

2.8 Revenue Recognition

Revenue from Room, Food and Beverage and Other Services is recognised on rendering of the related services.

2.9 Investments

Long term investments are valued at cost with provisions where necessary, for diminution other than temporary, in the value of investment.

2.10 Foreign Currency Transactions

Transactions in foreign exchange are translated to Indian rupee at the rate of exchange ruling on the date of transaction.

All foreign currency liabilities related to acquisition of fixed assets remaining unsettled at the end of the year are converted at the yearend rates and the difference in translation is adjusted in the carrying cost of such assets.

Other outstanding foreign currency liabilities and receivables are translated at the yearend rates and the difference in translation is recognised in the profit and loss account.

2.11 Taxation

Provision for current tax is made based on the liability computed in accordance with the relevant rates and tax laws. Provision for deferred tax is made for all timing differences arising between the taxable incomes and accounting income at the tax rates enacted or substantively enacted by the Balance sheet date. Deferred tax assets are recognised only if there is a virtual certainty that they will be realised and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

2.12 Employee Benefits

a. Short term

Short term employee benefits are recognized as an expense as per the Company's scheme based on expected obligations on undiscounted basis.

b. Post retirement

Post-retirement benefits comprise of Provident Fund, Superannuation and Gratuity which are accounted as follows:

1. Provident Fund

This is a defined contribution plan and contributions made to the Regional Provident Fund Commissioner in accordance with the relevant statute is charged to Revenue. The Company has no further obligations for future provident fund benefits other than its monthly contributions.

2. Superannuation

This is a defined contribution plan. The Company contributes a sum equivalent to 15% of eligible employees' salary towards superannuation fund administered by Life Insurance Corporation of India. The Company has no further obligations for future superannuation benefits other than its annual contributions and recognizes such contributions as expense as and when due.

3. Gratuity

This is a defined benefit plan. The liability is determined based on actuarial valuation using projected unit credit method. Actuarial gains and losses comprising of experience adjustments and the effects of changes in actuarial assumptions are recognized immediately in the profit and loss account as income or expense.

c. Long term

Long term Employee Benefit represents leave encashment benefit which is provided for based on actuarial valuation using projected unit credit method.





Statement of Changes in Equity for the year ended 31 March 2019

All amounts are in Indian Rupees unless otherwise stated

	Number of Shares	Amount
a. Equity Share Capital:		
Equity shares of INR 10/- each issued, subscribed and fully paid		
At 31 March 2017	8,97,11,233	89,71,12,330
Issue of share capital	-	-
At 31 March 2018	8,97,11,233	89,71,12,330
	-	-
At 31 March 2019	8,97,11,233	89,71,12,330

b. Other equity

Statement of Changes in Equity For the year ended 31st March 2019

Particulars				Items of OCI	Total
	Retained earnings	Securities Premium Reserve	General Reserve	FVTOCI reserve	
As at 1st April 2018	134,95,27,684	72,43,12,935	-	8,19,322	207,46,59,941
Profit for the period	(57,00,12,774)	-	-	-	(57,00,12,774)
Other comprehensive income(Note..)	-	-	-	10,79,656	10,79,656
Total Comprehensive Income	77,95,14,911	72,43,12,935	-	18,98,978	150,57,26,824
Issue of share capital	-	-	-	-	-
Transaction costs	-	-	-	-	-
Cash dividends	-	-	-	-	-
Dividend distribution tax on cash dividend by parent company	-	-	-	-	-
As at 31st March 2019	77,95,14,911	72,43,12,935	-	18,98,978	150,57,26,824

Statement of Changes in Equity For the year ended 31st March 2018

Particulars				Items of OCI	Total
	Retained earnings	Securities Premium Reserve	General Reserve	FVTOCI reserve	
As at 1st April 2017	166,13,76,048	72,43,12,935	-	4,23,784	238,61,12,767
Profit for the period	(31,18,48,364)	-	-	-	(31,18,48,364)
Other comprehensive income	-	-	-	3,95,537	3,95,537
Total Comprehensive Income	134,95,27,684	72,43,12,935	-	8,19,321	207,46,59,940
Issue of share capital	-	-	-	-	-
Transaction costs	-	-	-	-	-
Cash dividends	-	-	-	-	-
Dividend distribution tax on cash dividend by parent company	-	-	-	-	-
As at 31st March 2018	134,95,27,684	72,43,12,935	-	8,19,321	207,46,59,940

