



# APPU HOTELS LIMITED

**31<sup>st</sup>** ANNUAL  
REPORT  
2016-17



*Dr.Palani G Periasamy, Chairman and Directors on the Board of Appu Hotels Limited  
with Senior Management Team.*



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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		
Ms Ananthi Periasamy		
Mr. Anoop Bali	:	Nominee Director - TFCI
Mr A Sennimalai	:	Managing Director
<b>Chief Financial Officer</b>	:	<b>Mr B Murugesan</b>
<b>Auditors</b>	:	<b>M/s Ramkrish &amp; Co.,</b> Chartered Accountants New No 19 (Old No .9A) Bagavantham Street, T Nagar, Chennai 600 017
<b>Internal Auditors</b>	:	<b>M/s. Srinivasan &amp; Shankar</b> Chartered Accountants No.18/36 Second Floor, Karpagambal Nagar, Mylapore, Chennai 600 004
<b>Bankers &amp; Financial Institutions</b>	:	Indian Bank State Bank of India Bank of India IDBI Bank Ltd TFCI Ltd.
<b>Registered Office</b>	:	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 Website – www.appuhotels.com
<b>Hotels</b>	:	<b>Le Royal Meridien Chennai</b> 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  <b>Le Meridien Coimbatore</b> 762 Avinashi Road, Coimbatore – 641 062 Phone: 91-422- 4254343 Fax : 91-422-2364444 E-mail : ahlcoimbatore@pgpgroup.in  <b>Hotel Riverside Resort &amp; Spa, Kumbakonam</b> 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 31<sup>st</sup> 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 **Wednesday, the 27<sup>th</sup> September 2017** at 10.15 A.M. to transact the following business.

### ORDINARY BUSINESS

- 1 To receive, consider and adopt the audited Financial Statements including Balance Sheet as at 31<sup>st</sup> March 2017, 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 Palani G Periasamy, (DIN.00081002) who retires by rotation and being eligible offers himself for re-appointment.
- 3 To ratify the appointment of Auditors by passing, the following resolution:  
RESOLVED THAT pursuant to the provisions of Section 139, 142 of the Companies Act, 2013 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 ratification of the appointment of M/s. K. Ramkrish & Co., Chartered Accountants, Chennai as Statutory Auditors (Registration Number 003017S with the Institute of Chartered Accountants of India), who were reappointed in the Annual General Meeting on 30.09.2015 as Statutory Auditors, in terms of provisions of Section 141 of the Act, and rule 4 of the rules, to continue to hold office for the remaining period of 2 years from the conclusion of this meeting until the conclusion of the 33<sup>rd</sup> 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

4. **To consider and if thought fit, to pass with or without modification the following resolution as Ordinary Resolution.**

**Payment of remuneration to Mrs Visalakshi Periasamy, Executive Vice Chairman.**

“RESOLVED THAT pursuant to the procedure indicated in Part II Section II of Schedule V read with Section 196, 197 & 203, of the Companies Act, 2013 subject to such sanctions as may be necessary, approval and sanction of the company be and is hereby accorded to the payment of the following remuneration for a period of 3 years to the following Managerial Personnel of the Company having inadequate profits during the year 2016-17.

Mrs Visalakshi Periasamy, Vice Chairman	Salary Rs. 24 lakhs per annum.
-----------------------------------------	--------------------------------

5. **To consider and if thought fit, to pass with or without modification the following resolution as Special Resolution.**

**Re- appointment of Mr A Sennimalai, as Managing Director**

RESOLVED THAT pursuant to Sec 196 & 197 and Schedule V of the Companies Act 2013, and also subject to such other approvals or consents as may be necessary, approval of the shareholders is hereby accorded for the re appointment of Mr A Sennimalai as Managing Director for a further period of 5 years from 01.04.2017 to 31.03.2022 on the following terms & conditions.





1. Salary	Rs. 21,60,000.00
2. Perquisites	
- HRA	Rs. 3,00,000.00
- Leave Travel Allowance	Rs. 1,80,000.00
- Medical Allowance	Rs. 1,80,000.00
Total	Rs. 28,20,000.00

Provision of a car with driver for his use in discharge of his official duties and telephone at residence provided that personal long distance calls on telephone, shall be billed by the Company to the Managing Director.

In the event of absence or inadequacy of profits in any financial year of the Company during the period of appointment, the salary and other allowances aforementioned shall be regulated in accordance with Section II of Part II of Schedule V of the Companies Act, 2013.

Mr A Sennimalai shall not be liable to retirement by rotation under Section 152 of the Companies Act, 2013, so long as he holds the office of Managing Director.

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

**Appointment of Ms Ananthi Periasamy as a Director.**

**RESOLVED THAT** Ms Ananthi Periasamy (DIN -07643379) appointed as Additional Director of the Company with effect from 4<sup>th</sup> November 2016 by the Board of Directors pursuant to Section 161 of the Act and who holds office upto the date of this Annual General Meeting of the Company and whose name has been recommended by the Nomination and Remuneration Committee and in respect of whom the Company has received notice in writing along with a deposit of Rs. 1,00,000 (Rupees One lakh only) from a member under Section 160 of the Act proposing the candidature of Ms Ananthi Periasamy, for the office of Director be and is hereby appointed as a Non Executive Director of the Company, whose period of office will be liable to determination by retirement of directors by rotation.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts and to take all such steps as may be necessary, proper or expedient 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.

- 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.
- 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 number 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 Items 4,5 and 6 is 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

for Appu Hotels Limited  
N Subramanian  
President(Corporate Affairs)

Place : Chennai –34  
Date : 25.05.2017

### Route Map





**EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013.****Item No.4****Remuneration to Mrs Visalakshi Periasamy, Whole Time Director designated as Executive Vice Chairman.**

Mrs Visalakshi Periasamy, (DIN: 00064517)) was reappointed as Whole time Director designated as Executive Vice Chairman for a fresh period of 5 years from 20.01.2015 with the following remuneration. Approval of Shareholders was obtained through a Special Resolution in the Extra-Ordinary General Meeting held on 25<sup>th</sup> February 2015. Approval of the Government of India, Ministry of Corporate Affairs was also obtained, since she is a Non Resident Indian.

Particulars	Total for the year
Salary (fixed)	Rs.42,00,000.00
Perquisites	-

It was provided therein that in case there are no profits or if the profits are insufficient, payment of remuneration will be regulated within the limits, i.e., Rs.120 lakhs per year prescribed in Section II Part II of the Schedule V to the Companies Act, 2013 and after following the procedure prescribed. As the profits for the year 2016-17 are insufficient, the above procedure is being followed. As against this, Nomination and Remuneration Committee has recommended a reduced remuneration of Rs.24 lakhs as was paid during the previous year 2015-2016 due to absence of profits during the year 2016-17. Approval of the secured creditors has been obtained for this payment in terms of Schedule V of the Companies Act. Board of Directors has approved this payment.

**b) Interest of Directors, Key Managerial personnel and their relatives:**

- None of
- (i) Directors, except Dr Palani G Periasamy, Chairman and Ms Ananthi Periasamy, Director
  - (ii) Key Managerial Personnel (MD, CFO & CS), and
  - (iii) Relatives of the persons mentioned in (i) and (ii) are interested in the above said resolution.

**c) Relevance of Resolution in any other Company.-** The above resolution does not affect any other Company.

**d) Inspection of Documents -** No document is required to be kept for inspection





<b>I. General Information</b>	
1	Nature of industry Hospitality Services
2	Date or expected date of commencement of commercial production 06.04.1983
3	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus NA
4	Financial performance based on given indicators Given in the Board's Report
5	Foreign investments or collaborations, if any NIL
<b>II. Information about the appointee</b>	
1	Background details Mrs Visalakshi Periasamy belongs to the promoter group. She has been member of the Company since 1995. Mrs Visalakshi Periasamy, W/o Dr Palani G Periasamy is a paramedical specialist by profession. She was Director in PGP International, USA an organization which has been running a Hotel under franchise from Ramada Inn in USA. She has an overall experience of more than 25 years She has, therefore good exposure to general administration. She is also a Graduate in Business Administration (BBA), besides being a system analyst.
2	Past Remuneration Rs. 3.50 lakhs p.m. (Actual payment restricted to Rs.24 Lakhs for the year 2015-16).
3	Recognition or awards Nil
4	Job Profile and his suitability She has more than 20 years experience in General administration in the group.
5	Remuneration proposed Rs.24 Lakhs the same amount that as was paid in the Previous Year
6	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin) Rs. 60 to 72 Lakhs per annum plus Perquisites
7	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any. She holds 8533694 equity shares (9.51%) in Appu Hotels Ltd. She is the spouse of Dr Palani G Periasamy, Chairman.
<b>III. Other information</b>	
1	Reasons of loss or inadequate profits Hospitality Industry has not been profitable throughout the country for the last few years.
2	Steps taken or proposed to be taken for improvement Given In the Board's Report
3	Expected increase in productivity and profits in measurable terms Given In the Board's Report

Accordingly the Directors commend the resolution for approval of the Shareholders.

**Item No.5.****Re-appointment of Mr A Sennimalai, as Managing Director.**

Mr. A Sennimalai, Managing Director was appointed for a period of Five Years from 01.04.2012 to 31.03.2017 on a remuneration in the scale of 150000-15000-210000/-.

Mr A Sennimalai has completed 5 years as Managing Director on 31.03.2017. Considering his long association of 30 years with this group since 1987 and his experience and performance in execution of the Hotel projects, Board of Directors felt that his continued services will be beneficial to the Company despite his having attained the age of 70 years and has accordingly recommended his re-appointment as Managing Director for the further period of 5 years, on the same remuneration as was drawn by him for the year 2016-17. Proviso to Section 196 (3) of the Companies Act, 2013, permits such appointment through a special resolution by the shareholders. The Nomination and Remuneration Committee has also recommended his appointment.

Accordingly the Directors commend the resolution for approval of the Shareholders as a special resolution.

- b) Interest of Directors, Key Managerial personnel and their relatives: Nil**  
**c) Relevance of Resolution in any other Company.-** The above resolution does not affect any other Company.  
**d) Inspection of Documents -** No document is required to be kept for inspection

**Item No.6****Appointment of Ms Ananthi Periasamy as a Director.**

Ms Ananthi Periasamy (DIN -07643379), on the recommendation of the Nomination and Remuneration Committee to bring in fresh talent to the Board was appointed as an Additional Director with effect from 4<sup>th</sup> November 2016 by the Board in accordance with the Articles of Association and Section 161 of the Companies Act 2013. As per Section 161 of the Act, Ms Ananthi Periasamy holds office upto the date of this Annual General Meeting . The Company has received requisite notice in writing under Section 160 of the Act along with a deposit of Rs. 1,00,000 from a member proposing the candidature of Ms Ananthi Periasamy to be appointed as a Non-Executive Director at the ensuing AGM liable to retire by rotation. Ms Ananthi Periasamy has consented to the proposed appointment and submitted the requisite declarations

Ms Ananthi Periasamy a Non Resident Indian possesses requisite knowledge, experience and skill for the position of Director. She is 38 years old and is a graduate B.A in Business Administration with Specialization in Management and Finance.

