

# **APPU HOTELS LIMITED**



**27th**  
**ANNUAL REPORT**  
**2012-2013**



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**BOARD OF DIRECTORS**

Dr Palani G Periasamy	: Chairman
Mrs Visalakshi Periasamy	: Executive Vice Chairman & CEO
Dr V Janakiraman	
Dr M C Thirumoorthi	
Mr K Kandasamy	
Mr C Ramachandran - IAS (Retd)	
Dr A Sakthivel	
Mr Anoop Bali	: Nominee Director - TFCI
Mr R Natarajan	: Alternate Director to Dr M C Thirumoorthi
Mr A Sennimalai	: Managing Director
<b>Auditors</b>	: M/s Ramkrish & Co., Chartered Accountants New No 19 (Old No .9A) Bagavantham Street, T.Nagar, Chennai - 600 017.
<b>Internal Auditors</b>	: M/s Srinivasan & Shankar Chartered Accountants No.18/36, Second Floor, Karpagambal Nagar, Mylapore, Chennai 600 004
<b>Bankers</b>	: Indian Bank State Bank of India Bank of India
<b>Registered Office</b>	: PGP House", New No. 59, (Old No.57) Sterling Road, Nungambakkam, Chennai – 600 034. Phone Nos. 28254176, 28254609, 28311313 E –mail:secretarial@appuhotelsltd-pgp.com
<b>Hotels</b>	: 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. Men's 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 **TWENTYSEVENTH** 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 30<sup>th</sup> September 2013 at 3.00 p.m.** to transact the following business.

**ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March 2013 and the Statement of Profit and Loss for the year ended on that date and the reports of the Directors and Auditors.
2. To appoint a Director in place of Dr M. C. Thirumoorthi, who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment.
3. To appoint Auditors and to authorize the Board of Directors to fix their remuneration.

**SPECIAL BUSINESS**

4. To appoint Dr A Sakthivel, as Director, who has consented to act as Director if appointed as a Director of the Company in respect of which, the Company has received a notice in writing along with a deposit of Rs. 500/- pursuant to sec 257(1) of the Companies Act 1956, from a member of the Company proposing the appointment of Dr A Sakthivel as a Director of the Company and that Dr A Sakthivel's period of office shall be liable to determination by the retirement of Directors by rotation.

5. To consider and if thought fit, to pass with or without modification the following resolution as a **SPECIAL RESOLUTION**:

“**RESOLVED THAT** pursuant to the provisions of Section 149 (2 A) (b)) of the Companies Act, 1956, approval be and is hereby accorded to the commencement of business of real estate development more fully described in item 11 of the ‘Objects Clause III –C - other objects’ in the Memorandum of Association of the Company.”

6. To consider and, if thought fit, to pass with or without modification, the following resolution as a **SPECIAL RESOLUTION**.

“**RESOLVED THAT** in supersession of the resolution passed at the Extraordinary General Meeting of the Company held on 18<sup>th</sup> January 2007 and pursuant to Sections 293 (1) (a), 293 (1) (d) and other applicable provisions, if any, of the Companies Act 1956 and Articles of Association of the Company, consent be and is hereby accorded to the Board of Directors of the Company for borrowing such sum or sums of money, from time to time, for the purpose of the Company, as they may deem fit, notwithstanding that the amount so borrowed together with the moneys already borrowed and remaining outstanding may exceed the aggregate of the paid-up capital of the Company and its free reserves which have not been set apart for any specific purpose, but subject to the following maximum limit, viz. that the total amount of loan so borrowed by the Company and outstanding at any one time (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) shall not exceed **Rs 500 Crores (Rupees five hundred crores only)** and the Board of Directors in exercise of the aforesaid borrowing powers may borrow such sums as they may deem fit and on such terms and conditions as to repayment, interest and with or without security as the Board may deem fit.



**AND RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to create any mortgage, hypothecation or other charge or encumbrance over the assets of the Company as security for the due repayment of the moneys so borrowed, the interest thereon and all other costs, charges and expenses in that behalf.

**AND RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to do and perform all such acts, deeds, matters and things and to take such steps as may be necessary or desirable to give effect to this resolution.”

**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**

1. 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.
2. Members holding shares in physical form are requested to quote their Registered Folio numbers and those holding shares in demat form to quote their ID Numbers in the attendance slips and in all correspondence with the company and notify the company/ Registrar & Transfer agent immediately of change, if any, in their Registered Address and/or of their mandates.
3. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special business set out against the items 4,5 & 6 are annexed hereto.

By order of the Board  
**for Appu Hotels Limited**

**Place: Chennai –16**

**N Subramanian**

**Date : 29.06.2013**

President (Corporate Affairs)

**EXPLANATORY STATEMENT UNDER SECTION 173 (2) OF THE COMPANIES ACT 1956.**

**Item No.4**

Consequent to the resignation of Mr. Anil Kumar Bhandari, an independent Director, Dr. A. Sakthivel was appointed as an additional Director under Section 260 of the Companies Act, with effect from 29<sup>th</sup> June 2013. He will hold office as Additional Director till the ensuing Annual General Meeting. Accordingly it has been proposed to appoint Dr A Sakthivel as a Director subject to retirement by rotation. A brief of Dr. A Sakthivel is given herein.

Dr A Sakthivel, aged 65 is a qualified automobile Engineer. He is a well known Textile Industry entrepreneur. He has built up a diversified industrial group in Tirupur. He is one of the leading apparel entrepreneurs in South India. He is the President of the Tirupur Exporters' Association and President of Federation of Indian Export Organizations (FIEO). He was awarded the Doctorate by Bharathiar University, Coimbatore and has been honoured with the 'Padmashree' Award by the President of India for his significant contribution in the textile industry.

He is not related to any Director of the Board. He does not hold any shares in the Company. Board commends this resolution to the shareholders.



**Item No.5**

The Company has been passing through a difficult time due to the economic situation in Europe and the USA resulting in fall in the Hotel business and consequent reduction in income and profits. It has become difficult to maintain last year's income and also service the debts on time. As I.P.O market also is not quite encouraging, the Board felt the Company can raise additional funds by unlocking the value of its substantial real estate through joint development with reputed builders or on its own and accordingly approved commencement of this business subject to following the statutory provisions.

The objects clause in the Memorandum of Association of the Company does not include Real Estate Development as one of its main objects. However, such a business is included in Part III - C – Other objects of the Memorandum of Association. To commence a new business, which is not included in its main objects, but is included in the 'other objects', the Company has to pass a special resolution in a General Meeting by the Shareholders and a duly verified declaration be filed with the Registrar of Companies, Chennai, as per Section 149 (2A)(b) of the Companies Act 1956, The Board has approved the commencement of the business of real estate development to build commercial or residential buildings in the real estate presently owned by the Company and real estate that may be acquired in the future.

None of the Directors are interested in this resolution except to the extent of their present holdings.

Board commends this resolution to the shareholders.

**Item No.6**

In the EGM held on 18<sup>th</sup> January 2007, the Company was permitted under Section 293 (1) (d) to borrow money for the business of the Company upto a maximum limit of Rs.400 crores excluding the temporary loans obtained in the ordinary course of business.

The existing borrowing powers of Rs.400 crores is just sufficient to meet the present requirements. As a matter of abundant caution, the Board feels that the limit of borrowing be increased from Rs. 400 crores to Rs 500 crores in order to comply with the financial parameters of the term lending institutions and banks and also to meet future needs. The Board has in its meeting held on 29<sup>th</sup> June 2013 recommended increasing the said limit to Rs. 500 crores, subject to approval of shareholders in the Annual General Meeting.

In addition, in order to secure such borrowing, it may be necessary to mortgage/hypothecate or otherwise charge immovable and movable properties of the Company, both present and future, as and when necessary. Section 293(1) (a) of the Companies Act, 1956 requires approval of the Members of the Company in the General Meeting for creation of such mortgage/Charge.

The Directors recommend the resolution for the approval of the Shareholders.

None of the Directors of the Company is in anyway concerned or interested in the resolution.

**By Order of the Board**

**for Appu Hotels Limited**

**Place: Chennai –16**

**Date : 29.06.2013**

**N Subramanian  
President (Corporate Affairs)**

**DIRECTORS' REPORT**

All members,

Your Directors are pleased to present their 27<sup>th</sup> Annual Report on the operations of the Company and the audited statement of accounts for the year ended 31<sup>st</sup> March 2013.

**FINANCIAL RESULTS****(Rs. In lakhs)**

<b>Particulars</b>	<b>Year ended 31.03.2013</b>	<b>Year ended 31.03.2012</b>
Gross Revenue	<b>8663.04</b>	7736.71
Profit before Interest, Depreciation and Tax	<b>1716.70</b>	2666.64
Interest and Finance Charges	<b>2953.22</b>	1223.34
Depreciation	<b>2567.86</b>	1361.07
Current Tax / (MAT Credit Entitlement)	-	(580.11)
Deferred Tax Liability/(Asset)	<b>(1229.28)</b>	449.51
Net Profit / (Loss)	<b>(2575.09)</b>	212.63
Cash Accruals / (Loss)	<b>(1236.52)</b>	1427.43

**REVIEW OF OPERATIONS**

The total revenue for the Financial Year (FY) 2012-13 was Rs.8663.04 lakhs as against Rs.7736.71 lakhs in the previous year. The total expenditure had increased to Rs. 6946.33 lakhs from Rs.5070.05 lakhs, and the Gross Operating Profit for the year had come down to Rs.1716.70 lakhs from Rs. 2666.64 lakhs in the previous FY. The GOP % has also come down to about 20% as against 34% in the previous FY.