Notes to financial statements for the year ended 31 March, 2019

All amounts are in Indian Rupees unless otherwise stated

Note 3 - Property Plant & Equipment

	Land & Site Development	Buildings	Plant and Machinery	Furniture and Fittings	Lease hold Improvements	Motor vehicles	Total
Gross Block							
At April 1, 2017	330,56,08,031	354,08,61,569	152,67,41,064	26,47,64,798	3,97,57,238	1,24,09,723	89,01,42,423
Additions	1,46,76,212	92,91,240	8,34,780	-	1,08,74,245	3,56,76,477	
Disposals	-	-	-	-	-	-	-
At March 31, 2018	330,56,08,031	355,55,37,781	153,60,32,304	2,655,99,578	3,97,57,238	2,32,83,968	872,58,18,900
Additions	1,55,37,390	25,24,631	72,50,999	16,38,547	-	13,38,920	2,82,90,487
Disposals	-	-	-	-	-	-	-
At March 31, 2019	332,11,45,421	355,80,62,412	154,32,83,303	26,72,38,125	3,97,57,238	2,46,22,888	875,41,09,387
Depreciation							
At April 1, 2017	-	95,26,59,618	82,54,41,309	20,03,92,105	2,56,74,515	1,13,18,999	201,54,86,546
Charge for the year	-	11,21,48,392	6,52,09,206	2,53,62,427	-	7,33,707	20,34,53,732
Disposals	-	-	-	-	-	-	-
At March 31, 2018	-	106,48,08,010	89,06,50,515	22,57,54,532	2,56,74,515	1,20,52,706	221,89,40,278
Charge for the year	-	11,24,34,741	6,58,26,212	2,04,26,864	-	15,55,923	20,02,43,740
Disposals	-	-	-	-	-	-	-
At March 31, 2019	-	117,72,42,751	95,64,76,727	24,61,81,396	2,56,74,515	1,36,08,629	241,91,84,018
Net Block							
At March 31, 2018	330,56,08,031	249,07,29,771	64,53,81,789	3,98,45,046	1,40,82,723	1,12,31,262	650,68,78,622
At March 31, 2019	332,11,45,421	238,08,19,661	58,68,06,576	2,10,56,729	1,40,82,723	1,10,14,259	633,49,25,369

**Notes to financial statements for the year ended 31 March, 2019**

All amounts are in Indian Rupees unless otherwise stated

	As at 31 March 2019	As at 31 March 2018
Note 4. Financial assets (Non-Current)		
Investments		
Equity shares of Clarion Wind Farm (P) Ltd of Rs. 10/- each (31 March 2019 : NIL equity shares) (31 March 2018 : 155499 equity shares)	-	15,54,990
Equity Shares Mytrah Energy (India) Pvt. Limited of Rs. 10/- each (31 March 2019 : 62500 equity shares) (31 March 2018 : 30000 equity shares)	6,25,000	3,00,000
Equity Shares of M.M.S Steel & Power Private Limited of Rs. 10/- each (31 March 2019 : 127090 equity shares) (31 March 2018 : 87400 equity shares)	12,70,900	8,74,000
Total	18,95,900	27,28,990
Note 5. Financial assets (Non-Current)		
Other Financial Assets at Amortised Cost		
Rental and other deposits	2,86,77,655	1,70,24,347
Unamortised Interest Expenditure	1,00,99,887	1,26,79,864
Non-Current Margin Money Deposits (> 12 months)	32,44,000	72,29,664
Total	4,20,21,542	3,69,33,875
Note 6. Tax Assets/(Liabilities)		
Non-Current Tax Assets (net)		
Advance income tax (net of provision)	4,08,48,187	3,59,53,828
Total	4,08,48,187	3,59,53,828
Current Tax Assets (net)		
Advance income tax (net of provision)	69,19,034	85,43,446
Total	69,19,034	85,43,446



Notes to financial statements for the year ended 31 March, 2019

All amounts are in Indian Rupees unless otherwise stated

	As at 31 March 2019	As at 31 March 2018
Note 7. Other Non-Current Assets		
Secured and considered good		
MAT Credit entitlement	5,95,77,312	5,95,77,312
Unsecured and considered good		
Capital advances	37,17,271	70,97,121
Balances with statutory/government authorities	17,16,562	19,51,209
Total	6,50,11,145	6,86,25,642
Note 8. Other Current Assets		
Inventories (At lower of cost and net realisable value)		
(a) Food & beverages	1,65,22,674	1,66,33,831
(b) Stores and spares	1,88,78,726	1,92,00,921
Total	3,54,01,400	3,58,34,752
Prepaid expenses	1,09,79,983	87,41,344
Others	1,43,263	7,84,937
Total	1,11,23,246	95,26,281
Note 9. Trade Receivables		
Trade and other receivables (current)		
Trade receivables	5,99,33,540	4,07,95,677
Total	5,99,33,540	4,07,95,677
Break-up for security details and more than 6 months overdue:		
Outstanding for a period exceeding six months from the date they are due for payment	2,17,45,480	2,83,49,927
Trade receivables		
Secured, considered good	-	-
Unsecured, considered good	3,81,88,060	1,24,45,750
Doubtful	56,766	1,89,312
	5,99,90,306	40,984,989
Provision for doubtful receivables	(56,766)	(189,312)
	5,99,33,540	4,07,95,677
Other receivables		
Secured, considered good	-	-
Unsecured, considered good	-	-
Doubtful	-	-
	-	-
Provision for doubtful receivables	-	-
	-	-
Total	5,99,33,540	4,07,95,677