The Board on receipt of the said notice from a member and on the recommendation of its Nomination and Remuneration Committee and subject to approval of members in the ensuing Annual General Meeting, has accorded its consent, to appoint Ms. Ananthi Periasamy as a Non-Executive Director liable to retire by rotation.

Ms Ananthi Periasamy will not be entitled for any remuneration as per the company policy for non-Executive Directors except sitting fees for attending board meetings.

Ms Ananthi Periasamy holds 583206 Equity Shares in the Company amounting to 0.65%. She is the daughter of Dr. Palani G Periasamy, Chairman and Mrs Visalakshi Periasamy, Executive Vice Chairman.

- b) Interest of Directors, Key Managerial personnel and their relatives:**  
None of (i) Directors, except Dr Palani G Periasamy, Chairman and Ms Visalakshi Periasamy, Executive Vice Chairman.  
(ii) Key Managerial Personnel (MD, CFO & CS), and  
(iii) Relatives of the persons mentioned in (i) & (ii) are interested in the above resolution.
- c) Relevance of Resolution in any other Company.-** The above resolution does not affect any other Company.  
**d) Inspection of Documents -** No document is required to be kept for inspection.

Accordingly the Directors commend the resolution for approval of the Shareholders.

By order of the Board

Place : Chennai –34  
Date : 25.05.2017

for Appu Hotels Limited  
N Subramanian  
President(Corporate Affairs)



## BOARD'S REPORT

All members,

Your Directors are pleased to present their 31<sup>st</sup> Annual Report on the operations of the Company and the audited financial statements of accounts for the year ended 31<sup>st</sup> March 2017.

### 1. FINANCIAL SUMMARY

(Rs. In lakhs)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Gross Revenue	9034.37	8819.96
Expenditure	6407.93	6424.92
Profit before Interest, Depreciation and Tax	2626.44	2395.04
Interest and Finance Charges	3768.37	3887.16
Depreciation	1965.54	2028.64
Profit / (Loss) before Tax	(3107.81)	(3520.76)
Current Tax	-	-
Deferred Tax/(Asset)	(567.51)	(728.00)
Net Profit/(Loss)	(2540.30)	(2792.76)
Dividend if any recommended	-	-
Transfer to Reserves proposed if any	-	-
Profit/(Loss) carried forward	(2540.30)	(2792.76)

### 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 Accounts during the F.Y. 2016-2017.

(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 2016-17 for all the hotels was Rs.9034.37 lakhs as against

Rs.8819.96 lakhs in the previous year registering a moderate increase of 2.4%. The GOP for the year was Rs.2626.44 lakhs as against Rs.2395.04 lakhs in the previous year. The GOP percentage also increased to 29% from the earlier 27%. The net loss after interest, depreciation and tax works out to Rs.2540.30 lakhs as against the loss of Rs.2792.76 lakhs in the previous year representing a slight reduction in the loss.

In Le Royal Meriden Chennai, average occupancy for the year was 53%, the same as in the previous year. The average room revenue for the year was Rs.4894 as against Rs.4936 in the previous year. Fall in the average revenue is mainly on account of matching the rates with competition. The total income for the year 2016-17 was Rs.4613 lakhs as against Rs.4817 lakhs in the earlier year. The GOP for the year was





Rs.1156 lakhs as against Rs.1273 lakhs in the previous year. The GOP percentage works out to 25% as against 26% in the previous year. The net loss after interest and depreciation for the year works out to Rs. 45 lakhs as against the loss of Rs.17 lakhs in the previous year.

The overall performance of Coimbatore hotel for the year 2016-17 has shown improvement over the previous year. The occupancy level has improved to 44% against 40% in the previous year.

Though average room revenue for the year was Rs.4981 as against Rs.5194 in the previous year, the REVPAR has increased to Rs.2179 from the previous year's Rs.2063. The total income for the year was Rs.4307 lakhs as against Rs.3893 lakhs in the previous year, showing an increase of 10.63%. The GOP for the year was Rs.1493 lakhs as against Rs.1164 lakhs in the previous year. However, the overall operations for the year after interest and depreciation have resulted in a loss of Rs.3004 lakhs as against the loss of Rs.3427 lakhs in the earlier year.

The performance of the Kumbakonam hotel has not shown any improvement. The occupancy level for the year was 26% as against 29% in the earlier year, though the Average Room Recovery has increased to Rs.3087 from Rs.2269 in the previous year. However, on account of reduction in the occupancy level, the REVPAR has come down to Rs.802 from Rs.907. The total income for the year is Rs.114 lakhs as against Rs.110 lakhs in the previous year. The operating loss for the year works out to Rs.23 lakhs as against the loss of Rs.40 lakhs in the previous year. The net loss after depreciation works out to Rs.57 lakhs as against the loss of Rs.76 lakhs in the previous year.

## 5. PLAN OF ACTION

Your Company is regular in meeting the commitments to Lenders as per the restructuring scheme. The renovation of the Chennai Hotel is also in progress without causing inconvenience to guests. 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 disposal of the said land in whole or in parts by way of land parcels is being examined from various angles so as to derive optimum value realisation.

## 6. OUTLOOK

The performance of the Coimbatore Hotel so far during the current year has shown an uptrend and it is hoped that the Coimbatore property would acquit itself reasonably well during the year if the current trend continues. On the other hand, Chennai hospitality market continues to remain competitive and we are not sparing any effort to improve the yield and performance of the Chennai property.

## 7. (A) MATERIAL CHANGES AND COMMITMENTS

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. The paidup capital has increased by Rs.8.56 Crores to Rs.98.71 crores and security premium by Rs. 25.67 crores to Rs. 72.43 crores due to issue of 8555515 equity shares at a premium of Rs.30/- per share during the year.

(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 2016-17	4998.58
Previous Financial Year 2015-16	4116.67
Variations – increase/(decrease)	881.91





### 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. Hence no report on subsidiary, associate, joint venture Company is provided.

### 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.

1. Dr Palani G Periasamy	Rs. 54,50,000.00
2. Mrs Visalakshi Periasamy	Rs.19,78,155.00

### 12. STATUTORY AUDITORS

M/s K. Ramkrish & Co., Chartered Accountants (Firm Regn. No. 003017S), Chennai are eligible to continue as Statutory Auditors for the next 2 years and as they have indicated their consent, they are being continued as Statutory Auditors for a period of 2 years from the conclusion of this Annual General Meeting, subject to ratification by shareholders.

### 13. AUDITOR'S REPORT

Auditor's report indicating their unmodified opinion is attached. There were no qualifications, reservation or adverse remarks or disclaimer made by the Auditors in their 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 2017 is attached.

There is one observation relating to delay in appointment of Company Secretary as required by Section 203 of the Act. The Company's explanation is as follows:

The Company has advertised for suitable candidates. Though the response has been poor, two candidates who were selected at different periods failed to report at the last moment. The Company is however continuing its efforts to select a qualified and competent Company secretary at the earliest and hopes to be compliant soon.

### 15. SHARE CAPITAL

Against the total authorized Capital of Rs.115 crores, as at 31.03.2017, the Company's paid up equity share capital is Rs.89.71 crores and preference capital is Rs.9.00 crores.

The Company had allotted 8555515 equity shares during the year on Rights basis at a





premium of Rs.30/- per share to the existing shareholders pursuant to the resolution passed at the meeting of the Board of Directors held on 12th August 2016. The paid up equity capital has gone up from Rs.81.15 crs to Rs. 89.71 crs and securities premium account has increased from Rs. 46.76 crs to Rs. 72.43 crs besides the preference share capital of Rs 9 crs.

#### 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 Palani G Periasamy, Chairman (DIN.000810022) 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.

Mr A Sennimalai, Managing Director whose tenure came to a close on 31.03.2017 has been reappointed as Managing Director for a further period of 5 years from 1.4.2017 to 31.03.2022.

On the basis of recommendations by the Nomination and Remuneration Committee, Ms Ananthi Periasamy who has been a Additional Director in the Company from 4-11-2016 is recommended for regular appointment.

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.

#### 20. BOARD MEETINGS

During the year 2016-17 four Board Meetings were held on 26.05.2016, 12.08.2016, 04.11.2016 and 10.02.2017.

The names of Directors and their attendance at the Board Meetings during the year and the last Annual General Meeting as also number of other Directorships are given below.

Sl. No	Name of the Director	Category of Directorship	No. of Board Meetings Attended
1	Dr Palani G Periasamy	Chairman - Non Executive	4
2	Mrs. Visalakshi Periasamy	Vice Chairman - Executive	2
3	Mr A Sennimalai	Managing Director - Executive	3
4	Mr. K Kandasamy	Executive	4
5	Dr V Janakiraman	Non Executive	1
6	Dr M C Thirumoorthi	Independent Director	1
7	Mr C Ramachandran	Independent Director	4
8	Dr A Sakthivel	Independent Director	3
9	Mr Anoop Bali	Nominee Director -TFCI	2
10	Ms Ananthi Periasamy (Appt. on 4.11.2016)	Non Executive	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. Attendance details to the given below





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

Mr C Ramachandran is the Chairman of the Audit Committee. During the year 2016-17 the Audit Committee met on 26.05.2016, 12.08.2016, 04.11.2016 and 10.02.2017. 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 2016-17 the Committee met once on 28.03.2017. Attendance details to the given below

Sl. No	Name of the Director	Category of Directorship	No. of Meetings Attended
1	Dr Palani G Periasamy	Chairman -Non Executive	1
2	Visalakshi Periasamy	Vice Chairman - Executive	1
3	Mr A Sennimalai	Managing Director - Executive	1
4	K Kandasamy	Executive	1
5	Mr C Ramachandran	Independent Director	1

### 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 29.05.2016, 04.11.2016 and 10.02.2017. Attendance details to the given below

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

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 for 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.

But the Company has invested a sum of Rs.74,70,830/- in 2,90,413 equity shares of Clarion Wind Firm (P) Ltd, and Chemplast Sanmar Limited to enable the Company to be treated as captive power consumer and to avail concessional supply of electric power. The details of the investments made by Company are given in the notes to the financial statements. The quantum of investments is being regulated depending upon the consumption of power availed through them as per TNEB/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.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
	(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 2016-17 is regulated in accordance with Section 197 and Schedule V, Part II, Section II as there are no profits.



