



APPU HOTELS LIMITED

26th Annual Report 2011-12

LE ROYAL MERIDIEN
CHENNAI

Le MERIDIEN
COIMBATORE

Hotel Riverside
Resort & Spa
Kumbakonam



Dr. Palani G. Periasamy, Chairman seen welcoming Ms. Jennifer A. McIntyre, Consul General of US Consulate, Chennai during the Grand global launch of Le Meridien, Coimbatore.



On the 11th of November 2011, Coimbatore got a taste of star hospitality. The city's first five star deluxe luxury destination 'Le Meridien, Coimbatore' was unveiled on that day in the presence of the elite of the city.

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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 Anil Kumar Bhandari	
Mr C Ramachandran	
Mr B M Gupta	: Nominee Director - TFCI
Mr R Natarajan	: Alternate Director to Dr M C Thirumoorthi
Mr A Sennimalai	: Managing Director

Auditors : M/s Ramkrish & Co.,
Chartered Accountants
New No 19 (Old No .9A) Bagavantham Street
T Nagar, Chennai 600 017

Internal Auditors : M/s Srinivasan & Shankar
Chartered Accountants
No.18/36 Second Floor, Karpagambal Nagar
Mylapore, Chennai 600 004

Bankers : Indian Bank
State Bank of India
Bank of India

Registered Office : PGP House", No.57 Sterling Road
Nungambakkam, Chennai – 600 034.
Phone Nos. 28254176, 28254609, 28311313
E –mail: secretarial@appuhotelsltd-pgp.com

Hotels : Le Royal Meridien Chennai
No.1 GST Road, St. Thomas Mount,
Chennai – 600 016. Phone No.91-44- 22314343
Fax No. 91-44-22347621
E-mail: chairman@leroyalmeridien-chennai.com

Le Meridien Coimbatore
762 Avinashi Road,
Coimbatore – 641 062
Phone: 91-422- 4254343 Fax : 91-422-2364444
E-mail : ahlcoimbatore@pgpgroup.in

Hotel Riverside Resort & Spa - Kumbakonam
32/33 College Road (Govt. Mens College)
Kumbakonam- 612 002
Phone: 91-435-2443636 Fax : 91-435-2443638
E-mail : ahlkumbakonam@pgpgroup.in

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the **TWENTYSIXTH** Annual General Meeting of the Members of the Company will be held at “**Le Royal Meridien**”, **No.1, G.S.T. Road, St. Thomas Mount, Chennai – 600 016 on Monday, the 24th September 2012 at 3.00 p.m.** to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2012 and the Statement of Profit and Loss for the year ended on that date and the reports of the Directors and Auditors.
2. To appoint a Director in place of Mr K Kandasamy, who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr C Ramachandran, who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment.
4. To approve payment of 6% Dividend on the Preference shares as per terms of Issue.
5. To appoint Auditors and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

6. To consider the re-appointment and remuneration payable to Mr A Sennimalai, as Managing Director with effect from 01/04/2012.

RESOLVED THAT pursuant to Sections 198, 269, 309, 310, 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act 1956, approval of the shareholders be and is hereby accorded, through this Special Resolution, for the re-appointment of Mr. A. Sennimalai as Managing Director for a further period of five years from 01.04.2012 to 31.03.2017 on the following terms and conditions.

- 1 Salary- Rs. 1,50,000/- per month in the scale of Rs. 150000 – 15000 - 210000.
- 2 Perquisites - Perquisites as per Schedule XIII of the Companies Act, 1956 shall be allowed. It shall however be restricted to an amount not exceeding the annual salary. Perquisites other than Gratuity, as admissible according to existing regulations are presently classified as follows:

Part A

Housing I – The expenditure incurred by the Company on hiring unfurnished accommodation will be subject to the following ceilings:

At Bombay, Calcutta, Delhi and Chennai 60% of salary, over and above, 10% payable by the Managing Director.

The expenditure incurred by the Company on gas, electricity, water and furnishings will be valued as per the Income Tax Rules, 1962. This will, however, be subject to ceiling of 10% of the salary.

Housing II – In case accommodation is owned by the Company, 10% of the salary of the Managing Director shall be deducted by the Company.

Housing – III – In case no accommodation is provided by the Company, the Managing Director shall be entitled to House Rent Allowance subject to the ceiling laid down in Housing I.

Part B

He will be entitled to Leave Travel Allowance as per Company Policy. He will also be entitled to reimbursement of Medical expenditure as per Company Policy.

However Leave Travel Allowance and Medical reimbursement will each be restricted to one month's salary.

Part C

Provision of a car with driver and telephone at residence provided that personal long distance calls on telephone and use of car for private purpose 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 XIII of the Companies Act, 1956.

Mr. A. Sennimalai shall not be liable to retirement by rotation under Section 255 of the Companies Act 1956, so long as he holds the office of Managing Director.

The annual increment will be allowed after a review of his performance by the Board.”

NOTES:-

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

1. The proxy form, in order to be effective must be duly completed, stamped and lodged with the Registered Office of the Company not less than forty eight hours before the commencement of the meeting.
2. Members holding shares in physical form are requested to quote their Registered Folio numbers and those holding shares in demat form to quote their ID Numbers in the attendance slips and in all correspondence with the company and notify the Company/ Registrar & Transfer agent immediately of change, if any, in their Registered Address and/or of their mandates.

3. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special business set out against item No.6 is annexed hereto.

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

Place : Chennai –16

N Subramanian

Date : 16.06.2012

Sr.Vice President (Corporate Affairs)

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

Item No.6 - Re-appointment of Mr A Sennimalai.

Mr. A Sennimalai was appointed as Managing Director with effect from 01/04/2007 for a period of 5 years in the scale of pay of Rs.85,000 – 5000 – 105000.

His present remuneration per month is Basic pay Rs. 1,05,000/- and Perquisites of Rs. 60850/- plus Gratuity based on Half month's salary for every completed year of service.

His appointment comes to a close by 31st March 2012. Mr. A. Sennimalai has been with the Company for the last 27 years and has been instrumental and associated with the construction and operation of Le Royal Meridien, Chennai, Le Meridien Coimbatore and all other connected activities. Board felt that continuing the services of Mr. A. Sennimalai would be beneficial for the Company and accordingly resolved to re-appoint him as Managing Director for a further period of 5 years at the remuneration proposed.

Since his last appointment, Company's activities have expanded. A Five star Hotel consisting of 256 rooms has been set up at Coimbatore at a cost of approx. Rs.300 crores. This hotel has commenced commercial operations last November, 2011. The Company has taken on lease during 2008 an existing hotel from Tamilnadu Tourism Development Corporation Ltd at Kumbakonam, Tamilnadu, catering to tourists to the temples of Tamil Nadu. In addition, plans are afoot to set up a resort type Hotel on the East Coast Road and a 3 Star Hotel in Palani. The Chennai hotel is also being renovated.

All these expansions throw additional responsibilities on the managerial personnel and the remuneration has been worked out taking these into account to reflect the increased responsibilities.

Approval of shareholders, through a Special Resolution, is now sought for, since Mr. Sennimalai has attained the age of 70 years.

The proposed resolution under item No.6 and this explanatory statement may be treated as abstract of the terms and conditions of the reappointment of Mr A Sennimalai pursuant to Section 302 of the Companies Act 1956.

None of the Directors except Mr. A. Sennimalai is interested.

The Directors commend the resolution to the shareholders.

DIRECTORS' REPORT

All members,

Your Directors are pleased to present their 26th Annual Report on the operations of the Company and the audited statement of accounts for the year ended 31st March 2012.