The more than doubling of the room inventory in the luxury segment in Chennai had affected Average Room Rates (ARR) and occupancy. The luxury segment of the hospitality industry in Chennai had been experiencing supply overhang for the last two years. The performance of your Chennai Hotel after an year of recovery in 2010-11, had slipped downwards for the last two years in succession. In the year ended the 31<sup>st</sup> March, 2013, both the ARR and Occupancy continued the declining trend. The Occupancy and ARR of your hotel had declined considerably from 70% and Rs.7100

in the FY 2010-11 to about 59% and Rs.6300 respectively now in FY 2012-13.

The operation of the Coimbatore Hotel which had been in operation for a full year now in FY 2013 had also not been up to expectations because of the subdued performance of the textile export processing sector in Tirupur and the engineering sector in and around Coimbatore and the decline in the business travel arrivals to these destinations both foreign and domestic. Increase in new room supply by about 600 in the business class segment had also not helped our cause and it has considerably delayed the ramping up of operations of the Coimbatore property to optimum levels.

The halting and modest recovery in GDP growth in the advanced economies – US, Euro area and Japan and deceleration in the growth momentum in India had adversely affected both business travel and tourism. The Company's presence in a limited geography viz. Chennai and Coimbatore both of which had witnessed a spurt in room supply had



added to the woes, as the new properties in these locations were earlier planned and under development in the last few years in anticipation of growth prospects and demand for additional rooms. This unfortunately had not materialized so far and more number of rooms now vies for a share of the same or declining pie. The power shortage and restrictions imposed in Tamil Nadu on the HT consumers, had forced the Company to resort to prolonged operations of costly DG sets which had increased the power costs substantially. For the Coimbatore hotel property these adverse tidings should not have come at the most inopportune moment right at the beginning of full scale commercial operation when the impact of the borrowing costs relating to the property would also be higher. The incremental commercial operation of the Coimbatore hotel had been hampered considerably as a result. Thus, the adverse performance of the Company in the recent years was purely due to external factors beyond the control of the management.

**FINANCES**

The Company has incurred a loss of Rs.2575.09 lakhs as against the profit of Rs. 212.63 lakhs in the previous year.

**DIVIDEND**

No Dividend could be considered for both the Preference and Equity Shareholders, because of the losses incurred. No amount is being transferred to Reserves due to the same reason

**OUTLOOK**

India's economic growth has plummeted to a 10-year low of five per cent in FY 2013 and the new fiscal is unlikely to be any better as the economy will continue to be constrained by the usual suspects viz. infrastructure bottlenecks, slower external demand, high capital costs and supply side issues. The squeeze on spending by the Governments has pushed down the growth in the community, social and personal services. The Government

spending cuts have to be compensated by the private sector which has to pick up the slack and support growth. Signs of that happening are far from visible. In the fourth quarter of FY 2013, private consumption was down to 3.8 per cent from 4.2 per cent a quarter ago. Similarly, gross fixed capital formation had also slowed to 3.4 per cent from 4.5 per cent a quarter ago.

A rate cut by the Central Bank could support growth and investments. But, with widening current account deficit, volatility in the external value of the rupee which had touched a life time low of Rs.60 a US Dollar, large fiscal deficits and inflationary expectation have all weighed down, in the perception of the central bank, a roll back of policy rates. The overall business outlook, therefore, continues to look grim.

**PLAN OF ACTION**

Your Company, by the very nature of the business it is in, is capital intensive and it has to contract large debts to build the capital assets. The adverse effect of the downward business cycle on the operational results will also be more pronounced because of the heavy interest burden. It is redeeming that your Company owns properties in prime metropolitan locations which carry real estate of considerable latent value and the impact of erosion in value may not be as much as the operational losses would, otherwise, suggest.

In order to meet the challenges posed by competitive market environment both at Chennai and Coimbatore, your Company has proposed renovation of Chennai Hotel and addition of certain extra complementary facilities at Coimbatore Hotel to plan and implement revenue and yield management strategies to optimize operations.

The Company has plans to infuse additional funds to bring down the overall debt within the next 2 - 3 years with a view to reduce interest cost. As part of the plan, it has been proposed to develop the Company's 26 acres of freehold





land (at Chithathur Hamlet Village No.68, Gerugambakkam, Sriperumbudur Taluk) which is situated on the western side of the Chennai Airport, abutting the river Adayar, predominantly as residential housing properties / units which would substantially improve your Company's cash flow. The property is presently mortgaged to the lenders, as collateral security. The said project would generate additional cash flow gradually over the next 3 to 4 year period by unlocking the value of the free hold vacant land, significant part of which can be utilised to reduce the outstanding debt. The Company has already taken steps for obtaining necessary regulatory approvals so essential for commencement of the proposed activity.

#### DIRECTORS

Mr. Anil Kumar Bhandari and Dr M C Thirumoorthi Directors are due to retire by rotation in this Annual General Meeting. Mr Anilkumar Bhandari who has been on the Board since 1998 had expressed his intention to resign effective from 30<sup>th</sup> June 2013 due to personal reasons. Due to non-availability of Mr. Anil Kumar Bhandari, Dr.A. Sakthivel, who has been inducted as Additional Director, is proposed to be appointed as a Director in the vacancy of Mr. Anil Kumar Bhandari. Dr. M. C. Thirumoorthi is proposed to be reappointed.

Board places on record its appreciation of the assistance and guidance provided by Mr Anil Kumar Bhandari and his contribution during his long tenure as Director of the Company.

Name of Mr B M Gupta, Nominee Director of TFCL, New Delhi was withdrawn from 1<sup>st</sup> April 2013 and in his place, TFCL has nominated Mr Anoop Bali.

#### DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217 (2AA) of the Companies Act, 1956 your Directors state as follows:

1. That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
2. That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.
3. That the Directors had 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.
4. That the Directors had prepared the annual accounts on a going concern basis.

#### MANAGEMENT COMMITTEE

The Board has constituted a Management Committee to facilitate the operational needs of the company. It meets as and when the need to consider any matter assigned to it arises. During the year one meeting was held on 2<sup>nd</sup> March 2013.

The names of Directors of the Management Committee are given below:

❖ Dr. Palani G. Periasamy	- Chairman
❖ Mrs. Visalakshi Periasamy	- Vice Chairman
❖ Mr. A. Sennimalai	- Managing Director
❖ Mr. K. Kandasamy	- Director
❖ Mr. C. Ramachandran	- Director

**AUDIT COMMITTEE**

In due compliance with Sec 292 A of the Companies Act, 1956 an Audit Committee is functioning with the following non-executive Directors as Members.

- ❖ Mr Anil Kumar Bhandari - Chairman
- ❖ Mr K Kandasamy - Director
- ❖ Mr C Ramachandran - Director

Mr Anoop Bali, Nominee Director (TFCI) has been inducted in the Audit Committee in place of Mr B M Gupta.

Board accepted the recommendations of the Audit Committee while approving the annual accounts.

**REMUNERATION COMMITTEE**

Remuneration Committee consisting of the following Directors considers and recommends remuneration payable to the Managerial personnel

- ❖ Mr. Anil Kumar Bhandari - Chairman
- ❖ Mr. K. Kandasamy - Director
- ❖ Mr. C. Ramachandran - Director

**AUDITORS**

M/s. Ramkrish & Co, Chartered Accountants retire as the Auditors of the Company at the conclusion of this Annual General Meeting and are eligible for reappointment. They have conveyed their willingness to be reappointed and have also furnished the required certificate.

**EMPLOYEES**

Statement showing the names of employees coming within the purview of section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended.

The names and other particulars of employees are set out below:

**(A) Employed throughout the year ended 31<sup>st</sup> March 2013, and were in receipt of remuneration aggregating not less than Rs. 60 lakhs per annum or Rs. 5 lakhs per month – NIL**

**(B) Employed for part of the year ended 31<sup>st</sup> March 2013 and was in receipt of remuneration aggregating not less than Rs.5 lakhs per month.**

Name & Age	Designation of the Employee / Nature of Duties	Remuneration (Rs. in Lakhs)	Qualification / Experience (Years)	Date of Commencement of Employment	Date of cessation of employment	Previous Employment
(1)	(2)	(3)	(4)	(5)	(6)	(6)
Mrs Jennifur Buhr 63 years	General Manager	55.46	Diploma in Marketing Statistics / 39 years	09.03.2010	05.12.2012	Sheraton Dream land hotel & conference centre, Egypt.



1. The nature of employment is contractual.
2. Remuneration as shown above includes salary, incentive and perks. Part of the salary is paid in foreign exchange.
3. The employee does not hold any equity shares in the Company.
4. She is not related to any Director of the Company.
5. She has been relieved from her post with effect from 5<sup>th</sup> December 2012, at her request.

**ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE**

Information regarding measures taken for conservation of energy, technology absorption, foreign exchange etc., referred to in Sec.217 (1) (e) of the Companies Act, 1956, in so far as they apply to your company is furnished in Annexure-I.

**CORPORATE GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY**

The Company has already implemented the set of Corporate Governance mechanism like composition of the Board, number of independent Directors, Audit Committee, Remuneration Committee, etc. as per the guidelines issued by Govt.of India for voluntary adoption by all Companies.