As the profits of the Company for the year were inadequate, remuneration within the prescribed limits as given in D (i) above has been proposed to be paid. Approval of the Shareholders in accordance with Schedule V Part II Section II of the Companies Act, 2013 for making this payment to the Managing Director for a period of 3 years has been obtained through a special resolution in the Annual General Meeting held on 25th September 2015. This is valid for the years 2014-15, 2015-16 and 2016-17. Similar approval in regard to Mrs Visalakshi Periasamy is proposed in this Annual General Meeting.

### **28. 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.

### **29. CORPORATE GOVERNANCE CERTIFICATE**

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

### **30. 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.

### **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 2016-17.

### **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 have the option to hold their shares in demat form (i.e., electronic mode) either through the NSDL or CDSL. Holding of shares in demat form is desirable, though is not compulsory. 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 physical share certificates to demat form for ease and safety.

The Shareholding details as on 31.03.2017.

Sl.No	Particulars	No of Shares	%
	Dematerialized		
01	NSDL	36654100	40.86
02	CDSL	2604	0.00
	Physical	53054529	59.14
	Total	89711233	100.00

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

#### 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

Place : Chennai –34  
Date : 25.05.2017

for Appu Hotels Limited  
Dr. Palani G. Periasamy  
Chairman





**ANNEXURE I TO THE BOARD'S REPORT**

Information pursuant to the Companies Disclosure 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)

	2016-17	2015-16
A. Conservation of Energy	As in Annexure given below	
B. Technology absorption	-	-
C. Foreign Exchange Earnings	1771.27	1781.08
D. Foreign Exchange outgo	456.72	633.23

**A. Conservation of Energy – measures taken.**

Sl.No.	PARTICULARS	Energy saved (Rs. Lakhs)
1	The steps taken or impact on conservation of energy – Replacement by energy efficient LED/LCD lamps.	15.05
2	The steps taken by the Company for utilizing alternate sources of energy – Purchase of Wind mill power	68.68
3	The Capital investment on energy conservation equipments	115.37

By order of the Board

Place : Chennai –34  
Date : 25.05.2017

for Appu Hotels Limited  
Dr. Palani G. Periasamy  
Chairman



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

As on the financial year ended on 31st March, 2017

[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.57 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	5520	100
		5610	
		5621	

**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 01.04.2016				No. of Shares held at the end of the year 31.03.2017				% 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	539449	539449	0.66	0	3025898	3025898	3.37	2.71
B. Central/ State Government	0	0	0	0.00	0	0	0	0.00	0.00
C. Bodies Corporate	0	14450249	14450249	17.81	0	20475249	20475249	22.82	5.02
D. Financial Institutions/ Banks	0	0	0	0.00	0	0	0	0.00	0.00
E. Any Other			0	0.00			0	0.00	0.00
Sub - Total (a)(1)	0	14989698	14989698	18.47	0	23501147	23501147	26.20	7.73
2 Foreign									
A. Individuals (non-resident Individuals/ ' foreign Individuals)	0	16409472	16409472	20.22	0	16409472	16409472	18.29	-1.93
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			0	0.00			0	0.00	0.00
Sub - Total (a)(2)	0	16409472	16409472	20.22	0	16409472	16409472	18.29	-1.93
Total Share Holding Of Promoter And Promoter Group (a) = (a)(1)+(a)(2)	0	31399170	31399170	38.69	0	39910619	39910619	44.49	5.80
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	6500	49712	56212	0.07	8574	49712	58286	0.06	0.00
I Individual Shareholders 'holding Nominal Share Capital In Excess Of Rs Rs. 1 Lakh	188116	591401	779517	0.96	225545	591401	816946	0.91	-0.05
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	35931706	12975023	48906729	60.26	35936269	12975023	48911292	54.52	-5.74
Sub - Total (b)(2)	36128926	13627622	49756548	61.31	36172992	13627622	49800614	55.51	-5.80
Total Public Shareholding '(b) = (b)(1)+(b)(2)	36128926	13627622	49756548	61.31	36172992	13627622	49800614	55.51	-5.80
Total (a)+(b)	36128926	45026792	81155718	100.00	36172992	53538241	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)	36128926	45026792	81155718	100.00	36172992	53538241	89711233	100.00	0.00



(ii) SHARE HOLDING OF PROMOTERS

SI No.	Shareholders Name	Shareholding at the beginning of the year 01.04.2016			Shareholding at the end of the year 31.03.2017			% 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	7275721	8.97	8.97	8652431	9.64	8.22	0.67
2	Mrs Visalakshi Periasamy	7757703	9.56	9.56	8533694	9.51	8.65	-0.05
3	Dr Jayanthi Periasamy	302185	0.37	0.00	302185	0.34	0.00	-0.03
4	Santhi Periasamy	499769	0.62	0.00	583206	0.65	0.00	0.03
5	Nalini Periasamy	587739	0.72	0.00	671716	0.75	0.00	0.03
6	Ananthi Periasamy	499769	0.62	0.00	583206	0.65	0.00	0.03
7	Vikram Kumar	26035	0.03	0.00	109472	0.12	0.00	0.09
8	Dharani Credit & Finance (P) Ltd	4441356	5.47	0.00	4441356	4.95	0.00	-0.52
9	Dharani Sugars & Chemicals Ltd	5121500	6.31	0.00	5121500	5.71	0.00	-0.06
10	Dharani Developers (P) Ltd	4887393	6.02	0.00	10912393	12.16	0.00	6.14
	Total	31399170	38.69	18.52	39910619	44.49	16.87	5.80

(iii) Charges in shareholdings of Promoters

SI. No.	Name of the Shareholder	Shareholding at the beginning of the year -01.04.2016		Cumulative Shareholding during the year-31.03.2017		REASON
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company	
1	Dr Palani G Periasamy	7275721	8.97			
	Purchase of Shares -12.08.2016	1376710		8652431	9.64	
2	Mrs Visalakshi Periasamy	7757703	9.56			
	Purchase of Shares -12.08.2016	775991		8533694	9.51	
3	Dr Jayanthi Periasamy	302185	0.37	302185	0.34	
4	Santhi Periasamy	499769	0.62			
	Purchase of Shares -12.08.2016	83437		583206	0.65	
5	Nalini Periasamy	587739	0.72			
	Purchase of Shares -12.08.2016	83437		671716	0.75	
6	Ananthi Periasamy	499769	0.62			
	Purchase of Shares -12.08.2016	83437		583206	0.65	
7	Vikram Kumar	26035	0.03			
	Purchase of Shares -12.08.2016	83437		109472	0.12	
8	Dharani Credit & Finance (P) Ltd	4441356	5.47	4441356	4.95	
9	Dharani Sugars & Chemicals Ltd	5121500	6.31	5121500	5.71	
10	Dharani Developers (P) Ltd	4887393	6.02			
	Purchase of Shares -12.08.2016	6025000		10912393	12.16	



(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 01.04.2016		Cumulative Shareholding during the year 31.03.2017	
		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	7.88	6393756	7.13
2	Arunkumar Veluchamy	4269119	5.26	4269119	4.76
3	Dr T R Shantha	4020684	4.95	4020684	4.48
4	Prabha Mohan	3904989	4.81	3904989	4.35
5	Anuradha Veluchamy	3845158	4.74	3845158	4.29
6	Muthusami Kuppusami	2114969	2.61	2114969	2.36
7	Saraswathi Ramachandran	1013822	1.25	1013822	1.13
8	Vani Thirumoorthi	923586	1.14	923586	1.03
9	Dr Murugiah Mani	873631	1.08	873631	0.97
10	Dr R G Krishnan/Jyothi Krishnan	821854	1.01	821854	0.92
	At the beginning of the year	28181568	34.73		
	At the end of the year			28181568	31.41

(v) Shareholding of Directors & KMP

Directors					
1	Dr Palani G Periasamy	7275721	8.97	8652431	9.64
2	Mrs Visalakshi Periasamy	7757703	9.56	8533694	9.51
3	Mr A Sennimalai	70716	0.09	81595	0.09
4	Mr K Kandasamy	105100	0.13	121254	0.14
5	Dr V Janakiraman	3706902	4.57	3706902	4.13
6	Dr M C Thirumoorthi	404974	0.50	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
	Total A	19321116	23.82	22084056	24.62
Key Managerial Personnel					
11	Mr B Murugesan	0	0.00	0	0.00
	At the beginning of the year	19321116	23.82	22084056	24.62
	At the end of the year	19321116	23.82	22084056	24.62

- Ms Ananthi Periasamy appointed as a director with effect from 04.11.2016



**VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

(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.	2160000.00	2400000.00	4560000.00
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	660000.00	0	660000.00
	(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)	2820000.00	2400000.00	5220000.00
	Ceiling as per the Act	6000000.00	6000000.00	12000000.00

**V B. REMUNERATION TO OTHER DIRECTORS**

Rupees

SI.No	Particulars of Remuneration					Total Amount
		Dr M C Thirumoorthi	Dr A Sakthivel	Mr C Ramachandran	Ms. Ananthi Periasamy	
1	<b>Independent Directors</b>					
	(a) Fee for attending board committee meetings	10000.00	40000.00	60000.00	5000.00	115000.00
	(b) Commission	0	0	0	0	0
	(c ) Others, please specify	0	0	0	0	0
	Total (1)	10000.00	40000.00	60000.00	5000.00	115000.00
2	<b>Other Non Executive Directors</b>	Dr Palani G Periasamy	Dr V Janakiraman	Anoop Bali	K Kandasamy	Total Amount
	(a) Fee for attending board committee meetings	25000.00	5000.00	20000.00	40000.00	90000.00
	(b) Commission	0	0	0	0	0
	(c ) Others, please specify.	0	0	0	0	0
	Total (2)	25000.00	5000.00	20000.00	40000.00	90000.00
	Total (B)=(1+2)	35000.00	45000.00	80000.00	45000.00	2,05,000.00
	Overall Ceiling as per the Act.					N.A

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

Rupees

SI. No.	Particulars of Remuneration	Key Managerial Personnel	
		CFO	Total
1	<b>Gross Salary</b>		
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961.	669760.00	669760.00
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	187524.00	187524.00
	(c ) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	0	0
	Stock Option	0	0
	Sweat Equity	0	0
	Commission as % of profit	0	0
	Others, please specify	0	0
	Total	857284.00	857284.00

V. 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 01.04.2016					
(i) Principal Amount	28092	6493	-	34585	
ii) Interest due but not paid	-	-	-	-	
iii) Interest accrued but not due	278	1291	-	1569	
Total	28370	7784	-	36154	
Change in Indebtedness during the financial year					
Additions	50	1283		1333	
Reduction	1328	3798		5780	
Net Change	-1332	-2515		-3847	
Indebtedness at the end of the financial year 31.03.2017					
(i) Principal Amount	26761	3977		30738	
ii) Interest due but not paid	146	0		146	
iii) Interest accrued but not due	773	1664		2437	
Total	27680	5641		33321	