FINANCIAL RESULTS

(Rs. In lakhs)

<i>Particulars</i>	Year ended 31.03.2012	Year ended 31.03.2011
Gross Revenue	7736.71	7674.88
Profit before Interest, Depreciation and Tax	2666.44	3192.27
Interest and Finance Charges	1223.34	624.19
Depreciation	1361.07	867.65
Current Tax / (MAT Credit Entitlement)	(580.11)	362.00
Deferred Tax Liability/(Asset)	449.51	(56.38)
Net Profit	212.64	1394.81
Cash Accruals	1427.43	2206.08

REVIEW OF OPERATIONS

The total revenue for the year 2011-12 was Rs. 7736.71 lakhs as against Rs. 7674.88 lakhs in the previous year. The total expenditure had increased to Rs. 5070.28 lakhs from Rs.4482.00 lakhs, and the Gross Operating Profit for the year had come down to Rs.2666.44 lakhs from Rs.3192.27 lakhs. The GOP % has also come down to 33% as against 41% in the previous year.

The decrease in the revenue and the profit was mainly on account of the overall poor performance of the economy world

over which has direct effect on the performance of the Hotel industry.

FINANCES

The Company's net profit after tax comes to Rs.212.64 lakhs as against Rs.1394.81 lakhs in the previous year.

DIVIDEND

A sum of Rs. 54.00 lakhs has been earmarked as Dividend @ 6% payable to the Preference Shareholders Viz., TFCI and IDBI as per the terms and conditions of Issue. In addition, dividend distribution tax of Rs.8.76 lakhs has to be paid.

No Dividend could be considered for the Equity Shareholders, as the net available profits of Rs.149.87 lakhs along with the carry forward amount of Rs.2908.88 lakhs are being preserved for completion of the Coimbatore Project, Renovation of LRM and other expansion projects. No amount is being transferred to Reserves due to the same reason.

OUTLOOK

The near term prospects for the hospitality sector appear grim because of less than favourable business environment which is affected by euro zone economic woes and falling GDP numbers closer home. An article in Financial Times (FT) of 1st June, 2012 observed thus “the euro zone crisis has moved in definite cycles. Markets deteriorate, policy makers take action; markets rally, policy makers relax, only for the turmoil to resume as confidence ebbs away”.

The worrisome GDP numbers at home is largely because of macro economic imbalances and policy inconsistencies and the resultant inflation and high interest rates have added to the woes. As different economies integrate more and more the adverse economic affairs follow largely the same cyclical process as observed in the FT and is as much a case at home as in euro zone or elsewhere. We may hope the downward business cycle to remain shorter so that the well-being of the society is maintained, albeit at lower levels or the society is spared of greater hardships. It is, therefore, hazardous to take a definite view on business outlook.

Near doubling of the room inventory in the luxury segment in Chennai has also affected ARR and occupancy. The delay in opening of some of the new properties

in Chennai has given us some breathing time. The trying times in the beginning stages of the Coimbatore property which has been largely positioned as a MICE destination has not helped our cause as much as expected. We are re-orienting our strategy to meet the near term challenge as follows:

EXPANSION

The Coimbatore property was opened to international booking from the 11th November, 2011 with the hosting of the property in the web site of Starwood with the brand name ‘Le Meridien’ also eligible for Starwood preferred guest points.

In order to fully realize the potentials of the Coimbatore property as well as the local market and to position the property as a favoured destination with unique flavour and additional complementary features, an additional Banquet as well as an Exclusive Entertainment Club house are being added. It is also proposed to expand the facilities in the Health Club and Spa areas in due course.

We are hopeful, with the support and guidance of all stakeholders and our brand owners, of better performance in the years ahead.

DIRECTORS

Mr K Kandasamy and Mr. C. Ramachandran Directors retire by rotation in this Annual General Meeting and being eligible offer themselves for reappointment. They have also furnished the required declarations in Form DD – A. Mr. A. Sennimalai, whose term as Managing Director has come to a close on 31/03/2012, has been re-appointed from 01/04/2012 subject to approval in this Annual General Meeting.

Mr. B. M. Gupta, Chief General Manager in TFCI has been nominated as a Director by TFCI with effect from 01/02/2012 in pursuance of the loan agreement.

Mr. Pethinaidu Veluchamy, Director resigned from the Board with effect from 01/03/2012 due to personal reasons.

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
2. That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
3. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. That the Directors had prepared the annual accounts on a going concern basis.

AUDIT COMMITTEE

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

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

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

Mr. B. M. Gupta, Nominee Director of TFCI has recently been included as a Member of the Audit Committee.

AUDITORS

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

EMPLOYEES

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

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

(A) Employed throughout the year ended 31st March 2012, and were in receipt of remuneration aggregating not less than Rs. 60 lakhs per annum or Rs.5 lakhs per month.

Name & Age	Designation of the Employee/ Nature of Duties	Remuneration (Rs.)	Qualification/ Experience (Years)	Date of Commencement of Employment	Previous Employment
(1)	(2)	(3)	(4)	(5)	(6)
Mrs Jennifur Buhr 63 years (Expatriate)	General Manager Management of Le Royal Meridien, Chennai	Rs. 92.88 lakhs	Diploma in Marketing Statistics / 39 years	09.03.2010	Sheraton Dream land hotel & conference centre, Egypt.

1. The nature of employment is contractual.
2. Remuneration as shown above includes salary, incentive and perks. Part of the salary is paid in foreign exchange.
3. The employee does not hold any equity shares in the Company.
4. She is not related to any Directors of the Company.

(B).Employed for part of the year ended 31st March 2012 and was in receipt of remuneration aggregating not less than Rs. 5 lakhs per month: -NIL-

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

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

CORPORATE GOVERNANCE

The Company has already implemented most of the set of Corporate Governance mechanism like composition of the Board, number of independent Directors, Audit Committee etc. as per the guide lines issued by Govt.of India for voluntary adoption by all Companies. Similarly, the Company is always conscious of, in all its activities of the fundamental principles outlined in the Government's voluntary guidelines relating to Corporate Social responsibility.

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 600 001

Members now 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 only optional and 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, we recommend dematerialisation considering the convenience and safety aspects.

The Shareholding details as on 31.03.2012.

SI.No	Particulars	No of Shares	%
01	NSDL	34489775	42.50
02	CDSL	118956	0.15
03	Physical	46546987	57.35
	Total	81155718	100.00

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

CAUTIONARY STATEMENT

Statements made in this report describing industry outlook as well as Company's plans, projections and expectations may constitute 'forwarding looking statements'. Actual results may differ materially from those either expressed or implied. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events.

ACKNOWLEDGEMENTS

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

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

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

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

Dr Palani G Periasamy
 Chairman

Place : Chennai – 34
 Date : 16.06.2012

ANNEXURE I TO THE DIRECTORS REPORT

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

(Rs.in lakhs)

	2011-12	2010-11
A. Conservation of Energy	As per details given at 'A'	
B. Technology absorption	-	-
C. Foreign Exchange Earnings	3422.53	3758.51
D. Foreign Exchange outgo	770.74	5709.81

A. Conservation of Energy - measures taken.

Sl. No.	Particulars	Energy saved (Rs. per annum)
I	3 Nos. New chiller plants of 350 TR capacity each commissioned in replacement of the old ones.	7,830,000
II	Replacement of Energy saving bulbs in guest rooms, guest areas, public areas and other common areas	4,895,688
III	Replacement of higher capacity (tonnage) Air Handling Units by high efficient lesser capacity (tonnage) Air Handling Units in ball room.	1,670,364
IV	Provision of soft water instead of water from R.O. Plant for Laundry, staff and executive lockers and resultant saving in cost in the operation of R.O. Plant.	421,128
V	Motion sensors are provided in rest rooms for light circuit to avoid wastage of power when rest rooms are not in use.	43,068
VI	Reduced fuel consumption by minor modification of Boiler and mixing of fuel with additive	849,816
VII	Dimmer control for the Halogen Lamps at restaurants and Dome Bar Chandelier	—
	TOTAL	15,710,064

Auditors' Report to the members of Appu Hotels Limited

1. We have audited the attached Balance Sheet of **APPU HOTELS LIMITED** as at 31st March 2012 and the related Profit and Loss account and Cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law, have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, Profit and Loss account and Cash flow statement referred to in this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Profit and Loss account and Cash flow statement dealt with by this report comply with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956.
 - e) On the basis of the written representations received from the Directors, as on 31st March 2012, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2012 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - ii. in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date and;
 - iii. in the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For K. RAMKRISH & CO.,
Chartered Accountants
(Registration # 003017S)

K. MURALI
Partner
Membership # 29294

Place : Chennai
Date : June 16, 2012

Annexure to the Auditors' Report

The Annexure referred to in the Auditors' Report to the members of Appu Hotels Limited (the Company) for the year ended March 31, 2012. We report that:

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

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

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

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

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

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

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

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

- a) The Company has taken loans from two parties. The balance outstanding as at the end of the year was Rs.3.05 Crores (Number of parties – One) and the maximum amount involved during the year was Rs.3.30 Crores
- b) The rate of interest and other terms and conditions of such loans are, in our opinion, prima facie not prejudicial to the interest of the Company.
- c) The payments of the principal amounts and the interest in respect of such loans are regular/as per terms.