Notes to financial statements for the year ended 31 March, 2019

All amounts are in Indian Rupees unless otherwise stated

	As at 31 March 2019	As at 31 March 2018
Note 10. Financial assets (Current)		
Other Financial Assets at Amortised Cost		
Interest accrued fixed deposits	25,60,532	21,47,040
Unamortised Interest Expenditure	25,79,977	34,05,857
Total	51,40,509	55,52,897
Note 11. Cash and Cash Equivalents		
Balances with banks:		
– On current accounts	26,96,195	3,02,58,845
Cash on hand	7,81,804	605,433
Total	34,77,999	3,08,64,278
Bank Balances Other than Cash and Cash Equivalent		
Margin Money Deposit with original maturity for more than 3 months but less than 12 months	4,224,293	-
Deposits with original maturity for more than 3 months but less than 12 months	8,94,448	8,42,766
Total	51,18,741	84,2,766
Note - 12. Equity Share Capital		
Authorised Capital		
100,000,000 Equity shares of Rs.10/- each (Previous Year - 100,000,000 Equity shares of Rs.10/- each)	100,00,00,000	100,00,00,000
15,000,000 Preference Shares of Rs. 10/- each (Previous year - 15,000,000 Preference Shres of Rs. 10/- each)	15,00,00,000	15,00,00,000
Issued, Subscribed and Paid-up Capital		
89,711,233 Equity shares of Rs.10/- each fully paid up (Previous Year - 89,711,233 Equity shares of Rs.10/- each fully paid up)	89,71,12,330	89,71,12,330
	89,71,12,330	89,71,12,330
(i) Reconciliation of the number of shares outstanding:		
At the beginning of the year	8,97,11,233	8,97,11,233
Issued during the year		
Outstanding at the end of the year	8,97,11,233	8,97,11,233

Notes to financial statements for the year ended 31 March, 2019

All amounts are in Indian Rupees unless otherwise stated

Notes:

(i) Of the above, 59,10,333 equity shares of Rs.10/- each were issued and allotted pursuant to a scheme of amalgamation without payment being received in cash.

(ii) Term/Rights attached to Equity Shares

The Company has one class of equity shares having a face value of INR 10/- each. Each shareholder is eligible for one vote per share held. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2019, the amount of per share dividend recognized as distributions to equity shareholders was Rs. NIL/- share (March 31, 2018: Rs. NIL/- share)

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amounts exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

(iii) Details of Shareholders holding more than 5 % in the Company:

Name of the shareholders	As at 31-Mar-2019		As at 31-Mar-2018	
	No. of Shares	% against total number of shares	No. of Shares	% against total number of shares
Dharani Developers Private Limited	10,912,393	12.16	10,912,393	12.16
Dr Palani G Periasamy	8,652,431	9.64	8,652,431	9.64
Mrs Visalakshi Periasamy	8,533,694	9.51	8,533,694	9.51
Mr.Pethinaidu Veluchamy & Mrs.Parameswari Veluchamy	6,393,756	7.13	6,393,756	7.13
Dharani Sugars & Chemicals Ltd	5,121,500	5.71	5,121,500	5.71
Dharani Credit & Finance Private Limited	4,441,356	4.95	4,441,356	4.95

	As at 31-Mar-2019	As at 31-Mar-2018
Note 12.1. Other equity		
Share Premium	72,43,12,935	72,43,12,935
Retained earnings	78,14,13,889	135,03,47,006
Total	150,57,26,824	207,46,59,941

	As at 31-Mar-2019	As at 31-Mar-2018
Note 13 Financial Liabilities - Non Current		
BORROWINGS		
SECURED		
Term Loans from		
Banks	105,77,97,538	103,88,89,333
Financial Institutions	9,78,85,329	10,14,40,389
Others	-	18,000,000
6% Cumulative Redeemable Preference Shares - 9,000,000 Shares	9,00,00,000	9,00,00,000
(9,000,000 6% Cumulative Redeemable Preference Shares of Rs.10/- each fully paid)		
Debentures		
Secured Redeemable Non Convertible debentures of Rs.10,00,000/- each	-	15,07,50,000
UNSECURED		
Loans - Directors	3,56,41,134	6,19,51,346
	128,13,24,001	146,10,31,068

**Notes to financial statements for the year ended 31 March, 2019**

All amounts are in Indian Rupees unless otherwise stated

Notes:

- 1 Term Loans Rs 18607.57 lakhs (previous year Rs.18032.56 lakhs) and Funded interest term loan (FITL) Rs 2466.04 lakhs (previous year Rs.2407.05 lakhs) from Banks and Financial Institutions including the amounts included under amount maturing within 12 months are secured on First pari passu charge by way of Equitable Mortgage of immovable properties of the Company situated at (i) No.1 GST Road, St.Thomas Mount, Chennai and (ii) Chithathur Hamlet Village No.68, Gerugambakkam, Sriperumbudur Taluk, Chengalpet District as well as hypothecation of movables and (iii) Neelambur in Paladam / Sulur Taluk, (iv) Kalapatti in Coimbatore North Taluk and (v) Uppilipalayam in Coimbatore South Taluk all in Coimbatore District, as well as hypothecation of movables 65.88% of the term Loans are repayable over 48 structured Quaterly instalments from June, 2017 to March 2029, the balance 34.12% as bullet payment on 31.03.2019 and the FITLs are repayable over 48 structured monthly instalments from April, 2017 to March, 2019. Both Term Loans and FITL carry interest rate of 12% p.a.
- 2 Term Loan of Rs.112.50 lakhs (previous year Rs.225 lakhs) from Edelweiss Asset Reconstruction Company Ltd as Trustee for EARC SAF 2 Trust (by virtue of takeover of the outstanding loan by assignment from HDFC) is secured by First pari passu charge by way of Equitable Mortgage of immovable properties situated at (i) No.1 GST Road, St.Thomas Mount, Chennai and (ii) Chithathur Hamlet Village No.68, Gerugambakkam, Sriperumbudur Taluk, Chengalpet District and secured further by (A) First pari-passu charge by way of Equitable Mortgage of immovable properties belonging to Dharani Developers Pvt. Ltd (DDPL), a group Company, situated at (i) Kabilar Street, Thirunagar, Valliammal Nagar, Jafferkhanpet, Chennai (ii) "Viscose Park", Kalapatti, Coimbatore, as well a hypothecation of movables and (B) First pari-passu charge by way of Equitable Mortgage of immovable properties of the Company situated at Neelambur in Paladam / Sulur Taluk, Coimbatore District. Repayable (i) at the rate of Rs.112.50 lakhs each in June 2018 & June 2019 (ii) Maturity premium of Rs.40.33 lakhs in the 17th quarter and Rs.40 lakhs each from the 18th to 20th quarter. Interest is at the rate of 12% p.a. in the second year of the tenure ending June, 2016 and 14% p.a. thereafter.
- 3 Term Loan of Rs.67.5 lakhs (previous year Rs.135 lakhs) from Allium Finance Private Ltd. is secured on first pari-passu charge by way of Equitable Mortgage of immovable properties belonging to Dharani Developers Pvt. Ltd (DDPL), a group Company, situated at (i) Kabilar Street, Thirunagar, Valliammal Nagar, Jafferkhanpet, Chennai (ii) "Viscose Park", Kalapatti, Coimbatore, as well a hypothecation of movables and secured further by First pari-passu charge by way of Equitable Mortgage of immovable properties of the Company situated at (i) No.1 GST Road, St.Thomas Mount, Chennai and (ii) Neelambur in Paladam / Sulur Taluk, Coimbatore District. Repayable (i) at the rate of Rs.67.50 lakhs each in June 2018 & June 2019 (ii) Maturity premium of Rs.24.20 lakhs in the 17th quarter and Rs.24 lakhs each from the 18th to 20th quarter. Interest is at the rate of 12 % p.a. in the second year of the tenure ending June, 2016 increasing to 14% p.a. thereafter.
- 4 Debenture amounting to Rs.3015.00 lakhs (previous year Rs.3015.00 lakhs) is secured on First pari-passu charge by way of Equitable Mortgage of immovable properties belonging to Dharani Developers Pvt. Ltd (DDPL), a group Company, situated at (i) Kabilar Street, Thirunagar, Valliammal Nagar, Jafferkhanpet, Chennai (ii) "Viscose Park", Kalapatti, Coimbatore, as well a hypothecation of movables and further secured by (A) Exclusive mortgage without possession of the immovable property of the Company situated at No.40/2, Mount Poonamallee Road, St.Thomas Mount Village, Cantonment Board, Saidapet Taluk, Chennai South (B) First pari-passu charge by way of Equitable Mortgage of immovable properties of the Company situated at (i) No.1 GST Road, St.Thomas Mount, Chennai and (ii) Neelambur in Paladam / Sulur Taluk, Coimbatore District. Repayable (i) at the rate of Rs.1200.12 lakhs in June 2017 and Rs.1507.50 lakhs each in June 2018 & June 2019 (ii) Maturity premium of Rs.540.47 lakhs in the 17th quarter increasing to Rs.536 lakhs each from the 18th to 20th quarter. Interest is at rate of 12% p.a. in the second year of the tenure ending June, 2016 increasing to 14% p.a. thereafter.
- 5 Cumulative Redeemable Preference shares carry a fixed rate of dividend of 6% per annum. During the year the amount of dividend recognised for distribution to preference share holders was Rs.Nil. The preference shares of (i) Rs.225 lakhs each are to be redeemed in June 2020 and September 2020, (ii) Rs.300 lakhs in March 2021 (iii) Rs.150 lakhs in May 2021

Terms of Repayment of Other Loans

- 6 All Loans have been guaranteed by Directors Viz., Dr. Palani G. Periasamy and Mrs. Visalakshi Periasamy.
- 7 Debentures to be redeemed chronologically.





Notes to financial statements for the year ended 31 March, 2019

All amounts are in Indian Rupees unless otherwise stated

	As at 31-Mar-2019	As at 31-Mar-2018
Note 14. Other Financial Liabilities (non-current)		
Other Financial liabilities at amortised cost		
Inter Corporate Deposits		
Related Parties	4,56,10,888	5,67,11,797
Others	39,88,50,000	41,13,50,000
Other Payables	26,51,945	28,78,578
Total	44,71,12,833	47,09,40,375
Note 15. Provisions		
Short-term provisions		
Provision for Bonus	52,25,456	33,30,554
Provision for gratuity	84,46,831	76,12,123
Provision for leave encashment	12,96,299	16,71,484
Total	1,49,68,586	1,26,14,161
Long-term provisions		
Provision for gratuity	69,59,968	68,72,249
Provision for leave encashment	24,06,793	19,60,334
Total	93,66,761	88,32,583
Note 16 Other Current and Non Current Liabilities		
Other Non Current Liabilities		
Trade Payables	36,18,91,465	37,32,99,973
Other Payables	23,33,58,395	20,38,93,465
Total	59,52,49,860	57,71,93,438
Other Current Liabilities		
Statutory Dues	5,09,50,569	1,97,87,252
Advance from Customers	2,09,81,194	2,24,43,967
Total	7,19,31,763	4,22,31,219