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			
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

By order of the Board

Place : Chennai –34  
Date : 25.05.2017

for Appu Hotels Limited  
Dr. Palani G. Periasamy  
Chairman

**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**

a	Name(s) of the related party and nature of relationship	Dharani Developers Private Ltd	Dharani Finance Limited: (Enterprises in which key management personnel exercise significant influence)	Ananthi Developers Limited: (Enterprise in which key management personnel exercise significant influence)	Key Management Personnel & Relatives Dr. Palani G. Periasamy - Chairman Mrs. Visalakshi Periasamy - Whole time Director Mr. A. Sennimalai - Managing Director & Ms. Ananthi Periasamy - Director & Relative
b	Nature of contracts/arrangements / transactions	Inter Corporate Deposits (ICD)	Providing Travel Services viz. car hire, car rental and air ticketing	Inter Corporate Deposits (ICD)	(i)Rental Agreement with Chairman & Vice Chairman for office premises, (ii) Contractual employment of Managing Director and Whole Time Director.
c	Duration of the contracts / arrangements/transactions	Long Term	Annual	Long Term	(i)Rental Agreement from 01.06.2016 to 31.05.2019, (ii) Contractual employment of Managing Director from 01.04.2012 to 31.03.2017 and Whole Time Director 20.01.2015 to 19.01.2020 Long Term Unsecured Loans from Directors and Relatives.
d	Salient terms of the contracts or arrangements or transactions including the value, if any:	Gap funding by the promoters to meet working capital and general corporate purposes. ICD: Rs.31,00,000/- (Interest @ 12%) Interest on Outstanding ICD: Rs.48484/-	Charges not exceeding prevailing market rates that will be charged by any other Travel Services provider up to a maximum of Rs.4.00 crores Value Rs.2.46 crores during 2016-17	Gap funding by the promoters to meet working capital and general corporate purposes. Outstanding Rs. 21,797/- (Interest @ 12%) Interest outstanding ICD: Rs.6.07 crores.	Items at (i)Rent of Office premises (Rs.29,06,278/-) and (ii) Employment of Managing Director & Whole Time Director (Salary Rs.70.20/- Lakhs) are self explanatory. The Unsecured Loans from Directors are towards gap funding by the promoters to meet working capital and general corporate purposes.(Loan Rs.1.25 crores-Interest @ 12%) Interest on Outstanding loans: Rs.84,48,540).
e	Date(s) of approval by the Board, if any:	26th May 2016	26th May 2016	26th May 2016	26th May 2016
f	Amount paid as advances, if any	Nil	Nil	Nil	Advance towards rent paid to Chairman Rs.18,97,500.

By order of the Board

Place : Chennai –34  
Date : 25.05.2017

for Appu Hotels Limited  
Dr. Palani G. Periasamy  
Chairman





**Annexure to Board's Report  
SECRETARIAL AUDIT REPORT  
Form MR-3**

**For The Financial Year Ended as on 31st March, 2017**

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

To  
The Members,  
APPU HOTELS LIMITED  
CIN: U92490TN1983PLC009942  
PGP House, NO.57, 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 31.03.2017 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 31.03.2017 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;

- a) The Company has not complied with the provision of Section 203 of the Companies Act, 2013 with regard to the appointment of Whole time Company Secretary.

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. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

**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 the Company has:

- i) has allotted 85,55,515 equity shares of Rs. 10/- each at a premium of Rs. 30 per share on rights basis vide Board Meeting dated 12.08.2016.

Name of the Company Secretary

in practice/ Firm : **M Damodaran**

ACS/FCS No. : **5837**

CP.No.**5081**

Place : Chennai

Date : 17-05-2017





## 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, 2017, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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





**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its Profit/Loss and its Cash Flow for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), 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 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, the Statement of Profit and Loss and the Cash Flow Statement dealt with this Report are in agreement with the books of account ;
  - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position.
    - 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.
    - iv. The Company has provided requisite disclosure in its Financial Statements as to holdings as well as dealings in Specified Bank Notes during the period 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the company. Refer Note 23.16 to the standalone financial statements.

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

**(S. Baskar Shrinivas)**  
Partner  
Membership # 209004

Place : Chennai  
Date : 25th May 2017



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

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31, 2017:

- 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 assets 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 has been properly dealt with in the books of account and were not material.
- 3) 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 hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2014 with regard to the deposits accepted from the public are not applicable.
- 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.
- 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, 2017 for a period of more than six months from the date on when they become payable.

- b) Statement of Disputed Statutory Dues





**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	11,99,643.00	Assistant Commissioner of Central Excise
Central Excise Act	Service Tax	13,40,024.00	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
Indian Bank	Repayment of Loan	34,58,000.00	15-04-2016	20-04-2016
		34,58,000.00	15-05-2016	20-05-2016
		34,58,000.00	15-06-2016	23-06-2016
		34,58,000.00	15-07-2016	20-07-2016
		34,58,000.00	15-08-2016	23-08-2016
		34,58,000.00	15-10-2016	16-11-2016
		34,58,000.00	15-11-2016	30-11-2016
		34,58,000.00	15-12-2016	29-12-2016
		34,58,000.00	15-01-2017	15-03-2017
		34,58,000.00	15-02-2017	13-04-2017
		34,58,000.00	15-03-2017	-
		34,58,000.00	15-03-2017	-
		State Bank of India	Repayment of Loan	11,50,000.00
11,50,075.00	01-10-2016			14-10-2016
11,50,047.00	01-11-2016			14-11-2016
11,50,000.00	01-12-2016			08-12-2017
11,50,000.00	01-01-2017			30-01-2017
12,48,417.00	01-02-2017			28-03-2017
11,50,000.00	01-03-2017			28-04-2017
11,50,000.00	01-04-2017			-
4,08,50,543.00	31.03.2017	-		
IDBI	Repayment of Loan	6,35,000.00	01-04-2016	01-04-2016
		6,35,000.00	01-05-2016	02-05-2016
		6,35,000.00	01-06-2016	01-06-2016
		6,35,000.00	01-07-2016	30-06-2016
		6,35,000.00	01-08-2016	02-08-2016
		6,35,000.00	01-09-2016	01-09-2016
		6,35,000.00	01-10-2016	08-10-2016
		6,35,000.00	01-11-2016	14-11-2016
		6,35,000.00	01-12-2016	07-12-2016
		6,35,000.00	01-01-2017	07-02-2017 & 16-03-2017
		6,35,000.00	01-02-2017	16-03-2017
		6,35,000.00	01-03-2017	



Banks/Financial Institutions	Nature of Dues	Amount in Rs	Due date	Date of payment
TFCI	Repayment of Loan	19,62,000.00	28-02-2017	31-03-2017
		19,62,000.00	31-03-2017	16-05-2017
BOI	Repayment of Loan	3,13,61,566.19	31-12-2016	03-03-2017
Indian Bank	Payment of Interest	62,39,477	30/04/2016	05/05/2016
		64,10,917	31/05/2016	03/06/2016
		62,66,690	01/10/2016	01/11/2016
		60,24,364	30/11/2016	29/12/2016
		61,85,763	31/12/2016	27/01/2017
		62,01,065	31/01/2017	30/03/2017
		55,70,721	28/02/2017	29/04/2017
		61,65,861	31/03/2017	21/05/2017
State Bank of India	Payment of Interest	88,94,402	31/05/2016	03/06/2016
		16,81,320	31-10-2016	14/11/2016
		88,24,106	30/11/2016	08/12/2016
		87,15,551	28/02/2017	17/04/2017
		82,05,959	31/03/2017	
IDBI	Payment of Interest	11,41,633	30/06/2016	30/06/2016
		11,71,344	31/10/2016	14/11/2016
		11,19,027	30/11/2016	07/12/2016
		10,32,144	28/02/2017	-
		11,44,402	31/03/2017	-
TFCI	Payment of Interest	19,65,404.00	31/03/2017	16/05/2017
BOI	Payment of Interest	1,26,12,691.00	06-05-2016	07-06-2016
		1,30,92,506.25	06-11-2016	23-12-2016

- 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) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;



- 12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (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 : 25th May 2017





## “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, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### Management’s Responsibility for Internal Financial Controls

The 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

### Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial





statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 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, 2017, based on

- Existing policies and procedures adopted by the company for ensuring orderly and efficient conduct of business.
- Continuous adherence to Company's policies.
- Existing procedures in relation to safeguarding of Company's fixed assets, investments, inventories, receivables, loans and advances made & Cash and Bank Balances.
- Existing system to prevent and detect fraud & errors.
- Accuracy and completeness of Company's accounting records; and
- 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 : 25th May 2017







**Balance Sheet as at March 31, 2017**  
All amounts are in Indian Rupees unless otherwise stated

	Notes	As at 31 March 2017	As at 31 March 2016
<b>I Equity and liabilities</b>			
(1) Shareholders' funds			
(a) Share capital	3	98,71,12,330	90,15,57,180
(b) Reserves and surplus	4	(47,26,02,137)	(47,52,37,395)
		51,45,10,193	42,63,19,785
(2) Share Application money pending allotment		-	-
(3) Non-current liabilities			
(a) Long Term Borrowings	5	205,39,77,339	322,91,60,542
(b) Deferred tax liability (net)		-	-
(c) Other long-term liabilities	6	32,83,68,545	26,58,12,612
(d) Long Term Provisions	7	1,11,45,477	96,73,786
		239,34,91,361	350,46,46,940
(4) Current liabilities			
(a) Short term borrowings	8A	4,70,82,517	4,85,15,637
(b) Trade payables	8B	12,19,75,895	8,79,02,905
(c) Other current liabilities	8C	113,43,17,583	27,12,68,255
(d) Short Term Provisions	9	64,34,157	56,82,024
		130,98,10,152	41,33,68,821
<b>TOTAL</b>		<b>421,78,11,706</b>	<b>434,43,35,546</b>
<b>II Assets</b>			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10	360,24,53,875	378,98,63,349
(ii) Capital work-in-progress		11,73,96,189	10,62,28,320
		371,98,50,064	389,60,91,669
(b) Non-current investments	11	74,70,830	1,07,10,910
(c) Long-term loans and advances	12	13,70,13,194	13,83,93,740
(d) Other non-current assets	14	77,92,605	79,79,122
(e) Deferred tax Asset (net)		22,84,55,110	17,17,04,450
		410,05,81,803	422,48,79,891
(2) Current assets			
(a) Inventories	15	3,23,71,019	3,73,90,808
(b) Trade receivables	13.1	5,55,89,908	5,89,70,277
(c) Cash and Cash Equivalents	14	27,68,214	28,90,950
(d) Short-term loans and advances	12	2,34,19,448	1,66,47,801
(e) Other current assets	13.2	30,81,314	35,55,819
		11,72,29,903	11,94,55,655
<b>TOTAL</b>		<b>421,78,11,706</b>	<b>434,43,35,546</b>
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 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  
Chennai  
25th May 2017