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

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

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

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

According to the information and explanations given to us, no undisputed dues payable in respect of income-tax, sales tax, wealth tax, customs duty and cess were outstanding at 31st March 2012 for a period of more than six months from the date they became payable.

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

Statement of Disputed Dues

Name of the Statute	Nature of dues	Amount(Rs)	Forum where dispute is pending
Central Excise Act	Central Excise	359,396	Assistant Commissioner of Central Excise
Central Excise Act	Service Tax	1,189,424	Commissioner Appeals

10. The Company neither has accumulated loss as at the end of the financial year nor has incurred cash losses during the financial year and in the immediately preceding year.

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

For K. RAMKRISH & CO.,
Chartered Accountants
(Registration # 003017S)

K. MURALI
Partner

Membership # 29294

Place : Chennai
Date : June 16, 2012

Balance Sheet as at March 31, 2012
All amounts are in Indian Rupees unless otherwise stated

	Notes	As at 31 March 2012	As at 31 March 2011
Equity and Liabilities			
Shareholders' Funds			
Share Capital	3	901,557,180	901,557,180
Reserves and Surplus	4	<u>788,176,237</u>	<u>773,187,865</u>
		<u>1,689,733,417</u>	<u>1,674,745,045</u>
Non-current Liabilities			
Long Term Borrowings	5	2,188,747,133	1,826,235,560
Deferred Tax Liability (net)		166,387,546	121,437,794
Other Long-Term Liabilities	6	185,118,357	11,862,701
Long Term Provisions	7	<u>4,829,159</u>	<u>6,029,168</u>
		<u>2,545,082,195</u>	<u>1,965,565,223</u>
Current Liabilities			
Short Term Borrowings	8A	30,756,448	31,520,093
Trade Payables	8B	92,171,435	66,357,571
Other Current Liabilities	8C	428,667,332	185,151,630
Short Term Provisions	9	<u>5,740,479</u>	<u>20,914,833</u>
		<u>557,335,694</u>	<u>303,944,127</u>
TOTAL		<u>4,792,151,306</u>	<u>3,944,254,395</u>
Assets			
Non-current Assets			
Fixed Assets			
Tangible Assets	10	4,354,378,839	1,158,239,056
Capital work-in-progress		<u>94,451,623</u>	<u>2,620,437,715</u>
		<u>4,448,830,462</u>	<u>3,778,676,771</u>
Non-current Investments	11	878,000	878,000
Long Term Loans and Advances	12	88,987,114	15,417,764
Other non-current Assets	14	<u>3,244,000</u>	<u>3,244,000</u>
		<u>4,541,939,576</u>	<u>3,798,216,535</u>
Current Assets			
Inventories	15	32,603,960	31,066,868
Trade Receivables	13	24,084,767	28,520,115
Cash and Bank Balances	14	118,001,364	48,152,725
Short Term Loans and Advances	12	73,491,079	31,086,997
Other Current Assets	13	<u>2,030,560</u>	<u>7,211,155</u>
		<u>250,211,730</u>	<u>146,037,860</u>
Total		<u>4,792,151,306</u>	<u>3,944,254,395</u>
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

per K.MURALI
Partner
Membership No.: 29294

Chennai
June 16, 2012

For and on behalf of the Board of Directors of Appu Hotels Limited

Dr. Palani G Periasamy
Chairman

A Sennimalai
Managing Director

Statement of Profit and Loss for the year ended March 31, 2012

All amounts are in Indian Rupees unless otherwise stated

	Notes	For the year ended 31 March 2012	For the year ended 31 March 2011
I. Income			
Revenues from Services	16	759,808,584	760,208,307
Other Income	17	<u>13,862,085</u>	<u>7,279,439</u>
Total (I)		<u>773,670,669</u>	<u>767,487,746</u>
II. Expenses			
Cost of Revenues	18	269,852,212	251,105,315
Employee Benefits Expense	19	117,206,474	87,208,253
Other Expenses	20	88,271,468	86,357,354
Advertisement and Marketing Expenses	21	<u>31,696,353</u>	<u>23,590,117</u>
Total (II)		<u>507,026,507</u>	<u>448,261,039</u>
Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) (I) - (II)		266,644,162	319,226,707
Depreciation and Amortization Expense	10	136,107,150	86,764,620
Finance Costs	22	<u>122,334,186</u>	<u>62,418,920</u>
Profit Before Tax		8,202,826	170,043,167
Tax Expenses / (Credit)			
Current Tax		1,566,000	36,200,000
Minimum Alternate Tax Entitlement (Credit)		(59,577,312)	-
Deferred Tax		44,949,752	(5,638,206)
Total Tax Expenses / (Credit)		<u>(13,061,560)</u>	<u>30,561,794</u>
Profit After Tax		<u>21,264,386</u>	<u>139,481,373</u>
Earnings per Equity Share: Basic & Diluted		0.18	1.87
Summary of Significant Accounting Policies	2		
See accompanying notes to the financial statements.			

As per our report of even date,

For K.RAMKRISH & CO.,
 Firm Registration Number: 003017S
 Chartered Accountants

For and on behalf of the Board of Directors of Appu Hotels Limited

per K.MURALI
 Partner
 Membership No.: 29294

Dr. Palani G Periasamy
 Chairman

A Sennimalai
 Managing Director

Chennai
June 16, 2012

Notes to Financial Statements

1. Corporate Information

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

2. Significant Accounting Policies

2.1 Basis of Preparation of Financial statements

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

2.2 Use of estimates

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

2.3 Fixed Assets

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

2.4 Depreciation

Depreciation on fixed assets is calculated on straight-line method at applicable rates specified in Schedule XIV to the Companies Act, 1956 except for certain items of plant and machinery and vehicles, which are depreciated over their estimated useful life of ten years and four years respectively. In respect of additions and deletions depreciation charge is restricted to the period of use. All assets costing individually Rs.5,000 or less are fully depreciated in the year of addition. Leasehold improvements are amortised over the period of lease.

2.5 Inventories

Inventories are valued at weighted average cost. Cost includes related taxes, duties, freight etc. excluding input tax for which credit is availed.

2.6 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 expense in the year in which they are incurred.

2.7 Revenue Recognition

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

Notes to Financial Statements Contd...

2.8 Investments

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

2.9 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.