**REMUNERATION PAID TO MANAGERIAL PERSONNEL**

(Rs in lakhs)

Particulars	Mrs Visalakshi Periasamy Executive Vice Chairman	Mr A Sennimalai Managing Director
Salary	24.00	18.00
Perquisites	-	6.00
Total	24.00	24.00

**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**

Members now have the option to hold their shares in demat form (i.e., electronic mode) either through the NSDL or CDSL. Members who wish to hold shares in physical form (i.e., in the form of Share Certificates) may continue to hold Share Certificates. However all shareholders are advised to convert their share certificates to demat form for ease of conveyance and safety.



## APPU HOTELS LIMITED

The Shareholding details as on 31.03.2013.

SI.No	Particulars	No of Shares	%
01	NSDL	35250846	43.43
02	CDSL	118956	0.15
03	Physical	45785916	56.42
	<b>Total</b>	<b>81155718</b>	<b>100.00</b>

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

### 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 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

Place: Chennai – 34  
Date : 29.06.2013

**ANNEXURE I TO THE DIRECTORS REPORT**

Information pursuant to the Companies Disclosures of particulars in the Report of Board of Directors) Rules, 1988.

(Rs.in lakhs)

	2012-13	2011-12
A. Conservation of Energy	<b>Given below</b>	
B. Technology absorption	-	-
C. Foreign Exchange Earnings	3274.38	3462.99
D. Foreign Exchange outgo	1024.02	1311.94

**Conservation of Energy – measures taken.**

Sl. No.	PARTICULARS	Energy saved (Rs. per annum)
I	New Boilers commissioned and savings 300 litres of Diesel per day	5,616,000
II	Replacement of Energy saving bulbs in guest rooms, guest areas, public areas and other common areas at Chennai Hotel.	4,895,688
III	Replacement of energy efficient bulbs from 40 W to 25 W of 500 bulbs in public areas at Coimbatore Hotel.	322,280
IV	3 Nos. New Chiller plants of 350 TR capacity each commissioned in replacement of the old ones.	7,830,000
	<b>Total</b>	<b>18,663,968</b>



**INDEPENDENT AUDITOR’S REPORT**

**To the Members of M/s. Appu Hotels Limited**

**Report on the Financial Statements**

We have audited the accompanying financial statements of M/s. Appu Hotels Limited (“the company”), which comprise the Balance Sheet as at March 31, 2013, and the statement of Profit and Loss and Cash Flow Statement for the year ended on that date and a summary of significant accounting policies and other explanatory information.

**Management’s Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 (“the Act”). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013
- (b) In the case of the Profit and Loss Account, of the profit/loss for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.



**Report on Other Legal and Regulatory Requirements**

**Handbook of Auditing Pronouncements-I.A**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
  - c. The Balance sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with this Report are in agreement with the books of account
  - d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - e. On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

Forming an Opinion and Reporting on Financial Statements

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

**K.MURALI**  
PARTNER  
Membership # 029294

Place : Chennai  
Date : June 29, 2013



**ANNEXURE TO THE AUDITORS' REPORT**

The Annexure referred to in the Auditors' Report to the members of Appu Hotels Limited (the Company) for the year ended March 31, 2013. We report that:

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

The Company has a phased programme of physical verification of its fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with such programme, the management has physically verified fixed assets during the year and no material discrepancies were noticed on such verification.

During the year, the Company has not disposed off substantial part of its fixed assets, which will affect the going concern status of the Company.

2. The inventories of the Company have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.

In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

In our opinion, the Company has maintained proper records in respect of inventories and the discrepancies between the physical inventories and the book records, which have been properly dealt with in the books of account, were not material.

3. During the year, the Company has not granted any loans to parties covered in the register maintained under Section 301 of the Companies Act, 1956.

In respect of Loans Secured or Unsecured, taken by the Company from Companies, firms or other parties covered in register maintained u/s 301 of the Companies Act, 1956 and according to the information and explanations given to us;

- a) The Company has taken loans from two parties. The balance outstanding as at the end of the year was Rs.29.18 Crores (Number of parties – Two) and the maximum amount involved during the year was Rs.29.18 Crores
- b) The rate of interest and other terms and conditions of such loans are, in our opinion, prima facie not prejudicial to the interest of the Company.
- c) The payments of the principal amounts and the interest in respect of such loans are regular/as per terms.

4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventories, fixed assets and for the sale of goods and services. We have not noted any continuing failure to correct major weakness in the aforesaid internal control system during the course of our audit.





5. In our opinion, and according to the information and explanations given to us, the transactions that need to be entered in the register in pursuance of Section 301 of the Companies Act, 1956 have been properly entered in the said register.

In our opinion, and according to the information and explanations given to us, the transactions entered in the register maintained under Section 301 and exceeding the value of Rupees five lakhs in respect of each party during the year have been made at prices which are reasonable with regard to the prevailing market prices at the relevant time.

6. The Company has not accepted any deposits from the public and consequently, the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under are not applicable.
7. The Company has an internal audit system which, in our opinion is commensurate with the size and nature of its business.
8. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 for any of the products of the Company.
9. a) According to the information and explanations given to us, and on the basis of our examination of the books of account, the Company has been regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, customs duty, investor education and protection fund, wealth tax, Service tax and any other material statutory dues applicable to it.

According to the information and explanations given to us, no undisputed dues payable in respect of income-tax, sales tax, wealth tax, customs duty and cess were outstanding at 31<sup>st</sup> March 2013 for a period of more than six months from the date they became payable.

b) According to the information and explanations given to us, the following are the details of disputed dues, that were not deposited with the concerned authorities:

**Statement of Disputed Dues**

<b>Name of the Statute</b>	<b>Nature of dues</b>	<b>Amount(Rs)</b>	<b>Forum where dispute is pending</b>
Central Excise Act	Central Excise	3,59,396.00	Assistant Commissioner of Central Excise
Central Excise Act	Service Tax	11,89,424.00	Commissioner Appeals
Central Excise Act	Service Tax	2,02,353.00	Commissioner Appeals

10. The Company's accumulated losses do not exceed fifty percent of its net worth. The Company has incurred cash loss in the financial year covered by our audit. The Company has not incurred any cash losses in the immediately preceding year.



## APPU HOTELS LIMITED

11. The Company has not defaulted in repayment of dues to any bank / financial institution in terms of Clause 4(xi) of the order.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund, nidhi, mutual benefit fund or a society. Accordingly, clause 4(xiii) of the Order is not applicable.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, clause 4(xiv) of the Order is not applicable.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, clause 4(xv) of the Order is not applicable.
16. On the basis of review of utilisation of funds on an overall basis, in our opinion, the term loans have been applied for the purposes for which the loans were obtained.
17. On the basis of review of utilisation of funds on an overall basis, in our opinion, the funds raised on short term basis have not been used for long term investment.
18. The Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clause 4(xviii) of the Order is not applicable.
19. The Company has not issued any debentures. Accordingly, clause 4(xix) of the Order is not applicable.
20. The Company has not raised any money by public issues during the year. Accordingly, clause 4(xx) of the Order is not applicable.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

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

**K.MURALI**  
PARTNER

Membership # 029294

Place : Chennai  
Date : June 29, 2013



## APPU HOTELS LIMITED

### Balance Sheet as at March 31, 2013

All amounts are in Indian Rupees unless otherwise stated

	Notes	As at 31 March 2013	As at 31 March 2012
<b>Equity and liabilities</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	901,557,180	901,557,180
Reserves and Surplus	4	530,667,682	788,176,237
		<b>1,432,224,862</b>	1,689,733,417
<b>Non-Current Liabilities</b>			
Long Term Borrowings	5	2,317,597,315	2,188,747,133
Deferred Tax Liability (net)	23.2	43,459,254	166,387,546
Other Long-Term Liabilities	6	128,707,592	193,495,877
Long Term Provisions	7	5,804,549	4,829,159
		<b>2,495,568,710</b>	2,553,459,715
<b>Current Liabilities</b>			
Short Term Borrowings	8A	63,797,598	30,756,448
Trade Payables	8B	128,944,795	86,293,915
Other Current Liabilities	8C	504,541,565	426,337,579
Short Term Provisions	9	7,209,751	5,740,479
		<b>704,493,709</b>	549,128,421
<b>TOTAL</b>		<b>4,632,287,281</b>	4,792,321,553
<b>Assets</b>			
<b>Non-Current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	10	4,202,253,279	4,354,378,839
Capital Work-in-Progress		115,664,058	94,451,623
		<b>4,317,917,337</b>	4,448,830,462
Non-Current Investments	11	5,240,000	878,000
Long-Term Loans and Advances	12	99,112,613	88,987,114
Other Non-Current Assets	14	6,044,000	3,244,000
		<b>4,428,313,950</b>	4,541,939,576
<b>Current Assets</b>			
Inventories	15	23,936,114	32,603,961
Trade Receivables	13	16,240,204	24,084,767
Cash and Bank Balances	14	129,547,575	118,001,364
Short-Term Loans and Advances	12	32,315,105	73,661,326
Other Current Assets	13	1,934,333	2,030,560
		<b>203,973,331</b>	250,381,977
<b>TOTAL</b>		<b>4,632,287,281</b>	4,792,321,553
Summary of Significant Accounting Policies 2			
See accompanying notes to the financial statements.			
As per our report of even date			
<b>For K.RAMKRISH &amp; CO.,</b>		For and on behalf of the Board of Directors of APPU HOTELS LIMITED	
Firm Regn. No. 003017S			
Chartered Accountants			
<b>per K.MURALI</b>	<b>Dr. Palani G Periasamy</b>	<b>Visalakshi Periasamy</b>	<b>A Sennimalai</b>
Partner	Chairman	Vice Chairman	Managing Director
Membership No.: 29294			
<b>Chennai</b>			
<b>June 29, 2013</b>			