Notes to financial statements for the year ended 31 March, 2019

All amounts are in Indian Rupees unless otherwise stated

	As at 31-Mar-2019	As at 31-Mar-2018
Note 17. Current Financial Liabilities		
Borrowings		
Working Capital Loans - Banks	4,67,99,544	4,87,88,468
Current Maturity of Long Term Debt		
- Banks	87,45,62,506	82,92,71,407
- Financial Institutions	7,71,15,277	7,43,60,278
- Debentures	30,15,00,000	15,07,50,000
(Secured Redeemable Non Convertible debentures of Rs.10,00,000/- each)		
- Others	1,80,00,000	1,80,00,000
Interest accrued and due on Borrowings	35,70,27,000	-
Interest accrued but not due on Borrowings	3,87,40,780	5,73,63,427
Total	171,37,45,107	117,85,33,580
Note 18. Trade Payables		
Trade Payables	12,82,77,380	12,62,83,334
Trade Payables to related parties	1,61,11,828	2,12,17,755
Total	14,43,89,208	14,75,01,089
Note 19. Other Financial Liabilities (current)		
Other Financial liabilities at amortised cost		
Payable to employees	1,62,90,438	1,36,92,826
Ousting liabilities	2,26,25,693	2,05,64,123
Total	38,916,131	3,42,56,949
	For the year ended 31 March 2019	For the year ended 31 March 2018
Note 20 Revenue from services		
Room Sales	48,70,64,493	45,48,73,015
Food & Beverage Sales	44,26,05,039	38,17,13,254
Other Services	5,66,38,053	5,24,61,964
Total	98,63,07,585	88,90,48,233
Note 21 Other income		
Interest income on		
on bank deposits	7,80,368	7,15,707
on Others	18,43,770	14,65,101
Exchange Gain	-	70,61,604
Other non-operating income	34,55,301	62,05,127
Total	60,79,439	1,54,47,539



Notes to financial statements for the year ended 31 March, 2019

All amounts are in Indian Rupees unless otherwise stated

	For the year ended 31 March 2019	For the year ended 31 March 2018
Note 22 Cost of Revenues		
Consumption		
Food	8,06,92,610	7,40,31,385
Beverage	2,42,59,185	1,04,90,764
Smokes	4,20,485	3,90,386
Water charges	1,72,32,330	1,26,33,554
Power and fuel	14,58,84,686	13,85,44,261
Upkeep and Service	6,58,64,030	7,10,26,498
Management fees	2,06,96,471	1,92,54,005
Reservation fee & Commission	1,29,99,532	1,24,98,378
Total	36,80,49,329	33,88,69,231
Note 23 Changes in inventories		
Food	(15,71,647)	(15,94,097)
Beverage	16,77,010	(11,34,712)
Smokes	5,795	63,240
Total	1,11,158	(26,65,569)
Note 24 Employee benefit expense		
Salaries and allowances	12,34,44,005	12,02,84,348
Contributions to provident fund and employee state insurance plans	1,07,14,988	1,32,24,419
Staff welfare	2,14,37,067	2,28,76,695
Directors' remuneration	48,00,000	48,00,000
Total	16,03,96,060	16,11,85,462
Note 25 Selling expenses		
Advertisement and marketing expenses	41,191,142	34,487,872
Total	4,11,91,142	3,44,87,872
Note 26 Finance costs		
Interest		
- on Term Loans	59,42,16,128	29,02,17,232
- others	7,60,28,789	8,21,46,502
Total	67,02,44,917	37,23,63,734



**Notes to financial statements for the year ended 31 March, 2019**

All amounts are in Indian Rupees unless otherwise stated

	For the year ended 31 March 2019	For the year ended 31 March 2018
Note 27 Other expenses		
Audit Fees, Legal & Professional Fees	44,63,781	85,37,807
Travel and conveyance	54,54,582	64,49,802
Rent	51,64,671	50,68,045
Repairs and maintenance		
- Building	104,56,108	158,67,813
- Plant and machinery	2,37,56,151	2,20,45,345
- Others	44,82,495	59,88,675
Communication	69,78,017	70,92,709
Insurance	39,51,042	49,77,171
Provision for doubtful debts	-	10,048
Fees & Licenses	67,89,651	11,109,962
Loss on Foreign Exchange	2,83,52,377	-
Bank Charges	52,54,537	22,53,994
Directors sitting fees	1,53,400	1,83,250
Rates and taxes	26,10,755	45,35,907
Printing & Stationery	51,93,521	52,76,908
Subscription charges	16,53,163	15,28,705
Miscellaneous expenses	74,49,201	77,23,534
Total	12,21,63,452	10,86,49,675
Payment to auditor (included under Audit Fees, Legal & Professional Fees)		
As auditor:		
Audit fee	5,00,000	5,00,000
Service Tax	-	75,000
In other capacity:		
Other services	-	-
Total	5,00,000	5,75,000



Notes to financial statements for the year ended 31 March, 2019

All amounts are in Indian Rupees unless otherwise stated

Note 28. Earnings Per Share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	31-Mar-19	31-Mar-18
Profit /(Loss) after tax	(56,89,33,118)	(31,14,52,827)
Weighted average number of shares		
- Basic	8,97,11,233	8,97,11,233
- Diluted	8,97,11,233	8,97,11,233
Earning per share of Rs.10/- each		
- Basic	(6.34)	(3.47)
- Diluted	(6.34)	(3.47)

Note 29. Employee benefit plans

A. Gratuity

"The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance Group in the form of a qualifying insurance policy.

The following tables summarize the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the Gratuity plan."