2.10 Taxation

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

2.11 Employee Benefits

a. Short term

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

b. Post retirement

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

1. Provident Fund

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

2. Superannuation

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

3. Gratuity

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

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

Notes to financial statements for the year ended March 31, 2012
All amounts are in Indian Rupees unless otherwise stated

3 Share Capital	As at 31 March 2012	As at 31 March 2011
Authorized Shares		
85,000,000 Equity Shares of Rs.10/- each (Previous year - 85,000,000 Equity Shares of Rs.10/- each)	850,000,000	850,000,000
15,000,000 6% Cumulative Redeemable Preference Shares of Rs.10/- each (Previous Year -15,000,000 6% Cumulative Redeemable Preference Shares of Rs.10/- each)	150,000,000	150,000,000
	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued, Subscribed and Fully Paid-up Shares		
81,155,718 Equity Shares of Rs.10/- each fully paid up (Previous year - 81,155,718 Equity Shares of Rs.10/- each fully paid up)	811,557,180	811,557,180
9,000,000 6% Cumulative Redeemable Preference Shares of Rs.10/- each fully paid up (Previous Year - 9,000,000 6% Cumulative Redeemable Preference Shares of Rs.10/- each fully paid)	90,000,000	90,000,000
	<u>901,557,180</u>	<u>901,557,180</u>

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

	As at 31 March 2012		As at 31 March 2011	
	<u>No.</u>	<u>Amount</u>	<u>No.</u>	<u>Amount</u>
At the beginning of the period	81,155,718	811,557,180	66,155,718	661,557,180
Issued during the period	Nil	Nil	15,000,000	150,000,000
Outstanding at the end of the period	<u>81,155,718</u>	<u>811,557,180</u>	<u>81,155,718</u>	<u>811,557,180</u>

Cumulative Redeemable Preference Shares

At the beginning of the period	9,000,000	90,000,000	9,000,000	90,000,000
Issued during the period	Nil	Nil	Nil	Nil
Outstanding at the end of the period	<u>9,000,000</u>	<u>90,000,000</u>	<u>9,000,000</u>	<u>90,000,000</u>

Notes:

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

Notes to financial statements for the year ended March 31, 2012
All amounts are in Indian Rupees unless otherwise stated
b. 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 2012, the amount of per share dividend recognized as distributions to equity shareholders was Rs.NIL (31 March 2011: Rs. NIL).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts.

b. Preference Shares

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

During the year ended 31 March 2012, the amount of dividend recognized as distributions to preference shareholders was Rs.54,00,000 (31 March 2011: Rs. 54,00,000).

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

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

	As at 31 March 2012		As at 31 March 2011	
	No.	% holding in the class	No.	% holding in the class
Equity shares of Rs.10 each fully paid				
Ms. Visalakshi Periasamy	7,757,703	9.56	9,034,233	11.13
Dr. Palani G Periasamy	7,275,721	8.97	5,999,191	7.39
Mr. Pethinaidu Veluchamy & Mrs. Parameswari Veluchamy	6,393,756	7.88	6,393,756	7.88
Dharani Sugars & Chemicals Ltd	5,121,500	6.31	5,121,500	6.31
Dharani Developers Private Limited	4,887,393	6.02	4,887,393	6.02
Dharani Credit & Finance Private Limited	4,441,356	5.47	4,441,356	5.47
Mr. Arunkumar Veluchamy	4,269,119	5.26	4,269,119	5.26
Dr. T R Shantha	4,175,684	5.15	4,175,684	5.15
Cumulative Redeemable Preference Shares of Rs. 10/- each				
Tourism Finance Corporation of India Ltd	6,000,000	66.67	6,000,000	66.67
IDBI Bank Ltd	3,000,000	33.33	3,000,000	33.33

Notes to financial statements for the year ended March 31, 2012
All amounts are in Indian Rupees unless otherwise stated

	As at 31 March 2012	As at 31 March 2011
4 Reserves and Surplus		
Securities Premium Account	467,647,485	467,647,485
Fixed Assets Revaluation Reserve (See Note 10)	14,651,935	14,651,935
Surplus/(Deficit) in the statement of Profit and (Loss)		
Balance as per last financial statements	290,888,446	157,704,012
Profit/(Loss) for the year	<u>21,264,386</u>	<u>139,481,373</u>
Net Surplus/(Deficit) in the statement of Profit and Loss	312,152,832	297,185,385
Proposed Dividend on Preference Shares	(5,400,000)	(5,400,000)
Tax on Proposed dividend	<u>(876,015)</u>	<u>(896,940)</u>
Total Reserves and Surplus	<u>788,176,237</u>	<u>773,187,865</u>
5 Long Term Borrowings		
Term Loans from (SECURED)		
Banks	1,676,750,610	1,445,057,938
Financial Institutions	481,496,523	359,764,237
(UNSECURED)		
Banks	-	21,413,385
Loans and Advances from Related Parties	<u>30,500,000</u>	-
	<u>2,188,747,133</u>	<u>1,826,235,560</u>

Notes:

- a** Term Loans for the Chennai Hotel Project including current maturities thereof (Note 8 C) from Banks Rs.246,454,407 (March 2011 – Rs.275,514,521) and Financial Institutions Rs.159,764,237 (March 2011 – Rs.220,229,650) are secured, on a pari passu basis, by way of an equitable mortgage on immovable properties situated at 1, GST Road, St. Thomas Mount, Chennai and Chithathur Hamlet. Village No. 68, Gerugambakkam, Sriperumbudur Taluk, Chengalpet District both present and future, and by a first charge by way of hypothecation of all the movables both present and future subject to prior charges created in favour of the Company's Bankers referred to in note 8 A.

Notes to financial statements for the year ended March 31, 2012
All amounts are in Indian Rupees unless otherwise stated

- b. Term Loans for the Coimbatore Project including current maturities thereof (Note 8 C) from Banks Rs.1,720,585,203 (March 2011 – Rs.1,258,365,917) and Financial Institution Rs.200,000,000 (March 2011 Rs.200,000,000) are secured, on a pari passu basis, by way of an equitable mortgage of immovable properties situated at Neelambur in Paladam Taluk, Coimbatore District both present and future and hypothecation of all the movables both present and future subject to prior charge created in favour of the Company's Bankers referred to in note 8 A.
- c. The additional Term Loan of Rs.200,000,000 from a Financial Institution for the Coimbatore Hotel Project (not included in (b) above) is secured by an equitable mortgage of vacant residential land belonging to Dharani Developers Pvt. Ltd (DDPL), a group Company, situated at Kabilar Street, Thirunagar, Valliammal Nagar, Jafferkanpet, Chennai and at "Viscose Park", Kalapatti, Coimbatore, besides, corporate guarantee of DDPL and personal guarantee of the Chairman.
- d. Term Loans referred to in (b) above are additionally secured by way of second charge on immovable property situated at 1, GST Road, St. Thomas Mount, Chennai on pari-passu basis.
- 2 The above loans are also guaranteed by the Chairman and Vice Chairman.
- 3 a. The outstanding Rupee Term Loan from Banks and Financial Institutions (FIs) in respect of Chennai Hotel Project is repayable in monthly/quarterly instalments from financial year (FY) 2012-13 to FY 2017 -18.
- b. The outstanding Rupee Term Loan from Banks and FIs in respect of Coimbatore Hotel Project is repayable in monthly/quarterly instalments from FY 2012 -13 to FY 2019 - 20; whereas the outstanding ECB Loan from a Bank in repayable in 12 Half yearly instalments beginning from the second half of FY 2012-13 and ending in FY 2018-19.