**APPU HOTELS LIMITED****Statement of Profit and Loss for the year ended March 31, 2013**

All amounts are in Indian Rupees unless otherwise stated

	Notes	For the year ended 31 March 2013	For the year ended 31 March 2012
<b>I. Income</b>			
Revenues from Services	16	845,947,443	759,808,584
Other income	17	20,356,360	13,862,085
<b>Total (I)</b>		<b>866,303,803</b>	<b>773,670,669</b>
<b>II. Expenses</b>			
Cost of Revenues	18	374,457,651	269,852,212
Employee Benefits Expense	19	149,856,343	117,206,474
Other Expenses	20	112,086,861	88,271,468
Advertisement and Marketing Expenses	21	58,232,591	31,696,353
<b>Total (II)</b>		<b>694,633,446</b>	<b>507,026,507</b>
<b>Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) (I) - (II)</b>		<b>171,670,357</b>	<b>266,644,162</b>
Depreciation and Amortization Expense	10	256,785,520	136,107,150
Finance Costs	22	295,321,685	122,334,186
<b>Profit / (Loss) Before Tax</b>		<b>(380,436,848)</b>	<b>8,202,826</b>
<b>Tax Expenses / (credit)</b>			
Current Tax		-	1,566,000
Minimum Alternate Tax Entitlement (Credit)		-	(59,577,312)
Deferred Tax / (Asset)		(122,928,292)	44,949,752
<b>Total Tax Expense / (Credit)</b>		<b>(122,928,292)</b>	<b>(13,061,560)</b>
<b>Profit / (Loss) After Tax</b>		<b>(257,508,556)</b>	<b>21,264,386</b>
Earnings per Equity Share : Basic & Diluted		(3.25)	1.87
Summary of Significant Accounting Policies	2		
See accompanying notes to the financial statements.			

As per our report of even date

**For K.RAMKRISH & CO.,**  
Firm Regn. No. 003017S  
Chartered Accountants

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

**per K.MURALI**  
Partner  
Membership No.: 29294**Dr. Palani G Periasamy**  
Chairman**Visalakshi Periasamy**  
Vice Chairman**A Sennimalai**  
Managing Director**Chennai**  
**June 29, 2013**

**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 are prepared under historical cost convention except so far as they relate to fixed assets revalued, in accordance with generally accepted accounting principles in India and comply in all material respects with the accounting standards notified by the Companies (Accounting Standards) Rules, 2006 and with the relevant provisions of the Companies Act, 1956.

**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 of the Balance Sheet date, reported amount of revenues and expenses for the year and disclosure of contingent liabilities as of the Balance Sheet date. The estimates and assumption used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of 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 fixed assets is calculated on straight-line method at applicable rates specified in Schedule XIV to the Companies Act, 1956 except for certain items of plant and machinery and vehicles, which are depreciated over their estimated useful life of ten years and four years respectively. In respect of additions and deletions depreciation charge is restricted to the period of use. All assets costing individually Rs. 5,000 or less are fully depreciated in the year of addition. Leasehold improvements are amortised over the period of 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 weighted average cost. 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.

**Notes to Financial Statements... contd.,****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 year end 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 year end 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 income 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 recognised 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 recognised 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.



**Notes to financial statements for the year ended March 31, 2013**

All amounts are in Indian Rupees unless otherwise stated

	<b>As at 31 March 2013</b>	<b>As at 31 March 2012</b>
<b>3 Share capital</b>		
<b>Authorized shares</b>		
85,000,000 Equity shares of Rs.10/- each (Previous year - 85,000,000 Equity shares of Rs.10/- each)	<b>850,000,000</b>	850,000,000
15,000,000 6% Cumulative Redeemable Preference Shares of Rs.10/- each ( Previous Year -15,000,000 6% Cumulative Redeemable Preference Shares of Rs.10/- each )	<b>150,000,000</b>	150,000,000
	<b>1,000,000,000</b>	1,000,000,000
<b>Issued, Subscribed and Fully paid-up Shares</b>		
81,155,718 Equity shares of Rs.10/- each fully paid up (Previous year - 81,155,718 Equity shares of Rs.10/- each fully paid up)	<b>811,557,180</b>	811,557,180
9,000,000 6% Cumulative Redeemable Preference Shares of Rs.10/- each fully paid up ( Previous Year - 9,000,000 6% Cumulative Redeemable Preference Shares of Rs.10/- each fully paid)	<b>90,000,000</b>	90,000,000
	<b>901,557,180</b>	901,557,180

**a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

	<b>As at 31 March 2013</b>		<b>As at 31 March 2012</b>	
	<b>No.</b>	<b>Amount</b>	<b>No.</b>	<b>Amount</b>
<b>Equity shares</b>				
At the beginning of the period	81,155,718	811,557,180	81,155,718	811,557,180
Issued during the period	Nil	Nil	Nil	Nil
<b>Outstanding at the end of the period</b>	<b>81,155,718</b>	<b>811,557,180</b>	<b>81,155,718</b>	<b>811,557,180</b>
<b>Cumulative Redeemable Preference Shares</b>				
At the beginning of the period	<b>9,000,000</b>	<b>90,000,000</b>	9,000,000	90,000,000
Issued during the period	Nil	Nil	Nil	Nil
<b>Outstanding at the end of the period</b>	<b>9,000,000</b>	<b>90,000,000</b>	<b>9,000,000</b>	<b>90,000,000</b>

**Notes to Financial Statements... contd.,**

## Notes:

1. 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.
2. 90,00,000 fully paid up 6% Cumulative Redeemable Preference shares of Rs.10/- each were issued to Tourism Finance Corporation of India Ltd. on 01.03.2008 and to IDBI Bank Ltd on 01.01.2008 against the Optionally Convertible Debentures which were treated as fully redeemed.

**3. Terms/rights :****a. Equity Shares**

The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees.

During the year ended 31 March 2013, the amount of per share dividend recognized as distribution to equity shareholders was Rs.NIL (31 March 2012: Rs. NIL).

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.

**b. Preference Shares**

Preference shares carry a fixed rate of dividend of 6% p.a.

During the year ended 31 March 2013, the amount of dividend recognized as distributions to preference shareholders was Rs. - Nil. (31 March 2012: Rs. 54,00,000).

The preference shares are to be redeemed in four equal quarterly instalments commencing from April, 2013.

**4. Details of shareholders holding more than 5% shares in the Company**

	As at 31 March 2013		As at 31 March 2012	
	No.	% holding in the class	No.	% holding in the class
<b>Equity shares of Rs.10 each fully paid</b>				
Visalakshi Periasamy	7,757,703	9.56	7,757,703	9.56
Dr Palani G Periasamy	7,275,721	8.97	7,275,721	8.97
Mr Pethinaidu Veluchamy & Mrs Parameswari Veluchamy	6,393,756	7.88	6,393,756	7.88
Dharani Sugars & Chemicals Ltd	5,121,500	6.31	5,121,500	6.31
Dharani Developers Private Limited	4,887,393	6.02	4,887,393	6.02
Dharani Credit & Finance Private Limited	4,441,356	5.47	4,441,356	5.47
Mr Arunkumar Veluchamy	4,269,119	5.26	4,269,119	5.26
Dr T R Shantha	4,175,684	5.15	4,175,684	5.15
<b>Cumulative Redeemable Preference Shares of Rs. 10/- each</b>				
Tourism Finance Corporation of India Ltd	6,000,000	66.67	6,000,000	66.67
IDBI Bank Ltd	3,000,000	33.33	3,000,000	33.33



**Notes to financial statements for the year ended March 31, 2013**

All amounts are in Indian Rupees unless otherwise stated

	<b>As at</b>	<b>As at</b>
	<b>31 March 2013</b>	<b>31 March 2012</b>
<b>4 Reserves and Surplus</b>		
Securities Premium Account	467,647,485	467,647,485
Fixed Assets Revaluation Reserve (See Note 10)	14,651,935	14,651,935
<b>Surplus/(Deficit) in the statement of Profit and (Loss)</b>		
Balance as per last financial statements	305,876,818	290,888,446
Profit/(loss) for the year	<u>(257,508,556)</u>	<u>21,264,386</u>
<b>Net surplus/(deficit) in the statement of profit and loss</b>	48,368,262	312,152,832
Proposed Dividend on Preference Shares	-	(5,400,000)
Tax On Proposed dividend	-	<u>(876,015)</u>
<b>Total</b>	<b><u>530,667,682</u></b>	<b><u>788,176,237</u></b>
<b>5 Long Term Borrowings</b>		
Term Loans from <b>(SECURED)</b>		
Banks	1,689,585,674	1,676,750,610
Financial Institutions	336,143,219	481,496,523
<b>(UNSECURED)</b>		
Directors	58,068,422	-
Inter Corporate Deposits	<u>233,800,000</u>	<u>30,500,000</u>
<b>Total</b>	<b><u>2,317,597,315</u></b>	<b><u>2,188,747,133</u></b>

## Notes:

- 1 a Term Loans for the Chennai Hotel Project including current maturities thereof (Note 8 C) from Banks Rs.158,650,000 (March 2012 – Rs.246,454,407) and Financial Institutions Rs.95,470,279 (March 2012 – Rs.159,764,237) are secured, on a pari passu basis, by way of an equitable mortgage on immovable properties situated at 1, GST Road, St. Thomas Mount, Chennai and Chithathur Hamlet, Village No. 68, Gerugambakkam Sriperumbudur Taluk, Chengalpet District both present and future, and by a first charge by way of hypothecation of all the movables both present and future subject to prior charges created in favour of the Company's Bankers referred to in note 8 A.
- b Term Loans for the Coimbatore Project including current maturities thereof ( Note 8 C) from Banks Rs.1,599,233,673 (March 2012 – Rs.1,720,585,203) and Financial Institution Rs.185,714,000 (March 2012 - Rs.200,000,000) are secured, on a pari passu basis, by way of an equitable mortgage of immovable properties situated at Neelambur in Palladam Taluk, Kalapatti in Coimbatore North Taluk and Uppilpalayam in Coimbatore South Taluk all in Coimbatore District both present and future and hypothecation of all the movables both present and future subject to prior charge created in favour of the Company's Bankers referred to in note 8 A.