During the year, the Company has recognised the following amounts in the Profit and Loss account, which are included in Employee Benefit Expense in Note 24	Year ended March 31, 2019	Year ended March 31, 2018
Contribution to Provident Fund	51,82,891	58,42,497



Notes to financial statements for the year ended 31 March, 2019

All amounts are in Indian Rupees unless otherwise stated

Statement of Profit and Loss

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Recognized in profit or loss:		
Current service cost	1,913,062	1,573,280
Past service cost and loss/(gain) on curtailments and settlements	-	2,000,051
Interest cost on benefit obligation	758,160	824,657
Total included in Employee Benefit Expense	2,671,222	4,397,988
Recognized in other comprehensive income:		
Components of actuarial gain/losses on obligation:		
Due to changes in financial assumptions	129,555	(102,101)
Due to changes in demographic assumptions	-	-
Due to experience adjustments	(1,209,211)	(293,436)
Return on Plan Assets excluding amounts included in interest income		
Recognized in other comprehensive income	(1,079,656)	(395,537)

Particulars	As at 31 March 2019	As at 31 March 2018
Defined benefit obligation	15,406,799	14,484,372
Fair value of plan assets		
Plan Liability / (Asset)	15,406,799	14,484,372
Funded		
Unfunded	15,406,799	14,484,372
Total		

Changes in the present value of the defined benefit obligation are as follows:

Particulars	As at 31 March 2019	As at 31 March 2018
Opening defined benefit obligation	14,484,372	12,127,307
Current service cost	1,913,062	1,573,280
Interest cost	758,160	824,657
Actuarial (gains) / losses on obligation	(1,079,636)	(395,537)
Past service cost	-	2,000,051
Benefits paid	(669,139)	(1,645,386)
Closing defined benefit obligation	15,406,819	14,484,372

Notes to financial statements for the year ended 31 March, 2019

All amounts are in Indian Rupees unless otherwise stated

Changes in the fair value of plan assets are as follows:

Particulars	As at 31 March 2019	As at 31 March 2018
Fair value of planned assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contributions	-	-
Benefits paid	-	-
Actuarial gain / (loss) on plan assets	-	-
Fair value of plan assets at the end of the year	-	-

The principal actuarial assumptions used in determining gratuity obligation for the Group's plans are shown below:

Particulars	As at 31 March 2019	As at 31 March 2018
Discount rate	6.75%	6.80%
Expected rate of return on assets	5%	5%
Withdrawal Rate	20%	20%

The overall expected rate of return on assets is determined based on market prices prevailing on that date, applicable to the period over which the obligation is to be settled. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. Based on the experience of the previous years, the Company expects to contribute Rs.84,46,1831/- to the gratuity fund in the next year. However, the actual contribution by the Company will be based on the actuarial valuation report received from the insurance company.

The major categories of plan assets of the fair value of the total plan assets are as follows:

Gratuity plan

Particulars	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017
Investments details			
Funds with LIC	-	-	-
Total	-	-	-

A quantitative sensitivity analysis for significant assumption as at 31 March 2018 is as shown below:

Gratuity plan:

Assumptions	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
	Discount rate		Salary Growth Rate		Withdrawal Rate	
Sensitivity Level	0.5% increase					
Impact on defined benefit obligation	15,222,785	14,319,403	15,600,580	14,658,545	15,365,171	1,448,767



Notes to financial statements for the year ended 31 March, 2019

All amounts are in Indian Rupees unless otherwise stated

Gratuity plan:

Assumptions	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
	Discount rate		Salary Growth Rate		Withdrawal Rate	
Sensitivity Level	0.5% decrease					
Impact on defined benefit obligation	15,598,267	14,655,893	15,218,907	14,315,366	15,443,794	14,514,332

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected contributions to the defined benefit plan in future years:

Particulars	As at 31 March 2019	As at 31 March 2018
Within the next 12 months (next annual reporting period)	8,446,831	7,612,123
Between 2 and 5 years	5,688,764	5,148,134
Between 6 and 10 years	3,574,724	3,323,811
Total expected payments	17,710,319	16,084,068

A. Leave Encashment

Actuarial Assumptions	As at 31 March 2019	As at 31 March 2018
Discount Rate	6.75%	7.10%
Salary Growth Rate	5%	5%
Withdrawal Rate	20%	20%
Liability recognised in the balance sheet	3,703,092	3,631,818
Expenses recognised in the statement of profit & loss	498,202	1,205,337
Net Actuarial (Gain)/Loss	(737,317)	79,291

Note 30. Commitments and Contingencies

a. Leases

Operating lease commitments

The company has leased premises under the operating leases.

The Company has paid INR 51,64,671/- (31 March 2018: INR 50,68,065/-) during the year towards minimum lease payment.