	As at 31 March 2012	As at 31 March 2011
6 Other Long Term Liabilities		
Trade Payables (including acceptances)	168,520,357	9,854,700
Others (Security Deposit)	<u>16,598,000</u>	<u>2,008,001</u>
	<u>185,118,357</u>	<u>11,862,701</u>
7 Long Term Provisions		
Provision for employee benefits:		
(i) Provision for compensated absences	798,413	1,109,149
(ii) Provision for gratuity (net)	<u>4,030,746</u>	<u>4,920,019</u>
Total	<u>4,829,159</u>	<u>6,029,168</u>

Notes to financial statements for the year ended March 31, 2012
All amounts are in Indian Rupees unless otherwise stated

	<u>As at 31 March 2012</u>	<u>As at 31 March 2011</u>
8 Trade Payables & Other Current Liabilities		
8 A Short Term Borrowings		
Secured Working Capital Loans		
Bank	30,756,448	31,520,093
	<u>30,756,448</u>	<u>31,520,093</u>
Notes : Working Capital Loans from a Bank are secured by hypothecation of stock and book debts and by a second charge on immovable properties situated at No.1, GST Road, St Thomas Mount, Chennai and Chithathur Hamlet. Village No. 68, Girugambakkam, Sriperumbudur Taluk, Chengalpet District		
8 B Trade Payables (including acceptances)	92,171,435	66,357,571
	<u>92,171,435</u>	<u>66,357,571</u>
8 C Other Current Liabilities		
Current maturity of Long Term Debt	368,556,714	149,287,913
Interest accrued but not due on borrowings	28,499,444	9,116,404
Other Liabilities		
Statutory payables	22,955,406	19,933,730
Advance from customers	2,379,753	516,643
Provisions	6,276,015	6,296,940
	<u>428,667,332</u>	<u>185,151,630</u>
9 Short Term Provisions		
Provision for employee benefits:		
(i) Provision for bonus	3,527,090	3,078,694
(ii) Provision for compensated absences	382,119	-
(iii) Provision for gratuity (net)	1,831,270	-
Total - A	<u>5,740,479</u>	<u>3,078,694</u>
Provision - Others:		
Provision for tax (net of advance tax)	-	17,836,139
Total - B	<u>-</u>	<u>17,836,139</u>
Total A + B	<u>5,740,479</u>	<u>20,914,833</u>

Notes to financial statements for the year ended March 31, 2012

All amounts are in Indian Rupees unless otherwise added

10 Tangible Fixed Assets

	Land & Site Development	Buildings	Plant and Machinery	Furniture and Fittings	Leasehold Improvements	Motor Vehicles	Total
Cost or valuation							
At 01 April 2010	212,827,022	1,037,292,449	489,037,098	68,111,246	39,757,238	11,858,118	1,858,883,171
Additions	5,343,462	49,970,852	57,730,975	5,626,276	-	1,192,208	119,863,773
Disposals	-	-	25,759,615	-	-	-	25,759,615
At 31 March 2011	218,170,484	1,087,263,301	521,008,458	73,737,522	39,757,238	13,050,326	1,952,987,329
Additions	9,405,194	2,249,948,864	884,799,628	185,125,179	-	2,977,651	3,332,256,516
Disposals	-	-	(13,218,329)	-	-	-	(13,218,329)
At 31 March 2012	227,575,678	3,337,212,165	1,392,589,757	258,862,701	39,757,238	16,027,977	5,272,025,516
Depreciation							
At 01 April 2010	-	309,629,834	336,344,299	62,546,261	4,273,191	10,812,795	723,606,380
Charge for the year	-	35,504,751	41,382,562	6,326,663	3,057,332	493,312	86,764,620
Disposals	-	-	(15,622,727)	-	-	-	(15,622,727)
At 31 March 2011	-	345,134,585	362,104,134	68,872,924	7,330,523	11,306,107	794,748,273
Charge for the year	-	64,147,298	54,788,788	13,204,910	3,057,332	908,822	136,107,150
Disposals	-	-	(13,208,746)	-	-	-	(13,208,746)
At 31 March 2012	-	409,281,883	403,684,176	82,077,834	10,387,855	12,214,929	917,646,677
Net Block							
At 31 March 2011	218,170,484	742,128,716	158,904,324	4,864,598	32,426,715	1,744,219	1,158,239,056
At 31 March 2012	227,575,678	2,927,930,282	988,905,581	176,784,867	29,369,383	3,813,048	4,354,378,839

Note

- Land at 1, GST Road, St. Thomas Mount, Chennai was revalued on May 31, 1992 and again on March 31, 1995 on the governing principles of current cost and the resultant surplus arising on such revaluation amounting to Rs.9,81,85,155 was transferred to Fixed Asset Revaluation Reserve.
- Cost of buildings as at March 31, 2012 includes Rs.1,58,54,685 (Previous year Rs.1,58,54,685) representing cost of residential flats including undivided interest of land
- Pre-operative Expenses relating to Hotel at Coimbatore aggregating to Rs.517,171,553 have been allocated to "Building" and "Plant & Machinery" in proportion to the Original Cost of the respective class of assets.

Notes to financial statements for the year ended March 31, 2012
All amounts are in Indian Rupees unless otherwise stated

	As at		As at	
	31 March 2012		31 March 2011	
11 Non-current Investments				
Long Term Investments (At cost) - Trade - Unquoted				
87,800 Equity shares of Rs 10/- each fully paid up in Clarion Wind Farm (P) Ltd (Previous Year : 87,800 Equity shares of Rs 10/- each fully paid up)			878,000	878,000
Total			878,000	878,000
12 Loans and Advances				
	Non-current		Current	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
(A) Capital Advances				
Secured, considered good	-	-	-	-
Unsecured, considered good	-	-	48,006,235	21,658,575
Doubtful	-	-	-	-
	<u>-</u>	<u>-</u>	<u>48,006,235</u>	<u>21,658,575</u>
Provision for doubtful advances	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>48,006,235</u>	<u>21,658,575</u>
(B) Security Deposit				
Rental and Other Deposits				
Unsecured, considered good	18,972,934	14,299,068	2,297,700	2,511,600
Doubtful	-	-	-	-
	<u>18,972,934</u>	<u>14,299,068</u>	<u>2,297,700</u>	<u>2,511,600</u>
Provision for doubtful security deposit	-	-	-	-
Total	<u>18,972,934</u>	<u>14,299,068</u>	<u>2,297,700</u>	<u>2,511,600</u>
(C) Advances Recoverable in Cash or Kind				
Unsecured considered good	1,118,696	1,118,696	5,000,000	(430)
Doubtful	-	-	-	-
	<u>1,118,696</u>	<u>1,118,696</u>	<u>5,000,000</u>	<u>(430)</u>
Provision for doubtful advances	-	-	-	-
Total	<u>1,118,696</u>	<u>1,118,696</u>	<u>5,000,000</u>	<u>(430)</u>
(D) Other Loans and Advances				
Advance income-tax (net of provision for taxation)	9,318,172	-	7,059,827	-
Minimum Alternative Tax Entitlement Credit	59,577,312	-	-	-
Prepaid expenses	-	-	10,550,100	6,615,429
Balances with statutory/ government authorities	-	-	577,217	301,823
Total	<u>68,895,484</u>	<u>-</u>	<u>18,187,144</u>	<u>6,917,252</u>
Total (A+ B + C + D)	<u>88,987,114</u>	<u>15,417,764</u>	<u>73,491,079</u>	<u>31,086,997</u>

Notes to financial statements for the year ended March 31, 2012
All amounts are in Indian Rupees unless otherwise stated

	Non-current		Current	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
13 Trade Receivables & Other Assets				
13.1 Trade Receivables				
Unsecured, considered good unless stated otherwise				
(A) Outstanding for a period exceeding six months from the date they are due for payment				
- Considered good	-	-	2,011,464	-
- Considered doubtful	-	-	2,876,274	1,950,462
	-	-	4,887,738	1,950,462
Provision for doubtful receivables	-	-	2,876,274	1,950,462
Total	-	-	2,011,464	-
(B) Other Receivables				
Considered good	-	-	22,073,303	28,520,115
Considered doubtful	-	-	-	-
	-	-	22,073,303	28,520,115
Provision for doubtful receivables	-	-	-	-
Total	-	-	22,073,303	28,520,115
Total (A + B)	-	-	24,084,767	28,520,115
13.2 Other Assets				
Interest accrued on deposits	-	-	1,004,831	2,222,802
Other receivables	-	-	1,025,729	4,988,353
	-	-	2,030,560	7,211,155
14 Cash and Bank Balances				
(A) Cash and cash equivalents				
Balances with banks:				
On current accounts	-	-	10,942,972	10,574,827
On deposit accounts	-	-	83,351,386	12,393,137
Cash on hand	-	-	1,982,553	1,752,779
Total	-	-	96,276,911	24,720,743
(B) Other bank balances				
Deposits with original maturity for more than 12 months	-	-	-	-
Margin money deposit	3,244,000	3,244,000	21,724,453	23,431,982
Total	3,244,000	3,244,000	21,724,453	23,431,982
(A) + (B)	3,244,000	3,244,000	118,001,364	48,152,725
			As at	As at
			31 March 2012	31 March 2011
15 Inventories				
(At lower of cost and net realisable value)				
(a) Food & Beverages			20,964,313	10,810,875
(b) Stores and Spares			11,639,647	20,255,993
Total			32,603,960	31,066,868