**Notes to Financial Statements... contd.,**

- c The additional Term Loan of Rs.200,000,000 (March 2012 - Rs.200,000,000) including current maturity thereof (Note 8 C) from a Financial Institution for the Coimbatore Project (not included in (b) above) is secured by an equitable mortgage of vacant residential land belonging to Dharani Developers Pvt. Ltd (DDPL), a group Company, situated at Kabilar Street, Thirunagar, Valliammal Nagar, Jafferkhanpet, Chennai and at "Viscose Park", Kalapatti, Coimbatore, besides, corporate guarantee of DDPL and personal guarantee of the Chairman
- d The additional term loan of Rs.250,000,000 (March 2012 - NIL) including current maturity thereof (Note 8C) from a Bank for the Coimbatore Project is secured on pari-passu basis by way of an equitable mortgage of immovable properties situated at 1, GST Road, St.Thomas Mount, Chennai and at Neelambur in Palladam Taluk, Coimbatore District as well as hypothecation of movables at Coimbatore Hotel premises both present and future subject to prior charge created in favour of the Companies Bankers refer to in Note 8 A.
- e Term Loans referred to in (b) above is additionally secured by way of second charge on immovable property situated at 1, GST Road, St. Thomas Mount, Chennai on pari-passu basis
- f Term Loan from the Financial Insitution Rs.185,714,000 (March 2012 - Rs.200,000,000) mentioned under (b) above is additionally secured on pari-passu basis by way of an equitable mortgage of immovable properties stituated at No.1, GST Road, St.Thomas Mount, Chennai.
2. The above loans are also guaranteed by the Chairman and Vice Chairman.
3. a. The outstanding Rupee Term Loan from Banks and Financial Institutions (FIs) in respect of Chennai Hotel Project which carries a weighted average rate of interest of 14% p.a.is repayble in monthly/quarterly instalments from financial year (FY) 2012-13 to FY 2017 -18.
- b.The outstanding Rupee Term Loan from Banks and FIs in respect of Coimbatore Hotel Project which carries a weighted average rate of interest of 13% p.a. is repayble in monthly/quarterly instalments from Financial Year (FY) 2012 -13 to FY 2020 - 21; whereas the outstanding ECB Loan from a Bank is repayble in 12 Half yearly instalments beginning from the second half of FY 2012-13 and ending in FY 2018-19.

	<b>As at 31 March 2013</b>	<b>As at 31 March 2012</b>
<b>6 Other Long-Term Liabilities</b>		
Trade Payables (including acceptances)	127,882,592	192,995,877
Others ( Security Deposit )	825,000	500,000
<b>Total</b>	<b>128,707,592</b>	<b>193,495,877</b>
<b>7 Long-Term Provisions</b>		
<b>Provision for Employee Benefits:</b>		
(i) Provision for compensated absences	1,360,329	798,413
(ii) Provision for gratuity (net)	4,444,220	4,030,746
<b>Total</b>	<b>5,804,549</b>	<b>4,829,159</b>



## Notes to financial statements for the year ended March 31, 2013

All amounts are in Indian Rupees unless otherwise stated

	As at 31 March 2013	As at 31 March 2012
<b>8. Trade Payables &amp; Other Current Liabilities</b>		
<b>8A Short Term Borrowings Secured</b>		
<b>Working Capital Loans</b>		
Bank	63,797,598	30,756,448
Total	<u>63,797,598</u>	<u>30,756,448</u>
Note : Working Capital Loans from a Bank are secured by hypothecation of stock and book debts and by a second charge on immovable properties situated at No.1, GST Road, St Thomas Mount, Chennai and Chithathur hamlet Village No.68, Gerugambakkam, Sriperumbudur Taluk, Chengalpet District		
<b>8B Trade payables (including acceptances)</b>	128,944,795	86,293,915
	<u>128,944,795</u>	<u>86,293,915</u>
<b>8C Other current liabilities</b>		
Current maturity of Long term debt	463,339,060	368,556,714
Interest accrued but not due on borrowings	26,467,055	28,499,444
<b>Other liabilities</b>		
Statutory Payables	14,672,850	22,955,406
Advance From Customers	62,600	50,000
Provisions	-	6,276,015
	<u>504,541,565</u>	<u>426,337,579</u>
<b>9 Short-Term Provisions</b>		
A. Provision for Employee Benefits:		
(i) Provision for bonus	4,267,388	3,527,090
(ii) Provision for compensated absences	647,608	382,119
(iii) Provision for gratuity (net)	2,294,755	1,831,270
<b>Total - A</b>	<u>7,209,751</u>	<u>5,740,479</u>
B. Provision - Others:		
Provision for tax (net of advance tax)	-	-
<b>Total - B</b>	<u>-</u>	<u>-</u>
<b>Total A + B</b>	<u>7,209,751</u>	<u>5,740,479</u>

**Notes to financial statements for the year ended March 31, 2013**  
All amounts are in Indian Rupees unless otherwise stated

**10 Tangible Fixed Assets**

	Land & Site Development	Buildings	Plant and Machinery	Furniture and Fittings	Leasehold Improvements	Motor Vehicles	Total
<b>Cost or valuation</b>							
At 01 April 2011	218,170,485	1,087,263,301	521,008,458	73,737,522	39,757,238	13,050,326	1,952,987,330
Additions	9,405,194	2,249,948,864	884,799,628	185,125,179	-	2,977,651	3,332,256,516
Disposals	-	-	13,218,329	-	-	-	13,218,329
At 31 March 2012	<b>227,575,679</b>	<b>3,337,212,165</b>	<b>1,392,589,757</b>	<b>258,862,701</b>	<b>39,757,238</b>	<b>16,027,977</b>	<b>5,272,025,517</b>
Additions	1,000,000	57,505,933	49,507,144	5,468,212	-	-	113,481,289
Disposals	-	(9,277,273)	-	-	-	(45,458)	(9,322,731)
At 31 March 2013	<b>228,575,679</b>	<b>3,385,440,825</b>	<b>1,442,096,901</b>	<b>264,330,913</b>	<b>39,757,238</b>	<b>15,982,519</b>	<b>5,376,184,075</b>
<b>Depreciation</b>							
At 01 April 2011	-	345,134,585	362,104,134	68,872,924	7,330,523	11,306,107	794,748,273
Charge for the year	-	64,147,298	54,788,788	13,204,910	3,057,332	908,822	136,107,150
Disposals	-	-	(13,208,746)	-	-	-	(13,208,746)
At 31 March 2012	-	<b>409,281,883</b>	<b>403,684,176</b>	<b>82,077,834</b>	<b>10,387,855</b>	<b>12,214,929</b>	<b>917,646,677</b>
Charge for the year	-	110,628,269	115,247,791	24,232,086	3,057,332	3,620,042	256,785,520
Disposals	-	(458,216)	-	-	-	(43,185)	(501,401)
At 31 March 2013	-	<b>519,451,936</b>	<b>518,931,967</b>	<b>106,309,920</b>	<b>13,445,187</b>	<b>15,791,786</b>	<b>1,173,930,796</b>
<b>Net Block</b>							
At 31 March 2012	<b>227,575,679</b>	<b>2,927,930,282</b>	<b>988,905,580</b>	<b>176,784,867</b>	<b>29,369,383</b>	<b>3,813,048</b>	<b>4,354,378,839</b>
At 31 March 2013	<b>228,575,679</b>	<b>2,865,988,889</b>	<b>923,164,934</b>	<b>158,020,993</b>	<b>26,312,051</b>	<b>190,733</b>	<b>4,202,253,279</b>

**Note**

- Land at 1, GST Road, St. Thomas Mount, Chennai was revalued on May 31, 1992 and again on March 31, 1995 on the governing principles of current cost and the resultant surplus arising on such revaluation amounting to Rs.9,81,85,155 was transferred to Fixed Asset Revaluation Reserve.
- Cost of buildings as at March 31, 2013 includes Rs.65,77,412/- ( Previous year - Rs.1,58,54,685 ) representing cost of residential flats including undivided interest of land.