**Dr Palani G Periasamy**  
Chairman

**Mrs Visalakshi Periasamy**  
Vice Chairman

**A Sennimalai**  
Managing Director

**B Murugesan**  
Chief Financial Officer



**Statement of Profit and Loss Account for the year ended March 31, 2017**

All amounts are in Indian Rupees unless otherwise stated

	Notes	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>I. Income</b>			
Revenue from Operations	16	89,24,46,404	87,31,34,103
Other income	17	1,09,57,289	88,62,154
Total (I)		90,34,03,693	88,19,96,257
<b>II. Expenses</b>			
Cost of Operations	18	34,78,36,103	35,49,39,891
Change in inventories	19	35,24,535	(22,48,339)
Employee benefits expense	20	15,36,00,972	14,38,82,331
Advertisement and marketing expenses	21	3,59,65,088	4,34,94,397
Depreciation and amortization expense	10	19,65,54,516	20,28,64,175
Finance costs	22	37,68,37,401	38,87,15,696
Other expenses	23	9,98,65,930	10,24,23,856
Total (II)		121,41,84,545	123,40,72,008
<b>III. Profit / (loss) before tax (I) - (II)</b>		(31,07,80,852)	(35,20,75,751)
<b>IV. Tax expenses / (credit)</b>			
Current tax		-	-
Minimum Alternate Tax Entitlement (Credit)		-	-
Deferred tax		(5,67,50,660)	(7,28,00,000)
<b>V. Total tax expense / (credit)</b>		(5,67,50,660)	(7,28,00,000)
<b>VI. Profit / (Loss) after tax</b>		(25,40,30,192)	(27,92,75,751)
<b>VII. Earnings per equity share</b>			
- Basic Earnings per share		(2.90)	(3.52)
- Diluted Earnings per share		(3.05)	(3.52)
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 registration number: 003017S  
Chartered Accountants  
**(S. Baskar Shrinivas)**  
Partner  
Membership No.: 209004  
Chennai  
25th May 2017

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

**Dr Palani G Periasamy**  
Chairman

**Mrs Visalakshi Periasamy**  
Vice Chairman

**A Sennimalai**  
Managing Director

**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 Generally Accepted Accounting Principles (GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.

#### 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 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 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 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 31 March, 2017

All amounts are in Indian Rupees unless otherwise stated

	As at 31 March 2017	As at 31 March 2016
<b>3 Share Capital</b>		
Authorized shares		
100,000,000 Equity shares of Rs.10/- each (Previous Year - 85,000,000 Equity shares of Rs.10/- each)	100,00,00,000	85,00,00,000
15,000,000 Preference Shares of Rs.10/- each (Previous Year -15,000,000 Preference Shares of Rs.10/- each)	15,00,00,000	15,00,00,000
	<b>115,00,00,000</b>	<b>100,00,00,000</b>
Issued, subscribed and fully paid-up shares		
89,711,233 Equity shares of Rs.10/- each fully paid up (Previous Year - 81,155,718 Equity shares of Rs.10/- each fully paid up)	89,71,12,330	81,15,57,180
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)	9,00,00,000	9,00,00,000
Total	<b>98,71,12,330</b>	<b>90,15,57,180</b>

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

Equity shares	As at 31 March 2017		As at 31 March 2016	
	No.	Amount	No.	Amount
At the beginning of the period	8,11,55,718	81,15,57,180	8,11,55,718	81,15,57,180
Issued during the period	85,55,515	8,55,55,150	Nil	Nil
Outstanding at the end of the period	<b>8,97,11,233</b>	<b>89,71,12,330</b>	<b>8,11,55,718</b>	<b>81,15,57,180</b>
<b>6% Cumulative Redeemable Preference Shares</b>				
At the beginning of the period	90,00,000	9,00,00,000	90,00,000	9,00,00,000
Issued during the period	-	-	-	-
Redeemed during the period	-	-	-	-
Outstanding at the end of the period	<b>90,00,000</b>	<b>9,00,00,000</b>	<b>90,00,000</b>	<b>9,00,00,000</b>

**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. 45,00,000 fully paid up 6% Cumulative Redeemable Preference Shares (CRPS) of Rs.10/- each were issued to Ananthi Developers Ltd on 29.06.2013 (22,50,000 CRPS) and on 30.09.2013 (22,50,000 CRPS). 30,00,000 fully paid up 6% Cumulative Redeemable Preference Shares (CRPS) of Rs.10/- each were issued to Dharani Developers Private Limited on 14.03.2014 and further 15,00,000 fully paid up 6% CRPS were issued to DDPL on 29.05.2014.
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 2017, the amount of per share dividend recognized as distributions to equity shareholders was Rs.NIL ( 31 March 2016 : 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. Cumulative Redeemable Preference Shares (CRPS)**

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

During the year Quarter ended 31 March 2017, the amount of dividend per share recognized as distributions to preference shareholders was Rs.Nil ( 31 March 2016 : Rs. Nil )

The CRPS are to be redeemed as follows:

Name of the Party	No.of Shares	Redemption Details
Ananthi Developers Ltd	45,00,000	22,50,000 each to be redeemed on 28/06/2020 and 28/09/2020
Dharani Developers Pvt Ltd	45,00,000	30,00,000 to be redeemed on 13/03/2021 and 15,00,000 to be redeemed on 28/05/2021





## Notes to financial statements for the year ended 31 March, 2017

All amounts are in Indian Rupees unless otherwise stated

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

Name of the Shareholder	As at 31 March 2017		As at 31 March 2016	
	No.	% holding in the class	No.	% holding in the class
<b>Equity shares of Rs.10 each fully paid</b>				
Mrs Visalakshi Periasamy	85,33,694	9.51	77,57,703	9.56
Dr Palani G Periasamy	86,52,431	9.64	72,75,721	8.97
Mr.Pethinaidu Veluchamy & Mrs.Parameswari Veluchamy	63,93,756	7.13	63,93,756	7.88
Dharani Sugars & Chemicals Ltd	51,21,500	5.71	51,21,500	6.31
Dharani Developers Private Limited	1,09,12,393	12.16	48,87,393	6.02
Dharani Credit & Finance Private Limited	44,41,356	4.95	44,41,356	5.47
Mr.Arunkumar Veluchamy	42,69,119	4.76	42,69,119	5.26
<b>Cumulative Redeemable Preference Shares of Rs. 10/- each</b>				
Ananthi Developers Ltd	45,00,000	50.00	45,00,000	50.00
Dharani Developers Pvt Ltd	45,00,000	50.00	45,00,000	50.00

	As at 31 March 2017	As at 31 March 2016
<b>4. Reserves and Surplus</b>		
Securities Premium Account	72,43,12,935	46,76,47,485
Fixed Assets Revaluation Reserve (See Note 10 )	1,46,51,935	1,46,51,935
Surplus/(deficit) in the statement of profit and loss		
Balance as per last financial statements	(95,75,36,815)	(67,82,61,063)
Profit/(loss) for the year	(25,40,30,191)	(27,92,75,752)
Net surplus/(deficit) in the statement of profit and loss	<b>(121,15,67,007)</b>	(95,75,36,815)
Total	<b>(47,26,02,137)</b>	<b>(47,52,37,395)</b>



**Notes to financial statements for the year ended 31 March, 2017**

All amounts are in Indian Rupees unless otherwise stated

	Non-current		Current	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
<b>5 Long Term Borrowings</b>				
<b>SECURED</b>				
Term Loans from				
Banks	121,39,59,080	192,36,00,416	75,76,27,872	16,74,93,405
Financial Institutions	10,47,92,317	18,44,47,249	8,07,80,000	1,33,57,068
Others	3,59,99,999	5,03,29,794	1,43,29,795	-
<b>DEBENTURES</b>				
670 Secured Redeemable Non Convertible debentures of Rs.10,00,000/- each	30,15,00,000	42,15,12,035	12,00,12,035	-
<b>UNSECURED</b>				
Inter Corporate Deposits				
- Related parties	21,797	24,52,21,797	-	-
- Others	36,03,50,000	27,21,00,000	-	-
Loans - Directors & relatives	3,73,54,146	13,19,49,251	-	-
Amount disclosed under the head "Other Current Liabilities" 8C	-	-	(97,27,49,702)	(18,08,50,473)
Total	205,39,77,339	322,91,60,542	-	-

**Notes:**

1. Term Loans Rs 18512.55 lakhs (previous year Rs.19420.85 lakhs) and Funded interest term loan (FITL) Rs 3059.05 lakhs (previous year Rs.3468.13 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) Uppilpalayam in Coimbatore South Taluk all in Coimbatore District, as well as hypothecation of movables. Term Loans are repayable over 94 structured monthly instalments from April, 2016 to January, 2024 and the FITLs are repayable over 24 structured monthly instalments from April, 2016 to March, 2018. Both Term Loans and FITL carry interest rate of 12% p.a.
2. Term Loan of Rs.314.56 lakhs (previous year Rs.314.56 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.89.56 lakhs in June 2017 and 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.188.74 lakhs (previous year Rs.188.74lakhs) 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.53.74 lakhs in June, 2017 and 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.4215.12 lakhs (previous year Rs.4215.12 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 All Loans have been guaranteed by Directors.
- 6 Debentures to be redeemed chronologically.