Notes to financial statements for the year ended March 31, 2012
All amounts are in Indian Rupees unless otherwise stated

	For the year ended 31 March 2012	For the year ended 31 March 2011
16 Revenue from operations		
Revenues from Services		
Room Sales	434,030,812	442,774,301
Food & Beverage Sales	291,163,973	275,784,810
Other Services	<u>34,613,799</u>	<u>41,649,196</u>
	<u>759,808,584</u>	<u>760,208,307</u>
17 Other Income		
Interest Income on		
Bank deposits	4,776,765	3,240,481
Others	279,820	-
Dividend income on Non Current investments	-	-
Exchange Gain	448,535	1,147,904
Provision no longer required	2,756,738	-
Profit on sale of fixed asset	990,417	-
Other non-operating income	<u>4,609,810</u>	<u>2,891,054</u>
	<u>13,862,085</u>	<u>7,279,439</u>
18 Cost of Revenues		
Consumption		
Food	58,621,126	58,786,960
Beverage	15,969,161	16,161,134
Smokes	287,974	182,251
Power and fuel	82,152,804	65,833,745
Water charges	7,525,252	6,032,285
Upkeep and service	57,867,168	59,839,327
Management fees	34,934,768	31,501,746
Reservation fee, commission to travel agents	<u>12,493,959</u>	<u>12,767,867</u>
	<u>269,852,212</u>	<u>251,105,315</u>
19 Employee Benefit Expense		
Salaries and allowances	93,128,629	63,423,848
Gratuity expense	1,185,411	250,534
Contributions to provident fund and employee state insurance plans	2,637,564	3,052,688
Staff welfare	13,984,815	14,284,875
Directors' remuneration	<u>6,270,055</u>	<u>6,196,308</u>
	<u>117,206,474</u>	<u>87,208,253</u>

Notes to financial statements for the year ended March 31, 2012
All amounts are in Indian Rupees unless otherwise stated

	For the year ended 31 March 2012	For the year ended 31 March 2011
20 Other Expenses		
Audit Fees, Legal & Professional Fees	2,438,087	2,477,247
Travel and conveyance	9,429,086	7,065,397
Rent	4,625,700	4,604,770
Repairs and maintenance		
- Plant and machinery	23,773,345	13,025,267
- Others	12,999,353	14,402,697
Communication	6,266,054	6,945,153
Insurance	3,883,992	4,120,712
Provision for doubtful debts	925,812	(90,336)
Rates and taxes	1,375,125	1,834,114
Miscellaneous expenses	1,661,534	2,022,897
Printing & Stationery	5,650,004	4,062,108
Fees & Licenses	15,123,376	15,837,939
Directors sitting fees	120,000	170,000
Loss on sale of asset	-	9,879,389
	<u>88,271,468</u>	<u>86,357,354</u>
Payment to auditor (included under Audit Fees, Legal & Professional Fees)		
As auditor:		
Audit fee	500,000	500,000
Limited review	-	-
Service Tax	51,500	51,500
In other capacity:		
Other services	200,000	-
Reimbursement of expenses	-	-
	<u>751,500</u>	<u>551,500</u>
21 Selling Expenses		
Advertisement and marketing expenses	31,696,353	23,590,117
	<u>31,696,353</u>	<u>23,590,117</u>
22 Finance Costs		
Interest		
- on Term Loans	118,810,147	59,502,880
- others (On Working Capital)	1,521,509	928,503
Other interest and finance charges	2,002,530	1,987,537
	<u>122,334,186</u>	<u>62,418,920</u>

23. NOTES FORMING PART OF FINANCIAL STATEMENTS
23.1 Taxation

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

23.2 Deferred Tax

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

Particulars	31 March 2012 Rs	31 March 2011 Rs
Assets:		
Carry forward unabsorbed depreciation	Nil	Nil
Provision for expenses allowable on payment basis	33,63,000	1,57,09,115
Liability:		
Difference between tax and book written down value of fixed assets	(16,97,50,546)	(13,71,46,909)
Net Deferred Tax (Liability)/ Asset	(16,63,87,546)	(12,14,37,794)

23.3. Contingent Liabilities to the extent not provided for

Claims against the Company not acknowledged as debt	35,68,740	31,70,634
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23.4 Capital Commitments

Estimated amount of contracts remaining to be executed on Capital account and not provided for (Net of advances)	4,68,64,122	20,10,54,817
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23.5 Other financial information

Outstanding Bank Guarantees	97,19,500	97,19,500
Letter of Credit	35,11,179	3,42,375

23.6 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	44,72,075	43,67,712
(ii) Later than one year and not later than five years	1,15,30,560	1,35,92,379
(iii) Later than five years	1,42,70,534	1,66,80,790
Lease rental debited to profit and loss account	46,25,700	46,04,770

NOTES FORMING PART OF FINANCIAL STATEMENTS CONTD...

23.7 Capital Work in Progress includes the following expenditure incidental to the construction of the Hotel facilities at Coimbatore, Tamil Nadu.

(Amount in Rs)

Particulars	Balance as at 31 st March 2011	For the year from 01.04.2011 to 10.11.2011	Balance as at 31 st March 2012
Salaries, wages, bonus and gratuity	23,392,282	7,522,724	30,915,006
Contribution to PF and other funds	118,525	462,692	581,217
Staff welfare expenses	3,433,060	3,063,125	6,496,185
Power and fuel	16,741,247	171,758	16,913,005
Repairs and Maintenance	9,287,172	3,572,070	12,859,242
Advertisement	3,655,153	6,826,854	10,482,007
Travelling and Conveyance	10,651,440	16,119,614	26,771,054
Communication	1,617,267	1,603,704	3,220,971
Printing and Stationery	531,676	574,859	1,106,535
Upkeep and Service	5,484,143	1,667,995	7,152,138
Rent	2,352,743	2,739,140	5,091,883
Rates & Taxes	19,140,105	465,173	19,605,278
Insurance	5,559,326	1,715,781	7,275,107
Others	7,958,447	16,165,457	24,123,904
Interest on Fixed loans	172,590,826	61,299,494	233,890,320
Bank Charges	8,701,229	14,932,179	23,633,408
Fluctuation in Exchange	-	96,568,812	96,568,812
Less: Sales Income	(84,13,401)		(8,413,401)
Net Operating Income (Note 1)		(1,101,118)	(1,101,118)
TOTAL	282,801,240	2,34,370,313	517,171,553
(Less) Capitalised under Building and Plant & Machinery	-		(517,171,553)
BALANCE	282,801,240		-
Note 1:-			
Operating Income		(1,00,731,789)	
Cost of Food & Beverage Sales		19,318,820	
Other Operating Cost		80,311,851	
Net Operating Income		(1,101,118)	

Pre-operative Expenses relating to Hotel at Coimbatore aggregating to Rs.517,171,553 have been allocated to "Building" and "Plant & Machinery" in proportion to the Original Cost of the respective class of assets.

NOTES FORMING PART OF FINANCIAL STATEMENTS CONTD...