Future minimum rentals payable under non-cancellable operating leases as at 31 March are, as follows:

Notes to financial statements for the year ended 31 March, 2019

All amounts are in Indian Rupees unless otherwise stated

Particulars	As at 31 March 2019	As at 31 March 2018
Within one year	3,079,772	4,947,818
After one year but not more than five years	3,777,032	9,187,986
More than five years	-	543,272
	6,856,804	14,679,075

b) Contingent Liabilities

Particulars	31-Mar-19	31-Mar-18
1) Claims against the company not acknowledged as debt		
- Demands raised against the Company under Central Excise Act, 1944	2,539,667	2,539,667
- Others	44,969,990	8,729,532
2) Right to Recompense to joint lender forum	244,950,973	194,687,188
3) Bank Guarantees	16,613,220	16,851,850

Note 31. Related Party Disclosure

a. Names of related parties and description of relationship

1	Dharani Sugars and Chemicals Limited (DSCL) Dharani Finance Limited (DFL) Dharani Developers Private Limited (DDPL) Ananthi Developers Limited (ADL) Dharani Credit & Finance (P) Limited (DCFL) PGP Educational and Welfare Society	Enterprises in which Key management personnel or their relatives have significant influence
2	Dr.Palani G Periasamy - Chairman Mrs Visalakshi Periasamy- Vice Chairman Mr A Sennimalai - Managing Director Mr K Kandasamy - Director	Key Management Personnel



Notes to financial statements for the year ended 31 March, 2019

All amounts are in Indian Rupees unless otherwise stated

- b. The above information regarding related parties has been determined to the extent such parties have been identified on the basis of information available with the Company.
- c. Transactions during the year

S.No.	Nature of transactions	Enterprises in which Key management personnel or their relatives have significant influence		Key Managerial Personnel/ Relatives of Key Managerial Personnel	
		31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
1	Travel Services Paid				
	DFL	-	88,97,537		
2	Lease Rental on Car Hire				
	DFL	32,21,400	18,79,150		
3	Rent Paid			28,17,100	29,12,490
4	Rent Received				
	DFL	-	25,000		
5	Managerial Remuneration				
	Mrs. Visalakshi Periasamy *			24,00,000	24,00,000
	Mr. A. Sennimalai **		-	24,00,000	24,00,000
6	Purchase of sugar				
	DSCL	5,28,164	5,28,158		
7	Reimbursement of expenses				
	DSCL	-	4,96,104		
8	Inter Corporate Deposits/Loans received				
	DFL	-	4,27,00,000		
	DDPL	96,39,091	4,58,00,000		
	Key Managerial Personnel			4,00,000	2,69,00,000
9	Interest on Inter Corporate Deposits & Loans				
	ADL	2,616	-		
	DFL	50,00,910	36,24,329		
	DDPL	6,41,059	28,02,947		
	Key Managerial Personnel			48,35,960	36,17,306

* Pending approval by the secured lenders, no remuneration has been paid to the Vice Chairman as per the provisions of section 197 of the Act.

** Pending approval by the secured lenders, no remuneration has been paid to the Managing Director from October 2018, as per the provisions of section 197 of the Act.

- d. Balances outstanding at the end of the year

S. No.	Nature of transactions	Enterprises in which Key management personnel or their relatives have significant influence		Key Managerial Personnel/ Relatives of Key Managerial Personnel	
		31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
1	Sundry Creditors				
	ADL	1,02,157	8,35,484		
	DSCL	1,05,424	6,33,855		
	DFL	1,91,17,509	1,97,48,416		
	DDPL	-	-		
	Key Managerial Personnel			44,13,252	43,30,833
2	Inter Corporate Deposits/Loans				
	ADL	21,797	21,797		
	DFL	4,15,00,000	4,27,00,000		
	DDPL	40,89,091	1,39,90,000		
	Key Managerial Personnel			3,56,41,134	6,19,51,346
3	Interest payable on Inter Corporate Deposits/Loans				
	ADL	4,92,59,120	6,07,06,765		
	DFL	16,90,362	32,61,896		
	DDPL	25,07,794	25,71,136		
	Key Managerial Personnel			3,17,15,283	3,07,55,126
4	Debtors				
	DDPL	42,626	4,86,381		

Notes to financial statements for the year ended 31 March, 2019

All amounts are in Indian Rupees unless otherwise stated

Note 32. Financial risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise bank loans and trade payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include deposits, etc.. The sensitivity analysis in the following sections relate to the position as at 31 March 2019 and 31 March 2018.

Equity price risk

The Company's listed securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Liquidity risk

The Company monitors its risk of a shortage of funds using a liquidity planning tool.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, sale of current investments, etc

The following table detail the Company's remaining contractual maturity for it's non- derivative financial liabilities with agreed repayment periods. The table have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to pay.

Particulars	Due in 1st Year	Due in 2nd to 5th Year	Due after 5th Year	Total Amount
Year ended 31-03-2019				
Other financial liabilities	3,89,16,131			3,89,16,131
Trade payables	14,43,89,208			14,43,89,208
Borrowings	171,37,45,107			171,37,45,107
Year ended 31-03-2018				
Other financial liabilities	3,42,56,949			3,42,56,949
Trade payables	14,75,01,089			14,75,01,089
Borrowings	117,85,33,580			117,85,33,580

**Notes to financial statements for the year ended 31 March, 2019**

All amounts are in Indian Rupees unless otherwise stated

Note 33. Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. Indicators for monitoring the capital management include total equity attributable to owners and ROE (ratio of net profit before net interest and tax to total equity attributable to owners).

Return on Equity	31-Mar-19	31-Mar-18
Profit / (Loss) Before Taxes	(57,00,12,774)	(31,18,48,364)
Less: Finance Income	(26,24,138)	(21,80,808)
Add: Finance cost	67,02,44,917	37,23,63,734
Earnings before Net interest and Tax	9,76,08,005	5,83,34,563
Equity Share Capital	89,71,12,330	89,71,12,330
Other Equity	150,57,26,824	207,46,59,941
Capital Employed	240,28,39,154	297,17,72,271
ROCE	4.06	1.96

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2019 and 31 March 2018.