## APPU HOTELS LIMITED

### Notes to financial statements for the year ended March 31, 2013

All amounts are in Indian Rupees unless otherwise stated

	<u>As at</u>		<u>As at</u>	
	<u>31 March 2013</u>		<u>31 March 2012</u>	
<b>11 Non-current investments</b>				
<b>Long Term Investments (At cost) - Trade - Unquoted</b>				
4,98,000 Equity shares of Rs 10/- each fully paid up in Clarion Wind Farm (P) Ltd ( Previous Year : 87,800 Equity shares of Rs 10/- each fully paid up)		4,980,000		878,000
26,000 Equity Shares of Rs.10/- each fully paid up in Gurudev Wind Energy Private Limited (Previous Year : NIL)		260,000		-
<b>Total</b>		<b>5,240,000</b>		<b>878,000</b>
<b>12 Loans and Advances</b>				
	<b>Non-current</b>		<b>Current</b>	
	<b>31 March 2013</b>	<b>31 March 2012</b>	<b>31 March 2013</b>	<b>31 March 2012</b>
<b>(A) Capital Advances</b>				
Secured, Considered good	-	-	-	-
Unsecured, Considered good	-	-	3,651,847	48,006,235
Doubtful	-	-	-	-
			<b>3,651,847</b>	<b>48,006,235</b>
Provision for Doubtful Advances	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>3,651,847</b>	<b>48,006,235</b>
<b>(B) Security Deposit</b>				
<b>Rental and other Deposits</b>				
Unsecured, Considered good	23,138,802	18,972,934	2,297,700	2,297,700
Doubtful	-	-	-	-
	<b>23,138,802</b>	<b>18,972,934</b>	<b>2,297,700</b>	<b>2,297,700</b>
Provision for Doubtful Security Deposit	-	-	-	-
<b>Total</b>	<b>23,138,802</b>	<b>18,972,934</b>	<b>2,297,700</b>	<b>2,297,700</b>
<b>(C) Advances Recoverable in cash or kind</b>				
Unsecured Considered good	18,500	1,118,696	1,310,980	5,170,247
Doubtful	-	-	-	-
	<b>18,500</b>	<b>1,118,696</b>	<b>1,310,980</b>	<b>5,170,247</b>
Provision for Doubtful Advances	-	-	-	-
<b>Total</b>	<b>18,500</b>	<b>1,118,696</b>	<b>1,310,980</b>	<b>5,170,247</b>
<b>(D) Other Loans and Advances</b>				
Advance income-tax (net of provision for taxation)	16,377,999	9,318,172	10,739,021	7,059,827
Minimum Alternative Tax				
Entitlement Credit	59,577,312	59,577,312	-	-
Prepaid expenses	-	-	13,892,517	10,550,100
Balances with statutory / government authorities	-	-	423,040	577,217
<b>Total</b>	<b>75,955,311</b>	<b>68,895,484</b>	<b>25,054,578</b>	<b>18,187,144</b>
<b>Total (A+ B + C + D)</b>	<b>99,112,613</b>	<b>88,987,114</b>	<b>32,315,105</b>	<b>73,661,326</b>



**Notes to financial statements for the year ended March 31, 2013**

All amounts are in Indian Rupees unless otherwise stated

**13 Trade receivables & Other Assets**

	Non-current		Current	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
<b>13.1 Trade Receivables</b>				
Unsecured, considered good unless stated otherwise				
(A) Outstanding for a period exceeding six months from the date they are due for payment				
- Considered good	-	-	-	2,011,464
- Considered doubtful	-	-	1,767,573	2,876,274
	-	-	<b>1,767,573</b>	4,887,738
Provision for doubtful receivables	-	-	1,767,573	2,876,274
<b>Total</b>	-	-	-	2,011,464
<b>(B) Other Receivables</b>				
Unsecured, Considered good	-	-	16,240,204	22,073,303
Doubtful	-	-	-	-
	-	-	<b>16,240,204</b>	22,073,303
Provision for doubtful receivables	-	-	-	-
<b>Total</b>	-	-	<b>16,240,204</b>	22,073,303
<b>Total (A + B)</b>	-	-	<b>16,240,204</b>	24,084,767
<b>13.2 Other Assets</b>				
Interest accrued on Deposits	-	-	726,351	1,004,831
Other Receivables	-	-	1,207,982	1,025,729
<b>Total</b>	-	-	<b>1,934,333</b>	2,030,560
<b>14 Cash and Bank Balances</b>				
<b>(A) Cash and Cash Equivalents</b>				
Balances with banks :				
On current accounts	-	-	105,953,173	10,942,972
on Deposit Accounts	-	-	-	83,351,386
Cash on hand	-	-	1,314,678	1,982,553
<b>Total</b>	-	-	<b>107,267,851</b>	96,276,911
<b>(B) Other bank balances</b>				
Deposits with original maturity for more than 3 months but not exceeding 12 months	-	-	22,279,724	21,724,453
Margin money deposit	6,044,000	3,244,000	-	-
<b>Total</b>	<b>6,044,000</b>	<b>3,244,000</b>	<b>22,279,724</b>	<b>21,724,453</b>
<b>Total (A) + (B)</b>	<b>6,044,000</b>	<b>3,244,000</b>	<b>129,547,575</b>	<b>118,001,364</b>

	As at 31 March 2013	As at 31 March 2012
<b>15 Inventories</b>		
(At lower of cost and net realisable value)		
(a) Food & Beverages	14,952,967	20,964,313
(b) Stores and Spares	8,983,147	11,639,647
<b>Total</b>	<b>23,936,114</b>	<b>32,603,960</b>



## Notes to financial statements for the year ended March 31, 2013

All amounts are in Indian Rupees unless otherwise stated

	For the year ended 31 March 2013	For the year ended 31 March 2012
<b>16 Revenue from Operations</b>		
<b>Revenues from Services</b>		
Room Sales	442,277,816	434,030,812
Food & Beverage Sales	373,555,762	291,163,973
Other Services	30,113,865	34,613,799
<b>Total</b>	<b>845,947,443</b>	<b>759,808,584</b>
<b>17 Other Income</b>		
<b>Interest Income on</b>		
Bank deposits	4,477,645	4,776,765
Others	-	279,820
Exchange Gain	945,068	448,535
Provision no longer required	4,207,847	2,756,738
Profit on Sale of Fixed Asset	2,682,857	990,417
Other non-operating income	8,042,943	4,609,810
<b>Total</b>	<b>20,356,360</b>	<b>13,862,085</b>
<b>18 Cost of Revenues</b>		
<b>Consumption</b>		
Food	78,882,950	58,621,126
Beverage	21,827,295	15,969,161
Smokes	473,614	287,974
Power and fuel	151,709,266	82,152,804
Water charges	13,026,347	7,525,252
Upkeep and Service	71,229,789	57,867,168
Management fees	25,788,155	34,934,768
Reservation fee, Commission to travel agents	11,520,235	12,493,959
<b>Total</b>	<b>374,457,651</b>	<b>269,852,212</b>
<b>19 Employee benefit expense</b>		
Salaries and allowances	124,880,365	93,128,629
Gratuity expense	1,011,557	1,185,411
Contributions to Provident Fund and Employee State Insurance Plans	2,830,365	2,637,564
Staff welfare	16,227,470	13,984,815
Directors' remuneration	4,906,586	6,270,055
<b>Total</b>	<b>149,856,343</b>	<b>117,206,474</b>

**Notes to financial statements for the year ended March 31, 2013**

All amounts are in Indian Rupees unless otherwise stated

	<b>For the year ended 31 March 2013</b>	For the year ended 31 March 2012
<b>20 Other Expenses</b>		
Audit Fees, Legal & Professional Fees	2,427,753	2,438,087
Travel and conveyance	9,676,673	9,429,086
Rent	4,794,557	4,625,700
Repairs and maintenance		
- Plant and machinery	22,711,889	23,773,345
- Others	20,377,212	12,999,353
Communication	6,610,183	6,266,054
Insurance	7,807,322	3,883,992
Provision for doubtful debts	-	925,812
Rates and taxes	1,383,913	1,375,125
Miscellaneous expenses	4,686,929	1,661,534
Printing & Stationery	9,822,046	5,650,004
Fees & Licenses	21,643,384	15,123,376
Directors' sitting fees	145,000	120,000
<b>Total</b>	<b>112,086,861</b>	<b>88,271,468</b>
<b>Payment to auditor (included under Audit Fees, Legal &amp; Professional Fees )</b>		
<b>As auditor:</b>		
Audit fee	500,000	500,000
Limited review	-	-
Service Tax	61,800	51,500
<b>In other capacity:</b>		
Other services	-	200,000
Reimbursement of expenses	-	-
<b>Total</b>	<b>561,800</b>	<b>751,500</b>
<b>21 Selling Expenses</b>		
Advertisement and marketing expenses	58,232,591	31,696,353
<b>Total</b>	<b>58,232,591</b>	<b>31,696,353</b>
<b>22 Finance Costs</b>		
Interest		
- on Term Loans	268,920,303	118,810,147
- others (On Working Capital)	23,921,108	1,521,509
Other Interest and Finance Charges	2,480,274	2,002,530
<b>Total</b>	<b>295,321,685</b>	<b>122,334,186</b>



**23. NOTES FORMING PART OF FINANCIAL STATEMENTS****23.1 Taxation**

In view of the carried forward unabsorbed depreciation, provision for current tax has been made in accordance with the provisions of Section 115JB (Minimum Alternate tax) of the Income Tax Act, 1961.