	Year ended March 31, 2012 Rs	Year ended March 31, 2011 Rs
23.8 CIF Value of imports		
Capital goods, Stores & Spares	4,06,67,677	43,37,34,893
Food and Beverages	1,08,62,291	42,97,999
23.9 Earnings in foreign currency (represents money received through international credit cards and travellers cheques) on account of Hospitality Services provided to foreign visitors/tourists	34,62,99,060	37,58,51,001
23.10		
(a) Expenditure in foreign currency (on payment basis)		
(a) Travelling expenses	9,18,622	9,44,622
(b) Management fees(Basic, Sales & Marketing, Incentive Fees & Promotions)	3,95,25,496	5,13,56,428
(c) Travel Agent Commission	10,52,340	16,32,137
(d) Foreign Consultants	1,04,20,519	75,67,454
(e) Salary	41,92,591	30,47,656
(f) Interest on ECB Loan	2,35,53,993	1,14,74,875
(b) Amount remitted in foreign currency (on account of dividend)	Nil	Nil

23.11 Information relating to

(a) Food and Beverages

Particulars	Year ended March 31, 2012		Year ended March 31, 2011	
	Food, Beverages (excluding wine and liquor) and smokes Rs	Wine and Liquor Rs	Food, Beverages (excluding wine and liquor) and smokes Rs	Wine and Liquor Rs
Sales	21,68,75,492	7,42,88,481	22,82,25,534	4,75,59,275
Opening Stock	29,46,097	78,64,779	12,94,882	45,03,622
Purchases	10,60,54,198	2,41,15,407	8,15,64,862	1,51,37,112
Consumption	10,17,60,853	1,82,55,315	7,99,13,647	1,17,75,955
Closing Stock	72,39,442	1,37,24,871	29,46,097	78,64,779

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

	Year ended March 31, 2012		Year ended March 31, 2011	
	Rs	%	Rs	%
Imported	58,94,306	5	37,30,175	4
Indigenous	11,41,21,862	95	8,79,59,427	96
	12,00,16,168	100	9,16,89,602	100

- (c) Of the total consumption stated above
 - Rs.2,58,19,087/- (Previous year Rs.1,65,59,257/-) included under Staff Welfare and Upkeep and service. - Rs.1,93,18,820/- (Previous year Rs. NIL) capitalised from Pre-operative expenses - Rs.7,48,78,261/- (Previous year Rs. 7,51,30,345/-) shown as consumption under "Cost of Revenues" – Note 18

	Year ended March 31, 2012 <u>Rs</u>	Year ended March 31, 2011 <u>Rs</u>
23.12 Earnings per Share		
Profit as per profit and loss account	1,49,88,971	13,31,84,433
Weighted average number of shares outstanding	8,11,55,718	7,13,74,896
Earnings Per Share	0.18	1.87

23.13 Segment information:

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

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

	Year ended March 31, 2012 <u>Rs</u>	Year ended March 31, 2011 <u>Rs</u>
Equity	<u>Nil</u>	<u>Nil</u>
Preference Shares (@ 6% per preference Share of Rs. 10/- each)	54,00,000	54,00,000

23.15 Employee Benefits as per AS -15 (Revised)
A. Gratuity
(i) Change in Present value of Benefit Obligation
(in Rupees)

SI.No	Particulars	2012	2011
01	Present value of Benefit Obligation at the beginning of the period	49,20,019	48,40,945
02	Current Service Cost	11,26,129	9,45,166
03	Interest Cost	3,80,671	3,49,883
04	Benefits paid	(3,23,269)	(2,63,768)
05	Actuarial (Gain)/Loss	(2,41,534)	(9,52,207)
06	Present value of Benefit Obligation at the end of the period	58,62,016	49,20,019

NOTES FORMING PART OF FINANCIAL STATEMENTS CONTD...
(ii) Amounts recognised in the Balance Sheet

Sl.No	Particulars	2012	2011
01	Projected Benefit Obligation at the end of the period	58,62,016	49,20,019
02	Fair Value of Plan assets at the end of the period	-	-
03	Funded Status of the plans - Liability/ (Asset)	58,62,016	49,20,019
04	Liability recognized in the Balance Sheet	58,62,016	49,20,019

(iii) Amounts recognized in the statement of Profit and Loss

Sl.No	Particulars	2012	2011
01	Current Service Cost	11,26,129	9,45,166
02	Interest Cost	3,80,671	3,49,883
03	Expected return on Plan Assets	-	-
04	Net Actuarial (Gain)/Loss recognised in the period	(2,41,534)	(9,52,207)
05	Net Cost	12,65,266	3,42,842

(iv) Principal Actuarial Assumptions

Sl.No	Particulars	2012	2011
01	Discount Rate	8.4%	8%
02	Salary Escalation	5.0%	5%
03	Attrition rate	24%	24%

B. Leave encashment

Sl.No	Actuarial Assumptions	2012	2011
01	Discount Rate	8.4%	8%
02	Salary Escalation	5%	5%
03	Attrition Rate	24%	24%
04	Liability recognised in the Balance Sheet	11,80,532	11,09,149

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

23.17 Related party Disclosures
a) Names of related parties and description of relationship

1	Dharani Sugars and Chemicals Limited (DSCL) Dharani Finance Limited (DFL) Ananthi Developers Limited (ADL) Dharani Developers Private Limited (DDPL) Dharani Credit and Finance Private Limited (DCFPL) PGP Hotels and Resorts India Private Limited	Enterprises in which Key management personnel exercise significant influence
2	Dr Palani G Periasamy, Chairman Ms Visalakshi Periasamy, Vice Chairman Mr A Sennimalai, Managing Director	Key Management Personnel

b) The above information regarding related parties has been determined to the extent such parties have been identified on the basis of information available with the Company.

NOTES FORMING PART OF FINANCIAL STATEMENTS CONTD...

c) Particulars of transactions with related parties during the year ended March 31, 2012

Figures within brackets represent previous year's figures

(Amount in Rs)

Particulars	DACL	DFL	ADL	DDPL	Key Management Personnel	Total
Transactions during the year						
Travel services received		3,39,58,482 (2,51,55,796)				3,39,58,482 (2,51,55,796)
Rent Paid					27,62,700 (27,41,770)	27,62,700 (27,41,770)
Rent Received		60,000 (60,000)				60,000 (60,000)
Remuneration paid					62,70,055 (61,96,308)	62,70,055 (61,96,308)
Loans / Deposits		25,00,000 (Nil)	3,05,00,000 (Nil)			3,30,00,000 (Nil)
Interest on Loans	Nil (1,01,917)	20,548 (Nil)	29,20,274 (Nil)			29,40,822 (1,01,917)
Project Supervision Service Charges			Nil (69,00,000)			Nil (69,00,000)
Balances at year end						
Sundry Creditors		47,43,537 (21,79,445)	68,73,668 (2,28,73,668)		26,27,288 (6,71,185)	142,44,493 (2,57,24,298)
Capital advances / Application Money Refund				1,12,786 (8,957)		1,12,786 (8,957)
Loans / Deposits	Nil	Nil	3,05,00,000 (Nil)		18,97,500 (18,97,500)	3,23,97,500 (18,97,500)
Interest receivable/ Payable on Loans	Nil (20,87,830)		29,20,274 (Nil)			29,20,274 (20,87,830)

23.18 The Financial Statements for the year ended March 31, 2011 were prepared as per the then applicable, pre revised Schedule – VI to the Companies Act, 1956. The Financial Statements for the year ended 31 March, 2012 have been prepared as per the revised Schedule – VI. Accordingly, 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

per K.MURALI
Partner
Membership No.: 29294

Dr. Palani G Periasamy
Chairman

A Sennimalai
Managing Director

Chennai
June 16, 2012

Cash Flow Statement for the year ended 31 March, 2012
All amounts are in Indian Rupees unless otherwise stated