	As at 31 March 2017	As at 31 March 2016
<b>6 Other Long-Term Liabilities</b>		
Trade payables (including acceptances)	11,40,09,210	12,02,05,237
Others	21,43,59,336	14,56,07,375
<b>Total</b>	<b>32,83,68,545</b>	<b>26,58,12,612</b>
<b>7 Long-Term Provisions</b>		
Provision for employee benefits:		
(i) Provision for compensated absences	21,56,919	19,09,606
(ii) Provision for gratuity (net)	89,88,558	77,64,180
<b>Total</b>	<b>1,11,45,477</b>	<b>96,73,786</b>





## Notes to financial statements for the year ended 31 March, 2017

All amounts are in Indian Rupees unless otherwise stated

	As at 31 March 2017	As at 31 March 2016
<b>8 Short Term Borrowing Secured</b>		
<b>A. Working Capital Loans</b>		
Bank	4,70,82,517	4,85,15,637
Total	4,70,82,517	4,85,15,637
Notes : Working Capital Loans from a Bank are secured by hypothecation of stock and book debts and by a second charge on immovable properties mentioned at Note No. 5 - Long term borrowings and also guaranteed by Directors		
<b>B Trade payables (including acceptances)</b>	12,19,75,895	8,79,02,905
Total	12,19,75,895	8,79,02,905
<b>C Other current liabilities</b>		
Current maturity of Long term debt (Refer Note 5)	97,27,49,702	18,08,50,473
Interest accrued and due on borrowings	1,46,33,539	-
Interest Accrued but not due on borrowings	7,73,21,492	2,78,41,109
Other liabilities		
Statutory Payables	2,61,20,784	1,98,41,535
Advance From Customers	2,67,97,012	2,76,83,484
Accrued Expenses	1,66,95,054	1,50,51,653
Total	113,43,17,583	27,12,68,255
<b>9 Short-Term Provisions</b>		
Provision for Employee Benefits:		
(i) Provision for bonus	24,12,732	21,41,023
(ii) Provision for compensated absences	8,82,675	7,70,744
(iii) Provision for gratuity (net)	31,38,750	27,70,257
Total A	64,34,157	56,82,024
Provision - Others:		
Provision for tax (net of advance tax)	-	-
Total - B	-	-
Total A + B	64,34,157	56,82,024

## Notes to financial statements for the year ended 31 March, 2017

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 2015	23,34,06,031	348,51,37,213	145,11,70,067	26,43,35,071	3,97,57,238	1,60,27,807	548,98,33,427
Additions	-	5,54,77,605	6,80,39,194	1,38,866	-	-	12,36,55,665
Disposals	-	-	-	-	-	-	-
At 31 March 2016	23,34,06,031	354,06,14,818	151,92,09,261	26,44,73,937	3,97,57,238	1,60,27,807	561,34,89,092
Additions	-	2,46,750	75,31,802	2,90,862	-	10,75,628	91,45,042
Disposals	-	-	-	-	-	46,93,712	46,93,712
At 31st March 2017	23,34,06,031	354,08,61,568	152,67,41,063	26,47,64,799	3,97,57,238	1,24,09,723	561,79,40,422
<b>Depreciation</b>							
At 01 April 2015	-	73,82,65,923	69,72,80,313	14,97,44,317	1,95,59,851	1,59,11,164	162,07,61,568
Charge for the year	-	10,72,68,234	6,72,12,844	2,53,17,568	30,57,332	8,197	20,28,64,175
Disposals	-	-	-	-	-	-	-
At 31 March 2016	-	84,55,34,157	76,44,93,157	17,50,61,885	2,26,17,183	1,59,19,361	182,36,25,743
Charge for the period	-	11,01,82,793	6,09,48,152	2,53,30,220	-	93,351	19,65,54,516
Disposals	-	-	-	-	-	46,93,712	46,93,712
At 31 March 2017	-	95,57,16,950	82,54,41,309	20,03,92,105	2,26,17,183	1,13,19,000	201,54,86,547
<b>Net Block</b>							
At 31 March 2016	23,34,06,031	269,50,80,661	75,47,16,104	8,94,12,052	1,71,40,055	1,08,446	378,98,63,349
At 31 March 2017	23,34,06,031	258,51,44,618	70,12,99,754	6,43,72,694	1,71,40,055	10,90,723	360,24,53,875

### Note

1. Cost of buildings as at March 2017 includes Rs.65,77,412/- ( Previous Year Rs.65,77,412/- ) representing cost of residential flats including undivided interest of land



## Notes to financial statements for the year ended 31 March, 2017

All amounts are in Indian Rupees unless otherwise stated

	As at 31 March 2017	As at 31 March 2016
<b>11 Non-current investments</b>		
<b>Long Term Investments (At cost) - Trade - Unquoted</b>		
201413 Equity shares of Rs 10/- each fully paid up in Clarion Wind Farm (P) Ltd (Previous Year : 508,421 Equity shares of Rs 10/- each fully paid up)	21,04,130	50,84,210
NIL - Equity Shares of Rs.10/- each fully paid up in Gurudev Wind Energy Private Ltd (Previous year : 26,000 Equity shares of Rs.10/- each fully paid up)	-	2,60,000
89,000 Equity Shares of Rs.60.3/- each in Chemplast Sanmar Limited (Previous year : 89,000 Equity Shares of Rs. 60.3/- each )	53,66,700	53,66,700
<b>Total</b>	<b>74,70,830</b>	<b>1,07,10,910</b>

Particulars	As at 31 March 2017	As at 31 March 2016
Aggregate amount of quoted investments	-	-
Aggregate amount of unquoted investments	74,70,830	1,07,10,910
<b>Total</b>	<b>74,70,830</b>	<b>1,07,10,910</b>

## 12 Loans and advances

	Non-current		Current	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Capital advances				
Secured, considered good	1,84,57,433	1,07,80,433	-	-
Unsecured, considered good	-	-	-	-
Doubtful	-	-	-	-
	1,84,57,433	1,07,80,433	-	-
Provision for doubtful advances (A)	-	-	-	-
	1,84,57,433	1,07,80,433	-	-
Security deposit				
Rental and other deposits				
Unsecured, considered good	2,62,10,843	2,80,92,298	-	-
Doubtful	-	-	-	-
	2,62,10,843	2,80,92,298	-	-
Provision for doubtful security deposit (B)	-	-	-	-
	2,62,10,843	2,80,92,298	-	-
Advances recoverable in cash or kind				
Unsecured considered good	-	-	3,01,543	2,96,469
Doubtful	-	-	-	-
	-	-	3,01,543	2,96,469
Provision for doubtful advances (C)	-	-	-	-
	-	-	3,01,543	2,96,469
Other loans and advances				
Advance income-tax (net of provision for taxation)	3,27,67,607	3,99,43,697	1,13,39,173	45,28,746
Minimum Alternative Tax Entitlement Credit	5,95,77,312	5,95,77,312	-	-
Prepaid expenses	-	-	1,17,78,732	1,18,22,586
Balances with statutory/ Government authorities	-	-	-	-
(D)	9,23,44,919	9,95,21,009	2,31,17,905	1,63,51,332
<b>Total ( A+ B + C + D )</b>	<b>13,70,13,194</b>	<b>13,83,93,740</b>	<b>2,34,19,448</b>	<b>1,66,47,801</b>

## Notes to financial statements for the year ended 31 March, 2017

All amounts are in Indian Rupees unless otherwise stated

13 Trade Receivables & Other Assets	Non-current		Current	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
<b>13.1 Trade Receivables</b>				
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment				
- Considered good	-	-	19,42,657	12,98,956
- Considered doubtful	-	-	2,47,737	2,13,348
	-	-	21,90,394	15,12,303
Provision for doubtful receivables	-	-	2,47,737	2,13,348
(A)	-	-	19,42,657	12,98,956
Other receivables				
Unsecured, considered good	-	-	5,36,47,251	5,76,71,321
Doubtful	-	-	-	-
	-	-	5,36,47,251	5,76,71,321
Provision for doubtful receivables	-	-	-	-
(B)	-	-	5,36,47,251	5,76,71,321
Total (A + B) -	-	-	5,55,89,908	5,89,70,277
<b>13.2 Other assets</b>				
Interest accrued on Deposits	-	-	18,58,266	14,97,617
Other Receivables	-	-	12,23,048	20,58,202
Total	-	-	30,81,314	35,55,819
<b>14 Cash and bank balance</b>				
Cash and cash equivalents				
Balances with banks:				
On current accounts	-	-	12,44,468	12,66,715
on Deposit Accounts	-	-	-	-
Cash on hand	-	-	7,30,201	8,84,527
(A)	-	-	19,74,669	21,51,242
Other bank balances				
Deposits with original maturity for more than 12 months	-	4,51,457	-	-
Deposits with original maturity for more than 3 months but less than 12 months	-	-	7,93,545	7,39,708
Margin money deposit	77,92,605	75,27,665	-	-
(B)	77,92,605	79,79,122	7,93,545	7,39,708
(A) + (B)	77,92,605	79,79,122	27,68,214	28,90,950
			<b>As at</b>	<b>As at</b>
			<b>31 March 2017</b>	<b>31 March 2016</b>
<b>15 Inventories</b>				
(a) Food & beverages		1,39,68,262		1,74,92,797
(b) Stores and spares		1,84,02,757		1,98,98,011
Total		3,23,71,019		3,73,90,808



**Notes to financial statements for the year ended 31 March, 2017**

All amounts are in Indian Rupees unless otherwise stated

	For the year Ended 31 March 2017	For the year Ended 31 March 2016
<b>16 Revenue from Operations</b>		
Room Sales	43,47,84,210	42,53,09,829
Food & Beverage Sales	40,08,65,941	39,32,11,884
Other Services	5,67,96,253	5,46,12,390
Total	89,24,46,404	87,31,34,103
<b>17 Other income</b>		
<b>Interest income on</b>		
bank deposits	7,99,844	7,89,635
others	28,50,036	24,11,504
Exchange Gain	-	1,86,947
Profit on Sale of Fixed Asset	3,00,000	-
Other non-operating income	70,07,409	54,74,068
Total	1,09,57,289	88,62,154
<b>18 Cost of Operations</b>		
<b>Consumption</b>		
Food	7,54,97,624	7,47,29,989
Beverage	1,92,91,454	2,39,69,947
Smokes	11,73,617	8,77,038
Power and fuel	12,98,39,148	14,16,80,958
Water charges	86,55,855	1,02,13,670
Upkeep and Service	8,40,30,886	7,17,75,614
Management fees	1,57,92,908	1,96,64,732
Reservation fee & Commission	1,35,54,610	1,20,27,943
Total	34,78,36,103	35,49,39,891
<b>19 Changes in Inventories</b>		
Food	(1,69,969)	4,47,193
Beverage	37,56,984	(26,90,811)
Smokes	(62,480)	(4,720)
Total	35,24,535	(22,48,339)
<b>20 Employee benefit expense</b>		
Salaries and allowances	11,55,50,287	11,07,40,435
Gratuity expense	18,15,707	21,40,975
Contributions to provident fund and employee state insurance plans	77,43,963	64,99,580
Staff welfare	2,12,91,015	2,20,87,592
Directors' remuneration	72,00,000	24,13,750
Total	15,36,00,972	14,38,82,331

## Notes to financial statements for the year ended 31 March, 2017

All amounts are in Indian Rupees unless otherwise stated

	For the year Ended 31 March 2017	For the year Ended 31 March 2016
<b>21 Selling expenses</b>		
Advertisement and marketing expenses	3,59,65,088	4,34,94,397
Total	3,59,65,088	4,34,94,397
<b>22 Finance costs</b>		
<b>Interest</b>		
- on Term Loans	30,66,84,845	32,28,21,766
- others	6,79,68,505	6,16,04,063
Finance charges	21,84,051	42,89,867
Total	37,68,37,401	38,87,15,696
<b>23 Other expenses</b>		
Audit Fees, Legal & Professional Fees	36,41,934	51,85,302
Travel and conveyance	82,78,285	88,32,310
Rent	55,46,274	52,81,552
Repairs and maintenance		
- Building	1,49,33,030	1,67,43,733
- Plant and machinery	2,17,07,232	1,81,86,022
- Others	74,54,279	69,73,580
Communication	70,00,799	72,12,720
Insurance	43,65,984	61,95,937
Bad debts written off	1,609	64,150
Provision for doubtful debts	2,29,619	2,13,348
Fees & Licenses	1,03,30,013	96,70,960
Loss on Foreign Exchange	15,965	-
Directors sitting fees	2,10,500	1,60,198
Rates and taxes	30,43,424	14,47,485
Printing & Stationery	56,06,984	58,72,078
Subscription charges	12,91,427	12,21,179
Miscellaneous expenses	62,08,572	91,63,302
Total	9,98,65,930	10,24,23,856
<b>Payment to auditor (included under Audit Fees, Legal &amp; Professional Fees)</b>		
<b>As auditor:</b>		
Audit fee	5,00,000	5,00,000
Limited review	-	-
Service Tax	75,000	72,500
In other capacity:		
Other services	-	-
Service Tax	-	-
Reimbursement of expenses	-	-
Total	5,75,000	5,72,500



## 24. NOTES FORMING PART OF FINANCIAL STATEMENTS

### 24.1 Taxation

No provision for Income tax had been made as per regular provisions as well as under sec.115JB (Minimum Alternate Tax) of Income Tax Act, 1961 since the company has incurred loss as per books.