**23.2 Deferred Tax**

The net deferred tax (liability)/ asset is on account of

Particulars	31st March 2013 Rs	31st March 2012 Rs
<b>Assets:</b>		
Carry forward unabsorbed depreciation	13,36,92,000	Nil
Carry forward Loss	4,01,96,000	-
Provision for expenses allowable on payment basis	36,51,000	33,63,000
<b>Liability:</b>		
Difference between tax and book written down value of fixed assets	(22,09,98,254)	(16,97,50,546)
Net Deferred Tax (Liability)/Asset	(4,34,59,254)	(16,63,87,546)

**23.3 Contingent Liabilities to the extent not provided for**

Claims against the Company not acknowledged as debt

Demands raised against the company under  
Central Excise Act, 1944

17,51,173 15,48,820

Other Contingencies

87,29,532 20,19,920

**Total**

**1,04,80,705 35,68,740**

**23.4 Cumulative Preference Dividend**

(Including Tax) Not provided for

62,76,015 -

**23.5 Capital Commitments**

Estimated amount of contracts remaining to be executed on

- -

Capital account and not provided for (Net of advances)

7,58,14,655 4,68,64,122

**23.6 Other Financial Information**

Outstanding Bank Guarantees

1,80,37,513 97,19,500

Letter of Credit

- 35,11,179

**23.7 The future minimum lease payments in respect of the properties taken by the Company under operating lease arrangements are as follows:**

(i) Not later than one year

51,74,010 44,72,075

(ii) Later than one year and not later than five years

91,58,974 1,15,30,560

(iii) Later than five years

1,18,06,716 1,42,70,534

Lease rental debited to profit and loss account

47,94,557 46,25,700



**NOTES FORMING PART OF FINANCIAL STATEMENTS CONTD.,**

	<b>Year ended March 31, 2013 Rs.</b>	<b>Year Ended March 31, 2012 Rs.</b>
23.8 CIF Value of Imports Capital Goods, Stores & Spares Food and Beverages	1,70,09,651 73,55,231	4,06,67,677 1,08,62,291
23.9 Earnings in foreign currency (represents money received through international credit cards and travellers cheques) on account of Hospitality Services provided to foregin visitors/ tourists	32,74,38,072	34,62,99,060
23.10 <b>(A)</b> Expenditure in foreign currency (on payment basis)		
a. Travelling Expenses	7,43,006	9,18,622
b. Management fees (Basic, Sales & Marketing, Incentive Fees & Promotions)	2,58,15,295	3,95,25,496
c. Travel Agent Commission	16,84,243	10,52,340
d. Foreign Consultants	20,10,209	1,04,20,519
e. Salary	23,47,008	41,92,591
f. Interest on ECB Loan	4,54,37,215	2,35,53,993
<b>(B)</b> Amount remitted in foreign currency (on account of dividend)	Nil	Nil

**23.11 Information relating to**

a. Food and Beverages

<b>Particulars</b>	<b>Year ended March, 31, 2013</b>		<b>Year Ended March, 31, 2012</b>	
	Food, Beverages (excluding wine and liquor) and smokes Rs.	Wine and Liquor Rs.	Food, Beverages (excluding wine and liquor) and smokes Rs.	Wine and Liquor Rs.
Sales	31,79,71,443	5,55,84,320	21,68,75,492	7,42,88,481
Opening Stock	72,39,442	1,37,24,871	29,46,097	78,64,779
Purchases	10,60,32,290	1,59,99,722	10,60,54,198	2,41,15,407
Consumption	10,95,65,333	1,84,78,026	10,17,60,853	1,82,55,315
Closing Stock	37,06,399	1,12,46,566	72,39,442	1,37,24,871



NOTES FORMING PART OF FINANCIAL STATEMENTS CONTD.,

23.11 b. Value of imported and indigenous raw materials (food and beverages and smokes) consumed during the year and percentage thereof to total consumption.

Particulars	Year ended March, 31, 2013		Year Ended March, 31, 2012	
	Rs.	%	Rs.	%
Imported	79,05,102	6	58,94,306	5
Indigenous	12,01,38,258	94	11,41,21,862	95
Total	12,80,43,360	100	12,00,16,168	100

	Year Ended March 31,2013 Rs.	Year Ended March 31,2012 Rs.
<b>23.12 Earnings Per Share</b>		
Profit / (Loss) as per profit and loss account	(25,75,08,556)	1,49,88,971
Add: Preference Dividend not provided for including tax	(62,76,015)	-
<b>Total</b>	<b>(26,37,84,571)</b>	<b>1,49,88,971</b>
Weighted average number of shares outstanding	8,11,55,718	8,11,55,718
Earnings per share	(3.25)	0.18

23.13 Segment information :

The Company's business activities comprise of hospitality services only and accordingly there are no separate reportable segments as per Accounting Standard 17 (Segment Reporting)

23.14 Amount of Dividend proposed to be distributed to equity & Preference shareholders and the related amount per share

	Year Ended March 31,2013 Rs.	Year Ended March 31,2012 Rs.
Equity	-	-
Preference Shares (6% per Preference Shares of Rs.10/- each)	-	54,00,000

23.15 Employee Benefits as per AS-15 (Revised)

A. Gratuity

(i) Change in Present value of Benefit Obligation

(in Rupees)

S.No	Particulars	March 31,2013	March 31,2012
01	Present value of Benefit obligation at the beginning of the period	58,62,016	49,20,019
02	Current Service Cost	12,94,598	11,26,129
03	Interest Cost	4,73,502	3,80,671
04	Benefits paid	(4,50,184)	(3,23,269)
05	Actuarial (Gain)/ Loss	(4,40,957)	(2,41,534)
06	Present value of Benefit obligation at the end of the period	67,38,975	58,62,016



**NOTES FORMING PART OF FINANCIAL STATEMENTS CONTD.,**

**23.15 A. (ii) Amounts recognised in the Balance Sheet** (in Rupees)

S.No	Particulars	March 31,2013	March 31,2012
1.	Projected Benefit Obligation at the end of the period	67,38,975	58,62,016
2.	Fair Value of Plan assets at the end of the period	-	-
3.	Funded Status of the plans - Liability/(Assets)	67,38,975	58,62,016
4.	Liability recognised in the Balance Sheet	67,38,975	58,62,016

**(iii) Amounts recognised in the statement of Profit and (Loss)** (in Rupees)

S.No	Particulars	March 31,2013	March 31,2012
1.	Current Service Cost	12,94,598	11,26,129
2.	Interest Cost	473502	3,80,671
3.	Expected return on Plan Assets	-	-
4.	Net Actuarial (Gain)/Loss recognised in the period	(4,40,957)	(2,41,534)
5.	Net Cost	13,27,143	12,65,266

**(iv) Principal Actuarial Assumptions**

S.No	Particulars	March 31,2013	March 31,2012
1.	Discount Rate	7.8%	8.4%
2.	Salary Escalation	5.0%	5.0%
3.	Attrition rate	24.0%	24.0%

**B. Leave encashment**

S.No	Actuarial Assumptions	March 31,2013	March 31,2012
1.	Discount Rate	7.8%	8.4%
2.	Salary Escalation	5.0%	5.0%
3.	Attrition rate	24.0%	24.0%
4.	Liability recognised in the Balance Sheet	20,07,937	11,80,532

**23.16** The Company has not received any memorandum (as required to be filed by the supplier with the notified authorities under the Micro Small and Medium Enterprises Development Act, 2006) claiming their status as Micro, Small and Medium Enterprises. Accordingly, the amount paid/ payable to these parties is considered to be - **NIL**.

**23.17 Related party/ Disclosures**

**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 & Welfare Society PGP Hotels and Resorts India Private Limited	Enterprises in which Key management personnel exercise significant influence
2	Dr.Palani G Periasamy - Chairman Mrs Visalakshi Periasamy- Vice Chairman Mr A Sennimalai - Managing Director	Key Management Personnel

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.



**NOTES FORMING PART OF FINANCIAL STATEMENTS CONTD.,**

23.17 c) Particulars of transactions with related parties during the year ended March 31,2013

Figures within bracket represent previous year's figures (Amount in Rupees)

Particulars	DSCL	DFL	ADL	DDPL	Key Management Personnel	Total
<b>Transaction During the year</b>						
Travel Services received		3,44,57,479 (3,39,58,482)				3,44,57,479 (3,39,58,482)
Rent Paid					29,31,557 (27,62,700)	29,31,557 (27,62,700)
Rent Received		60,000 (60,000)				60,000 (60,000)
Remuneration					49,06,586 (62,70,055)	49,06,586 (62,70,055)
Inter Corporate Deposit		Nil (25,00,000)	20,33,00,000 (3,05,00,000)		5,80,68,422 (Nil)	26,13,68,422 (3,30,00,000)
Interest on inter Corporate Deposits	Nil (Nil)	Nil (20,548)	1,64,75,573 (29,20,274)		35,48,873 (Nil)	2,00,24,446 (29,40,822)
<b>Balances at year end</b>						
Sundry Creditors		1,07,26,781 (47,43,537)	67,97,372 (68,73,668)		59,58,967 (26,27,288)	2,34,83,120 (96,94,527)
Capital advances /Application Money Refund				Nil (112786)		Nil (112,786)
Deposits	Nil	Nil	23,38,00,000 (3,05,00,000)		5,99,65,922 (18,97,500)	29,37,65,922 (3,23,97,500)
Interest receivable/ Payable on Inter Corporate Deposits		Nil Nil	1,74,56,262 (29,20,274)		31,93,986 (Nil)	2,06,50,248 (29,20,274)