Note 34. CIF Value of Imports

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Capital Goods, Stores & Spares	2,47,523	13,15,706
Food & Beverages	86,86,355	56,19,884

Note 35. Earnings in Foreign Currency

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Earnings in foreign currency (represents money received through international credit cards and travellers cheques) on account of Hospitality Services provided to foreign visitors/tourists	19,26,17,414	19,00,72,354

Notes to financial statements for the year ended 31 March, 2019

All amounts are in Indian Rupees unless otherwise stated

Note 36. Expenditure in Foreign Currency

Particulars	31-Mar-19	31-Mar-18
a) Management Fees (Basic, Sales & Marketing, Incentive Fees & Promotions)	5,23,73,467	1,72,57,871
b) Interest on ECB Loans	1,04,40,638	2,42,25,303
c) Travel Agent Commission	18,77,892	34,44,942
d) Others - Spares	-	87,619

Note 37. (i) Non redemption of NCD's outstanding

The Company had borrowed Rs.67,00,00,000 through private issue of Non-convertible debentures (NCD). As per the terms of issue of NCD, Rs. 36,85,00,000 had been redeemed till 31st March 2018 and Rs. 30,15,00,000 was outstanding as on 31st March 2018. Out of the above, Rs.15,07,50,000 became due for redemption on 20 June 2018, however, the Company could not redeem NCD's on the due date.

The lender recalled the entire NCD of Rs.30,15,00,000 outstanding as on the date, due to non fulfilment of issue terms by the Company. Consequently, as per the terms of issue of NCD, interest and premium amounting to Rs.34,13,72,000, together with NCD outstanding amount, became payable immediately.

(ii) Non-payment of instalments due for payment to banks and financial institutions.

The Company has obtained loan from various banks and financial institutions. As per the terms of restructured loan agreements, the Company was required to make part principal payment of Rs.91,23,26,000 as given in following table. However, the Company has not fulfilled this term of repayment.

Bank / Financial Institution	Amount
Indian Bank	25,37,58,263
State Bank of India	36,12,80,850
IDBI Bank	4,86,26,080
Bank of India	17,49,12,250
Tourism Finance Corporation of India	7,37,48,557

The Company has entered into Memorandum of Understanding with prospective buyer for selling its land property situated at Chennai to fulfil the payment obligations.

Note 38. Prior Year Comparitives

Prior year figures have been regrouped/reclassified, wherever necessary, to conform to this year's classification.

As per our report of even date
For K.RAMKRISH & CO.,
Firm registration number: 003017S
Chartered Accountants

For and on behalf of the Board of directors of APPU HOTELS LIMITED

(S. Baskar Shrinivas)
Partner
Membership No.: 209004
Place : Chennai
Date : 27th May 2019

Dr Palani G Periasamy
Chairman

A Sennimalai
Managing Director

N. Subramanian
Company Secretary

B Murugesan
Chief Financial Officer



APPU HOTELS LIMITED

"PGP House", New No.59 (Old No.57) Sterling Road, Nungambakkam, Chennai – 600 034. Phone Nos. 28254176, 28254609, 28311313 CIN No.U92490TN1983PLC009942, E –mail : secretarial@appuhotelsltd-pgp.com

ATTENDANCE SLIP

Name & Address of the Shareholder Folio No. : Client ID : No. of Shares :

I hereby certify that I am a member / proxy appointed by the member* of the Company and record my presence at the 33rd Annual General Meeting of the Company, at Le Royal Meridien, No.1, GST Road, St.Thomas Mount, Guindy, Chennai - 600 016 on Monday 30th September 2019 at 10.00 a.m.

Name of the Shareholder / Proxy* Signature of the Shareholder / Proxy*

*Strike out whichever is not applicable Note : Please fill up this attendance slip and hand over at the entrance of the meeting hall.

APPU HOTELS LIMITED

"PGP House", New No.59 (Old No.57) Sterling Road, Nungambakkam, Chennai – 600 034. Phone Nos. 28254176, 28254609, 28311313 CIN No.U92490TN1983PLC009942, E –mail : secretarial@appuhotelsltd-pgp.com

PROXY FORM - MGT - II

Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014

Name of the Member(s):

Registered Address :

E-mail ID : Folio No.DP ID - Client ID :

I/We, being the member(s) holding..... shares of the above named company, hereby appoint

- 1. Name : Address : E-mail Id : Signature : or failing him
2. Name : Address : E-mail Id : Signature : or failing him
3. Name : Address : E-mail Id : Signature : or failing him

as my / our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 33rd Annual General Meeting of the Company to be held on Monday 30th September 2019 at 10.00 a.m. at Chennai and at any adjournment thereof in respect of such resolutions, as are indicated overleaf.

- Note : 1. The Proxy need NOT be a Member
2. The Proxy Form duly signed across revenue stamp should reach the Company's Registered office atleast 48 hours before the scheduled time of meeting.
3. Proxy cannot speak at the meeting or vote on a show of hands.





Le Meridien, Coimbatore - Poolside view



Hotel Riverside Resort & Spa, Kumbakonam - Cottages



Appu Hotels Limited

"PGP House"

New No.59, (Old No.57), Sterling Road
Nungambakkam, Chennai - 600 034

Phone : 28254176, 28254609, 28311313

CIN No. : U92490TN1983PLC009942

E-mail : secretarial@appuhotelsltd-pgp.com