### 24.2 Deferred Tax

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

Particulars	31 March 2017 Rs	31 March 2016 Rs
<b>Assets:</b>		
Carry forward Unabsorbed depreciation	59,81,41,000	52,93,71,000
Carry forward loss	NIL	NIL
Provision for expenses allowable on payment basis	58,94,722	53,87,965
<b>Liability:</b>		
Difference between tax and book written down value of fixed assets	(37,55,80,612)	(36,30,54,515)
Net Deferred Tax (Liability)/ Asset	22,84,55,110	17,17,04,450

### 24.3. Contingent Liabilities

Claims against the Company not acknowledged as debt

- Demands raised against the company under Central excise Act,1944	25,39,667	25,39,667
Others	87,29,532	87,29,532
- Right to recompense to joint lender forum	14,26,07,335	8,85,73,975
Total	15,38,76,534	9,98,43,174

### 24.4 Cumulative Preference dividend

(including tax) not provided for

2,14,50,321	1,49,51,008
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### 24.5 Capital Commitments

Estimated amount of contracts remaining to be executed on Capital account and not provided for (Net of advances)

46,947,553	2,01,49,102
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### 24.6 Other financial information

Outstanding Bank Guarantees	1,72,58,176	1,85,03,328
Letter of Credit	NIL	NIL

### 24.7 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	49,47,818	51,65,432
(ii) Later than one year and not later than five years	1,45,49,804	1,68,51,409
(iii) Later than five years	5,43,272	37,77,032
Lease rental debited to profit and loss account	49,39,452	52,81,552





NOTES FORMING PART OF FINANCIAL STATEMENTS CONTD...

	Year ended March 31, 2017 Rs	Year ended March 31, 2016 Rs
24.8 CIF Value of imports		
Capital goods, Stores & Spares & others	46,26,504	1,39,16,802
Food and Beverages	89,74,453	1,59,43,309
24.9 Earnings in foreign currency(Represents money received through international credit cards and travellers cheque) on account of Hospitality Services provided to foreign visitors / tourists.	17,71,27,280	17,81,07,586
24.10 (a) Expenditure in foreign currency (on payment basis)		
(a) Travelling expenses	2,58,785	4,04,471
(b) Management fees( Basic, Sales & Marketing, Incentive Fees & Promotions)	2,79,91,650	3,55,30,274
(c) Foreign Consultants	1,14,087	8,65,238
(d) Interest on ECB Loan	2,57,05,198	2,43,74,559
(e) Others	17,94,709	21,49,210
(b) Amount remitted in foreign currency (on account of Dividend)	NIL	NIL

24.11 Information relating to

(a) Food and Beverages

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
	Food, Beverages (excluding wine and liquor) and smokes	Wine and Liquor	Food, Beverages (excluding wine and liquor) and smokes	Wine and Liquor
	Rs	Rs	Rs	Rs
Sales	33,97,24,589	6,11,41,353	33,46,27,024	5,85,84,859
Opening Stock	42,35,149	1,32,57,648	52,70,762	99,73,696
Purchases	12,26,94,505	1,66,65,114	11,97,69,449	2,45,65,838
Consumption	12,26,07,079	2,02,77,074	12,08,05,062	2,12,81,887
Closing Stock	43,22,574	96,45,688	42,35,149	1,32,57,648



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

(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, 2017		Year ended March 31, 2016	
	Rs	%	Rs	%
Imported	1,20,19,919	8	1,26,88,630	9
Indigenous	13,08,64,234	92	12,94,01,568	91
	14,28,84,153	100	14,20,90,198	100

Of the total consumption stated (a) above

- Rs.4,33,96,923/- (Previous year Rs. 4,47,58,314/-) included under Staff Welfare and Upkeep and service.
- Rs.9,59,62,695 /-( Previous year Rs. 9,95,76,974 /-) shown as consumption under “Cost of Revenues” – Note 18
- Rs.35,24,535 /-( Previous year Rs. - 22,48,339 /-) shown as Changes in Inventory– Note 19

**24.12 Earnings per Share**

	Year ended March 31, 2017 Rs.	Year ended March 31, 2016 Rs.
Profit/Loss as per profit and loss account	(25,40,30,091)	(27,92,75,752)
Add: Preference Dividend not provided for including tax	(64,99,313)	(64,99,313)
Total	(26,05,29,404)	(28,57,75,065)
number of shares outstanding	8,97,11,233	8,11,55,718
Earnings Per Share – Basic	(2.90)	(3.52)
Earnings Per Share – Diluted	(3.05)	(3.52)

**24.13 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).

24.14. Amount of Dividend proposed to be distributed to equity & Preference Shareholders and the related amount per share

Particulars	Year ended March 31, 2017 Rs.	Year ended March 31, 2016 Rs.
Equity	Nil	Nil
Preference Shares ( @ 6% per preference Shares of Rs. 10/- each)	Nil	Nil

**24.15 Employee Benefits as per AS -15 (Revised)**

**A. Gratuity**

**(i) Change in Present value of Benefit Obligation (in Rupees)**

SI.No	Particulars	March 31, 2017	March 31, 2016
01	Present value of Benefit Obligation at the beginning of the period	1,05,34,437	91,51,379
02	Current Service Cost	16,05,977	15,67,747
03	Interest Cost	7,86,342	6,84,249
04	Benefits paid	(3,75,665)	(7,57,917)
05	Actuarial (Gain)/Loss	(4,23,784)	(1,11,021)
06	Present value of Benefit Obligation at the end of the period	1,21,27,307	1,05,34,437

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

**(ii) Change in the fair Value of plan assets - Reconciliation of opening and closing balances (In Rupees)**

Sl.No	Particulars	March 31, 2017	March 31, 2016
01	Fair value of plan assets at the beginning of the period	-	-
02	Expected return on plan asset	-	-
03	Contributions	3,75,665	7,57,917
04	Benefits paid	(3,75,665)	(7,57,917)
05	Actuarial (Gain)/ Loss	-	-
06	Fair value of plan assets at the end of the period	-	-

**(iii) Actuarial return on plan assets**

Sl.No	Particulars	March 31, 2017	March 31, 2016
01	Expected return on plan asset	-	-
02	Expected Gain/(Loss) on plan asset	-	-
03	Actual return on plan assets	-	-

**(iv) Actuarial gain/ loss recognized**

Sl.No	Particulars	March 31, 2017	March 31, 2016
01	Actuarial Gain/ (Loss) for the period – Obligation	4,23,784	1,11,021
02	Actuarial Gain/ (Loss) for the period - Plan assets	-	-
03	Total (Gain)/ Loss for the period	(4,23,784)	(1,11,021)
04	Actuarial (Gain)/ Loss recognised in the period	(4,23,784)	(1,11,021)
05	Unrecognised actuarial (gain)/ loss at the end of the year	-	-

**(v) Amounts recognized in the Balance Sheet and related analysis**

Sl.No	Particulars	March 31, 2017	March 31, 2016
01	Present value of the Obligation	1,21,27,307	1,05,34,437
02	Fair Value of Plan assets	-	-
03	Difference	1,21,27,307	1,05,34,437
04	Unrecognised transitional liability	-	-
05	Unrecognised past service cost - non-vested benefits	-	-
06	Liability recognised in the Balance Sheet	1,21,27,307	1,05,34,437

**(vi) Amounts recognized in the statement of Profit and Loss**

Sl.No	Particulars	March 31, 2017	March 31, 2016
01	Current Service Cost	16,05,977	15,67,747
02	Interest Cost	7,86,342	6,84,249
03	Expected return on Plan Assets	-	-
04	Net Actuarial (Gain)/Loss recognised in the period	(4,23,784)	(1,11,021)
05	Transitional liability recognised in the year	-	-
06	Past service cost - non-vested benefits	-	-
07	Past service cost - Vested benefits	-	-
08	Expenses recognized in P&L	19,68,535	21,40,975

**(vii) Movements in the liability recognized in the balance sheet**

Sl.No	Particulars	March 31, 2017	March 31, 2016
01	Opening net liability	1,05,34,437	91,51,379
02	Expense as above	19,68,535	21,40,975
03	Contribution paid	(3,75,665)	(7,57,917)
04	Closing net liability	1,21,27,307	1,05,34,437



(viii) Amount for the current period

Sl.No	Particulars	March 31, 2017	March 31, 2016
01	Present value of obligation	1,21,27,307	1,05,34,437
02	Plan assets	-	-
03	Surplus/(Deficit)	(1,21,27,307)	(1,05,34,437)
04	Experience adjustment on plan liabilities - (Loss)/ Gain	7,36,366	1,75,717
05	Experience adjustment on plan assets - (Loss)/ Gain	-	-

(ix) Principal Actuarial Assumptions

Sl.No	Particulars	March 31, 2017	March 31, 2016
01	Discount Rate	6.8%	7.6%
02	Salary Escalation	5.0%	5.0%
03	Attrition rate	20.0%	20.0%

B. Leave encashment

Sl.No	Actuarial Assumptions	March 31, 2017	March 31, 2016
01	Discount Rate	6.8%	7.6%
02	Salary Escalation	5.0%	5.0%
03	Attrition Rate	20.0%	20.0%
04	Liability recognized in the Balance Sheet	30,39,594	26,80,350
05	Expense Recognized in the statement of profit and loss	8,29,040	5,17,134

24.16 Details of Specified Bank Notes for the period from 08/11/2016 to 30/12/2016

(In Rupees)

Particulars	Specified Bank Notes	Other denomination Notes	Total
Closing cash in hand as on 08.11.2016	1,40,000	4,35,099	5,75,099
Add: Permitted Receipts	NIL	10,000	10,000
Less: Permitted Payments	NIL	1,90,737	1,90,737
Less: Amount deposited In Banks	1,40,000	200	1,40,200
Closing cash in hand As on 30.12.2016	NIL	2,54,162	2,54,162

24.17 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.