**23.18 The previous year figures have been reclassified to conform to current year's classification**

**For K.RAMKRISH & CO.,**  
Firm Regn. No. 003017S  
Chartered Accountants

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

**K.MURALI**  
Partner  
Membership No.: 29294

**Dr. Palani G Periasamy**  
Chairman

**Visalakshi Periasamy**  
Vice Chairman

**A Sennimalai**  
Managing Director

**Chennai**  
**June 29, 2013**



**Cash Flow Statement for the year ended 31 March, 2013**

All amounts are in Indian Rupees unless otherwise stated

Particulars	For the year ended 31 March, 2013		For the year ended 31 March, 2012	
<b>A. Cash flow from operating activities</b>				
Net Profit / (Loss) before extraordinary items and tax		380,436,848		8,202,826
Adjustments for:				
Depreciation and amortization	256,785,520		136,107,150	
Provision for impairment of fixed assets and intangibles				
Amortisation of share issue expenses and discount on shares				
(Profit) / loss on sale / write off of assets	(2,682,857)		(990,417)	
Expense on employee stock option scheme				
Finance costs	295,321,685		122,334,186	
Interest income	(4,477,645)		(4,776,765)	
Dividend income				
Net (gain) / loss on sale of investments				
Rental income from investment properties				
Rental income from operating leases				
Share of profit from partnership firms				
Share of profit from AOPs				
Share of profit from LLPs				
Liabilities / provisions no longer required written back	(4,207,847)		-	
Adjustments to the carrying amount of investments				
Provision for losses of subsidiary companies				
Provision for doubtful trade and other receivables, loans and advances				
Provision for estimated loss on derivatives				
Provision for warranty				
Provision for estimated losses on onerous contracts				
Provision for contingencies				
Other non-cash charges (specify)				
Net unrealised exchange (gain) / loss				
		540,738,857		252,674,155
Operating profit / (loss) before working capital changes		160,302,008		260,876,981
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Inventories	8,667,847		(1,537,093)	
Trade receivables	7,844,563		4,435,348	
Short-term loans and advances	30,607,200		(49,634,156)	
Long-term loans and advances	(10,125,499)		(13,992,038)	
Other current assets	96,227		5,180,595	
Other non-current assets	(2,800,000)		-	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	46,858,727		19,936,343	
Other current liabilities	(10,302,345)		2,534,108	
Other long-term liabilities	(64,788,286)		181,633,177	
Short-term provisions	1,469,272		(15,174,354)	
Long-term provisions	975,390		(1,200,009)	
		8,503,097		132,181,922
Cash flow from extraordinary items		168,805,105		393,058,903
Cash generated from operations		168,805,105		393,058,903
Net income tax (paid) / refunds		10,739,021		5,493,827
<b>Net cash flow from / (used in) operating activities (A)</b>		<b>179,544,126</b>		<b>398,552,730</b>



**Cash Flow Statement for the year ended 31 March, 2013 (Contd.)**

All amounts are in Indian Rupees unless otherwise stated

Particulars	For the year ended 31 March, 2013		For the year ended 31 March, 2012	
<b>B. Cash flow from investing activities</b>				
Capital expenditure on fixed assets, including capital advances	(108,842,259)		(709,701,612)	
Proceeds from sale of fixed assets	11,504,187		1,000,000	
Inter-corporate deposits (net)				
Bank balances not considered as Cash and cash equivalents				
- Placed				
- Matured				
Current investments not considered as Cash and cash equivalents				
- Purchased				
- Proceeds from sale				
Purchase of long-term investments				
- Subsidiaries				
- Associates				
- Joint ventures				
- Business units				
- Others	(4,362,000)		-	
Proceeds from sale of long-term investments				
- Subsidiaries				
- Associates				
- Joint ventures				
- Business units				
- Others				
Loans given				
- Subsidiaries				
- Associates				
- Joint ventures				
- Others				
Loans realised				
- Subsidiaries				
- Associates				
- Joint ventures				
- Others				
Interest received				
- Subsidiaries				
- Associates				
- Joint ventures				
- Others	4,477,645		4,776,765	
Dividend received				
- Subsidiaries				
- Associates				
- Joint ventures				
- Others				
Rental income from investment properties				
Rental income from operating leases				
Amounts received from partnership firms				
Amounts received from AOPs				
Amounts received from LLPs		(97,222,427)		(703,924,847)
Cash flow from extraordinary items		-		-
		(97,222,427)		(703,924,847)
Net income tax (paid) / refunds		-		-
		(97,222,427)		(703,924,847)
<b>Net cash flow from / (used in) investing activities (B)</b>		<b>(97,222,427)</b>		<b>(703,924,847)</b>



**Cash Flow Statement for the year ended 31 March, 2013 (Contd.)**

All amounts are in Indian Rupees unless otherwise stated

Particulars	For the year ended 31 March, 2013		For the year ended 31 March, 2012	
<b>C. Cash flow from financing activities</b>				
Proceeds from issue of equity shares				
Proceeds from issue of preference shares				
Redemption / buy back of preference / equity shares				
Proceeds from issue of share warrants				
Share application money received / (refunded)				
Proceeds from long-term borrowings	814,359,944		655,912,860	
Repayment of long-term borrowings	(616,578,881)		(170,701,298)	
Net increase / (decrease) in working capital borrowings	33,041,150		(763,645)	
Proceeds from other short-term borrowings				
Repayment of other short-term borrowings				
Finance cost - Net off Interest accrued	(295,321,685)		(102,951,146)	
Dividends paid	(6,276,015)		(6,276,015)	
Tax on dividend		(70,775,487)		375,220,755
Cash flow from extraordinary items			-	
<b>Net cash flow from / (used in) financing activities (C)</b>		<b>(70,775,487)</b>		375,220,755
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>		<b>11,546,212</b>		69,848,638
Cash and cash equivalents at the beginning of the year		118,001,364		48,152,725
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents				
<b>Cash and cash equivalents at the end of the year</b>		<b>129,547,575</b>		<b>118,001,363</b>
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>				
Cash and cash equivalents as per Balance Sheet		129,547,575		118,001,364
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements		22,279,724		21,724,453
Net Cash and cash equivalents		<b>107,267,851</b>		96,276,911
Add: Current investments considered as part of Cash and cash equivalents		-		-
<b>Cash and cash equivalents at the end of the year *</b>				
* Comprises:				
(a) Cash on hand		1,071,330		1,709,670
(b) Cheques, drafts on hand		243,348		272,883
(c) Balances with banks				
(i) In current accounts		105,953,173		10,942,972
(ii) In EEFC accounts				
(iii) In deposit accounts with original maturity of less than 3 months		-		83,351,386
(iv) In earmarked accounts				
(d) Others (specify nature)				
(e) Current investments considered as part of Cash and cash equivalents		107,267,851		96,276,911

**Notes:**

(i) The Cash Flow Statement reflects the combined cash flows pertaining to continuing and discounting operations.

(ii) These earmarked account balances with banks can be utilised only for the specific identified purposes.

**See accompanying notes forming part of the financial statements**

As per our report of even date

**For K.RAMKRISH & CO.,**  
Firm Regn. No. 003017S  
Chartered Accountants

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

**K.MURALI**  
Partner  
Membership No.: 29294

**Dr. Palani G Periasamy**  
Chairman

**Visalakshi Periasamy**  
Vice Chairman

**A Sennimalai**  
Managing Director

**Chennai**  
**June 29, 2013**





## APPU HOTELS LIMITED



### APPU HOTELS LIMITED

**Regd. Office :** "PGP House" New No. 59, (Old No.57) Sterling Road,  
Nungambakkam, Chennai 600 034.  
Phone Nos. 91-44-2825 4176, 2831 1313

### ADMISSION SLIP

To be handed over at entrance of Meeting Hall

Folio/DP No : \_\_\_\_\_ Shares : \_\_\_\_\_

Client ID : \_\_\_\_\_

I hereby record my presence at the

### Twenty Seventh Annual General Meeting

Venue: Le Royal Meridien Date: 30th September 2013  
No. 1, GST Road, St. Thomas Mount, Time: 3.00 p.m.  
Guindy, Chennai - 600 016.

Member / Proxy's name in Block Letters	Member/Proxy's Signature

### APPU HOTELS LIMITED



**Regd. Office :** "PGP House" New No. 59, (Old No.57) Sterling Road,  
Nungambakkam, Chennai 600 034.  
Phone Nos. 91-44-2825 4176, 2831 1313

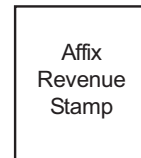
### PROXY FORM

I/We \_\_\_\_\_ Folio/DPID/CID No. \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ being a Member / Members of Appu Hotels Limited hereby  
appoint \_\_\_\_\_ of \_\_\_\_\_ or  
failing him \_\_\_\_\_ of \_\_\_\_\_ my/our proxy to attend and vote for me/us on my/our  
behalf at the Twenty Seventh Annual General Meeting of the Company to be held at Le Royal Meridien on  
**Monday, the 30th September 2013** and at any adjournment thereof.

Signed this \_\_\_\_\_ 2013

### FOR OFFICE USE ONLY

No. of Shares :  
Folio No. :  
D.P ID No. :  
Client ID No. :



Signature of Shareholders or Proxy

- Note:
1. The Proxy need NOT be a Member
  2. The Proxy Form 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.

Book-Post

To,



If Undelivered, Please return to

**APPU HOTELS LIMITED**

(Secretarial Division)

**"PGP HOUSE"**

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