Particulars	For the year ended 31 March, 2012		For the year ended 31 March, 2011
A. Cash flow from operating activities			
Net Profit / (Loss) before extraordinary items and tax		8,202,826	170,043,167
<i>Adjustments for:</i>			
Depreciation and amortisation	136,107,150		86,764,620
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	(990,417)		9,879,389
Expense on employee stock option scheme			
Finance costs	120,331,656		60,431,383
Interest income	(4,776,765)		(3,240,481)
Dividend income			
Net (gain) / loss on sale of investments			
Rental income from investment properties			
Rental income from operating leases			
Share of profit from partnership firms			
Share of profit from AOPs			
Share of profit from LLPs			
Liabilities / provisions no longer required written back			
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			
		250,671,625	153,834,911
Operating profit / (loss) before working capital changes		258,874,451	323,878,078
<i>Changes in working capital:</i>			
<i>Adjustments for (increase) / decrease in operating assets:</i>			
Inventories	(1,537,092)		(19,861,996)
Trade receivables	4,435,348		(61,890)
Short-term loans and advances	(49,463,909)		(22,832,167)
Long-term loans and advances	(13,992,038)		(17,101,371)
Other current assets	5,180,595		593,589
Other non-current assets	-		-
<i>Adjustments for increase / (decrease) in operating liabilities:</i>			
Trade payables	25,813,864		18,105,370
Other current liabilities	4,863,861		11,915,284
Other long-term liabilities	173,255,656		(8,590,617)
Short-term provisions	(15,174,354)		18,477,679
Long-term provisions	(1,200,009)		69,398
		132,181,923	(19,286,721)
		391,056,374	304,591,357
Cash flow from extraordinary items		-	-
Cash generated from operations		391,056,374	304,591,357
Net income tax (paid) / refunds		5,493,827	(5,310,630)
Net cash flow from / (used in) operating activities (A)		396,550,200	299,280,727

Cash Flow Statement for the year ended 31 March, 2012
All amounts are in Indian Rupees unless otherwise stated

Particulars	For the year ended 31 March, 2012		For the year ended 31 March, 2011	
B. Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances	(709,701,612)		(1,588,375,066)	
Proceeds from sale of fixed assets	1,000,000		257,500	
Inter-corporate deposits (net)				
Bank balances not considered as Cash and cash equivalents				
- Placed				
- Matured				
Current investments not considered as Cash and cash equivalents				
- Purchased				
- Proceeds from sale				
Purchase of long-term investments				
- Subsidiaries				
- Associates				
- Joint ventures				
- Business units				
- Others				
Proceeds from sale of long-term investments				
- Subsidiaries				
- Associates				
- Joint ventures				
- Business units				
- Others				
Loans given				
- Subsidiaries				
- Associates				
- Joint ventures				
- Others				
Loans realised				
- Subsidiaries				
- Associates				
- Joint ventures				
- Others				
Interest received				
- Subsidiaries				
- Associates				
- Joint ventures				
- Others	4,776,765		3,240,481	
Dividend received				
- Subsidiaries				
- Associates				
- Joint ventures				
- Others				
Rental income from investment properties				
Rental income from operating leases				
Amounts received from partnership firms				
Amounts received from AOPs				
Amounts received from LLPs				
		(703,924,847)		(1,584,877,085)
Cash flow from extraordinary items		(703,924,847)		(1,584,877,085)
Net income tax (paid) / refunds		(703,924,847)		(1,584,877,085)
Net cash flow from / (used in) investing activities (B)		(703,924,847)		(1,584,877,085)

Cash Flow Statement for the year ended 31 March, 2012
All amounts are in Indian Rupees unless otherwise stated

Particulars	For the year ended 31 March, 2012		For the year ended 31 March, 2011	
C. Cash flow from financing activities				
Proceeds from issue of equity shares			450,000,000	
Proceeds from issue of preference shares				
Redemption / buy back of preference / equity shares				
Proceeds from issue of share warrants				
Share application money received / (refunded)				
Proceeds from long-term borrowings	655,912,860		946,048,209	
Repayment of long-term borrowings	(170,701,298)		(132,433,244)	
Net increase / (decrease) in working capital borrowings	(763,645)		762,706	
Proceeds from other short-term borrowings				
Repayment of other short-term borrowings				
Finance cost - Net off Interest accrued	(100,948,616)		(60,431,383)	
Dividends paid	(6,276,015)		(6,296,940)	
Tax on dividend				
		377,223,285		1,197,649,348
Cash flow from extraordinary items		-		-
Net cash flow from / (used in) financing activities (C)		377,223,285		1,197,649,348
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		69,848,639		(87,947,010)
Cash and cash equivalents at the beginning of the year		48,152,725		136,099,735
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents				
Cash and cash equivalents at the end of the year		118,001,364		48,152,725
Reconciliation of Cash and cash equivalents with the Balance Sheet:				
Cash and cash equivalents as per Balance Sheet		118,001,364		48,152,725
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements		21,724,453		23,431,982
Net Cash and cash equivalents		96,276,911		24,720,743
Add: Current investments considered as part of Cash and cash equivalents		-		-
Cash and cash equivalents at the end of the year *				
* Comprises:				
(a) Cash on hand		1,709,670		999,601
(b) Cheques, drafts on hand		272,883		753,178
(c) Balances with banks				
(i) In current accounts		10,942,972		10,574,827
(ii) In EEFC accounts				
(iii) In deposit accounts with original maturity of less than 3 months		83,351,386		12,393,137
(iv) In earmarked accounts				
(d) Others (specify nature)				
(e) Current investments considered as part of Cash and cash equivalents				
		96,276,911		24,720,743

Notes:

- (i) The Cash Flow Statement reflects the combined cash flows pertaining to continuing and discounting operations.
(ii) These earmarked account balances with banks can be utilised only for the specific identified purposes.

See accompanying notes forming part of the financial statements

In terms of our report attached

For K.RAMKRISH & CO.
Firm Registration Number: 003017S

Chartered Accountants

per **K.MURALI**

Partner
Membership No.: 29294
Chennai
June 16, 2012

For and on behalf of the Board of Directors of Appu Hotels Limited

Dr. Palani G Periasamy
Chairman

A Sennimalai
Managing Director



APPU HOTELS LIMITED

Regd. Office : "PGP House" No.57 Sterling Road,
Nungambakkam, Chennai - 600 034.
Phone Nos. 2825 4176, 2831 1313

ADMISSION SLIP

To be handed over at entrance of Meeting Hall

Folio No. : _____

Shares : _____

CIID / DPID _____

I hereby record my presence at the

Twentysixth Annual General Meeting

Venue : Le Royal Meridien

No.1, GST Road, St. Thomas Mount,
Guindy, Chennai - 600 106.

Date : 24th September 2012

Time : 3.00 P.M.

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



APPU HOTELS LIMITED

Regd. Office : "PGP House" No.57 Sterling Road,
Nungambakkam, Chennai - 600 034.
Phone Nos. 2825 4176, 2831 1313

PROXY FORM

I/We _____ Folio/DPID/CIID No. _____
of _____ being a Member / Members of
Appu Hotels Limited hereby appoint _____ of
_____ or failing him _____ of _____ as
my / our proxy to attend and vote for me / us on my / our behalf at the Twentysixth Annual
General Meeting of the Company to be held at **Le Royal Meridien on Monday, the 24th
September 2012** and at any adjournment thereof.

Signed this of September 2012

FOR OFFICE USE ONLY

No. of Shares

Proxy No.

Affix
Revenue
Stamp

Signature

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



The launch of Le Meridien, Coimbatore, the 100th Le Meridien Hotel was presided over by Chairman, Dr. Palani G. Periasamy. The celebrations got off to a splendid start with a cake-cutting ceremony in the presence of dignitaries of the city.



The Grand Madras Ball Room at Le Royal Meridien, Chennai is the favourite venue for product launches and fashion shows. Seen here are some of the most popular tinsel town celebrities with fabulous outfits designed by famous designer Sidney Sladen.



ICONS OF REFINED GRANDEUR