24.18 Related party Disclosures

a) Names of related parties and description of relationship

1	Dharani Sugars and Chemicals Limited (DSCL) Dharani Finance Limited (DFL) Ananthi Developers Limited (ADL) Dharani Developers Private Limited (DDPL) Dharani Credit and Finance (P) Limited (DCFL) PGP Educational and Welfare Society	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 Mr K Kandasamy Ms. Ananthi Periasamy, Director	Key Management Personnel and their relatives

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) Particulars of transactions with related parties during the year ended March 31, 2017

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

Particulars	DACL	DFL	DDPL	ADL	Key Management Personnel & Relatives	Total
<b>Transactions during the year</b>						
Travel services Paid		<b>2,46,19,142</b> (2,34,61,611)				<b>2,46,19,142</b> (2,34,61,611)
Rent Paid					<b>29,06,278</b> (31,39,102)	<b>29,06,278</b> (31,39,102)
Rent Received		<b>60,000</b> (60,000)				<b>60,000</b> (60,000)
Remuneration					<b>72,00,000</b> (24,13,750)	<b>72,00,000</b> (24,13,750)
Purchase of Sugar	<b>6,11,620</b> (1,20,824)					<b>6,11,620</b> (1,20,824)
Reimbursement of Expenses	<b>70,663</b> (67,570)		<b>NIL</b> (1,36,371)			<b>70,663</b> (2,03,941)
Inter corporate deposits / Loans received	<b>NIL</b> (NIL)		<b>31,00,000</b> (14,10,00,000)	<b>NIL</b> (10,00,000)	<b>1,25,64,655</b> (1,64,59,001)	<b>1,56,64,655</b> (15,84,59,001)
Interest on Inter Corporate Deposits / Loans	<b>NIL</b> (NIL)		<b>45,61,973</b> (23,85,902)	<b>29,31,142</b> (1,32,36,025)	<b>84,48,540</b> (1,64,82,349)	<b>1,59,41,654</b> (3,21,04,276)
<b>Balances at year end</b>						
Sundry Creditors	<b>82,671</b> (70,876)	<b>1,94,71,521</b> (1,80,65,432)	<b>NIL</b> (1,36,371)	8,56,643 ( 62,00,760)	20,75,776 (22,418)	2,24,86,611 (2,44,95,857)
Inter corporate deposits / Loans	<b>NIL</b> (NIL)		<b>NIL</b> (13,70,00,000)	21,797 (10,82,21,797)	3,73,54,146 (13,19,49,252)	3,73,75,943 (37,71,71,049)
Interest payable on Inter corporate Deposits / Loans	<b>NIL</b> (NIL)		48,484 (21,47,311)	6,07,06,765 (6,41,68,738)	3,68,62,544 (3,29,45,946)	9,76,17,793 (9,92,61,995)
Debtors			4,08,098 (NIL)			4,08,098 (NIL)



24.19. The details of un-hedged foreign currency balances are as below:

Particulars	Foreign Currency	March 31, 2017	
		Amount in Foreign currency	Amount in Indian Rupees
Sundry Creditors	USD	3,00,685	19,495,969
Term Loan from Banks – Principal o/s	USD	60,93,680	39,51,05,680
Other long term liabilities – Interest accrued	USD	1,54,893	1,00,43,026

23.20. The previous year's figures have been reclassified to conform to current year's classification.

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  
Chennai  
25th May 2017

**Dr Palani G Periasamy**  
Chairman

**Mrs Visalakshi Periasamy**  
Vice Chairman

**A Sennimalai**  
Managing Director

**B Murugesan**  
Chief Financial Officer



## Cash Flow Statements for the year ended 31 March, 2017

All amounts are in Indian Rupees unless otherwise stated

Particulars	For the year ended 31 March, 2017		For the year ended 31 March, 2016	
<b>A. Cash flow from operating activities</b>				
Net Profit / (Loss) before extraordinary items and tax		(31,07,80,852)		(35,20,75,751)
Adjustments for:				
Depreciation and amortisation	19,65,54,516		20,28,64,175	
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	(3,00,000)	-		
Expense on employee stock option scheme				
Finance costs	37,68,37,401		38,87,15,696	
Interest income	(36,49,880)		(32,01,139)	
Dividend income				
Net (gain) / loss on sale of investments				
Rental income from investment properties				
Rental income from operating leases	(38,74,031)		(40,11,556)	
Share of profit from partnership firms				
Share of profit from AOPs				
Share of profit from LLPs				
Liabilities / provisions no longer required written back	-	-		
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				
		56,55,68,006		58,43,67,176
Operating profit / (loss) before working capital changes		25,47,87,155		23,22,91,424
<i>Changes in working capital:</i>				
Adjustments for (increase) / decrease in operating assets:				
Inventories	50,19,789		(40,13,013)	
Trade receivables	33,80,369		(1,88,70,016)	
Short-term loans and advances	(1,81,10,821)		(43,49,034)	
Long-term loans and advances	13,80,545		(75,71,707)	
Other current assets	4,74,504		20,55,135	
Other non-current assets	1,86,517		(8,03,181)	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	3,40,72,990		2,02,27,033	
Other current liabilities	70,36,177		97,67,846	
Other long-term liabilities	6,25,55,934		4,60,22,608	
Short-term provisions	7,52,132		13,89,741	
Adjustment for Tax	1,13,39,173		45,28,745	
Long-term provisions	14,71,691		13,83,964	
		10,95,59,002		4,97,68,124
Cash flow from extraordinary items		36,43,46,157		28,20,59,549
Cash generated from operations		-		-
		36,43,46,157		28,20,59,549
<b>Net cash flow from / (used in) operating activities (A)</b>		<b>36,43,46,157</b>		<b>28,20,59,549</b>



## Cash Flow Statements for the year ended 31 March, 2017 (contd.)

All amounts are in Indian Rupees unless otherwise stated

Particulars	For the year ended	
	31 March, 2017	31 March, 2016
<b>B. Cash flow from investing activities</b>		
Capital expenditure on fixed assets, including capital advances	(2,03,12,911)	(6,41,19,207)
Proceeds from sale of fixed assets	3,00,000	-
Inter-corporate deposits (net)		
Bank balances not considered as Cash and cash equivalents		
- Placed	(7,93,545)	(7,39,708)
- 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		(41,17,360)
Proceeds from sale of long-term investments		
- Subsidiaries		
- Associates		
- Joint ventures		
- Business units		
- Others	32,40,080	-
Loans given		
- Subsidiaries		
- Associates		
- Joint ventures		
- Others		
Loans realised		
- Subsidiaries		
- Associates		
- Joint ventures		
- Others		
Interest received		
- Subsidiaries		
- Associates		
- Joint ventures		
- Others	36,49,880	32,01,139
Dividend received		
- Subsidiaries		
- Associates		
- Joint ventures		
- Others		
Rental income from investment properties		
Rental income from operating leases	38,74,031	40,11,556
Amounts received from partnership firms		
Amounts received from AOPs		
Amounts received from LLPs		
Cash flow from extraordinary items		
	(1,00,42,465)	(6,17,63,580)
	(1,00,42,465)	(6,17,63,580)
Net income tax (paid) / refunds		
	(1,00,42,465)	(6,17,63,580)
<b>Net cash flow from / (used in) investing activities (B)</b>	<b>(1,00,42,465)</b>	<b>(6,17,63,580)</b>



## Cash Flow Statements for the year ended 31 March, 2017 (contd.)

All amounts are in Indian Rupees unless otherwise stated

Particulars	For the year ended		For the year ended	
	31 March, 2017		31 March, 2016	
<b>C. Cash flow from financing activities</b>				
Proceeds from issue of Debentures	-		(24,84,87,965)	
Proceeds from issue of preference shares	-		-	
Proceeds from term loans from others	-		(2,96,70,206)	
Redemption / buy back of preference / equity shares	-		-	
Proceeds from issue of equity shares	34,22,20,600			
Share application money received / (refunded)				
Proceeds from long-term borrowings	11,89,19,867		60,05,56,402	
Repayment of long-term borrowings	(50,22,03,842)		(15,07,48,224)	
Net increase / (decrease) in working capital borrowings	(14,33,119)		65,02,000	
Finance cost - Net off Interest accrued	(31,27,23,479)		(43,04,95,759)	
Dividends paid	-		-	
		(35,52,19,973)		(25,23,43,752)
Cash flow from extraordinary items		-		
<b>Net cash flow from / (used in) financing activities (c)</b>		<b>(35,52,19,973)</b>		<b>(25,23,43,752)</b>
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>		<b>(9,16,281)</b>		<b>(3,20,47,783)</b>
Cash and cash equivalents at the beginning of the year		28,90,950		3,41,99,024
Cash and cash equivalents at the end of the year *		19,74,669		21,51,242
<b>* Comprises:</b>				
(a) Cash on hand		7,30,201		8,84,527
(b) Cheques, drafts on hand		-		-
(c) Balances with banks				
(i) In current accounts		12,44,468		12,66,715
(ii) In EEFC accounts				
(iii) In deposit accounts with original maturity of less than 3 months				
(iv) In earmarked accounts				
(d) Others (specify nature)				
(e) Current investments considered as part of Cash and cash equivalents				
		19,74,669		21,51,242

Notes:

(i) The above statements have been prepared in indirect method as per Accounting Standard 3

(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

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

Chennai

25th May 2017

**Dr Palani G Periasamy**

Chairman

**Mrs Visalakshi Periasamy**

Vice Chairman

**A Sennimalai**

Managing Director

**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. : DP ID : Client ID :

I hereby certify that I am a member / proxy appointed by the member\* of the Company and record my presence at the 31st Annual General Meeting of the Company, at Le Royal Meridien, No.1, GST Road, St.Thomas Mount, Guindy, Chennai - 600 016 on Wednesday 27th September 2017 at 10.15 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 31st Annual General Meeting of the Company to be held on Wednesday, 27th September 2017. at 10.15 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 Spa – Luxurious and spacious Spa at Le Meridien, Coimbatore is ready for launch.  
A beautiful view of the entry and Jacuzzi.*



*Ayurvedic Therapy room equipped with authentic features and facilities.*



**Appu Hotels Limited**  
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