



APPU HOTELS LIMITED



**28th
ANNUAL REPORT
2013-14**





Our Chairman Dr. Palani G Periasamy was conferred with **Dr. N. MAHALINGAM AWARD** during March, 2014 for recognition of his outstanding contributions as entrepreneur, educationist, academician and outstanding commitment to social, economic and educational development.



Honourable Prime Minister Shri. Narendra Modi, our special guest at Le Meridien, Coimbatore during his campaign was received by Shri. A. Sennimalai, Managing Director.



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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 Thirumooorthi	:	
Mr K Kandasamy	:	
Mr C Ramachandran - IAS (Retd)	:	
Dr A Sakthivel	:	
Mr Anoop Bali	:	Nominee Director - TFCI
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 & FINANCIAL INSTITUTIONS

Indian Bank
State Bank of India
Bank of India
IDBI Bank Ltd
TFCI Ltd

REGISTERED OFFICE



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

HOTELS



LE ROYAL MERIDIEN
CHENNAI

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

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



Hotel Riverside
Resort & Spa
Kumbakonam

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





NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the **TWENTY-EIGHTH** 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 **Tuesday, the 30th September 2014 at 11.30 A.M.** to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Financial Statements as on 31st March 2014 and the reports of the Directors and Auditors.
2. To appoint a Director in place of Dr Palani G Periasamy, (holding DIN – 00081002) 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. K. Kandasamy (holding DIN -00277906) who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment
4. To appoint M/s Ramkrish & Co., Chartered Accountants, Chennai (Firm Regn.No. 003017S) as Statutory Auditors and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to Sections 42,71 of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force), and Rules made thereunder, the provisions in the Memorandum of Association and Articles of Association of the Company, provisions of all other applicable laws and regulations, of the Company and all other concerned statutory and other authorities to the extent necessary, and further subject to such conditions and modifications as may be prescribed, stipulated or imposed by any of them while granting such approvals, consents, permissions and the like, approval of the shareholders is hereby granted to issue 670 (Six Hundred and Seventy) secured redeemable non-convertible debentures of the face value of Rs.10,00,000/- (Rupees Ten Lakhs only) each for cash aggregating to Rs. 67,00,00,000/- (Rupees Sixty Seven crores) ("Debentures") on a private placement basis.

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

RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr C Ramachandran, (holding DIN 00050893), a Director of the Company whose period of office was liable to determination by retirement of directors by rotation as per Section 255 and 256 of the Companies Act,1956, and in whose case requirements of Section 160 of the Companies Act, 2013 have been complied with be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years from 30.09.2014 to 29.09.2019.





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

RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Dr A Sakthivel, (holding DIN 00027485 a Director of the Company whose period of office was liable to determination by retirement of directors by rotation as per Section 255 and 256 of the Companies Act, 1956, and in whose case requirements of Section 160 of the Companies Act, 2013 have been complied with be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years from 30.09.2014 to 29.09.2019.

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

RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Dr M C Thirumoorthi, (holding DIN 00129814 a Director of the Company whose period of office was liable to determination by retirement of directors by rotation as per Section 255 and 256 of the Companies Act, 1956, and in whose case requirements of Section 160 of the Companies Act, 2013 have been complied with be and is hereby appointed as an Independent Director of the Company to hold office for a term of five consecutive years from 30.09.2014 to 29.09.2019.

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. A form of proxy is enclosed, and if intended to be used, should be returned to the company duly completed not less than 48 (forty eight) hours before the aforesaid meeting. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent 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.
2. 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.
3. 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 Saturday and holidays, between 10.00 A.M. and 5.00 P.M up to the date of the Annual general meeting.





- Shareholders are requested to intimate changes in their address, if any, quoting the following number to the Company.
- The Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013, in respect of the special business set out against Items 5,6,7,8 is given below and forms part of this notice

By order of the Board
for Appu Hotels Limited

Place: Chennai – 34

Date : 27.08.2014

N Subramanian
President (Corporate Affairs)

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

Item No.5

The Board of Directors of the Company had earlier in its meeting held on 14.03.2014 decided to borrow money by issue of secured redeemable non-convertible debentures on a private placement basis to the value of Rs.67 crores and had initiated action to issue the information memorandum and offer to selected investors during March 2014. The offer was kept open till 20.06.2014 and the allotment was effected on 20.06.2014 on receipt of the subscription amount, after Section 42 and 71 of the New Companies Act 2013 had come into effect from 01.04.2014. Rule 14(2) of the Companies (Prospectus & Allotment of Securities) Rules 2014 requires that private placement of securities require previous approval of shareholders by a Special Resolution.

Though the approval for issue of debentures was issued before Section 47 and 71 of new Companies Act 2013 came into effect, resolutions passed under the earlier Companies Act 1956 before 31.03.2014 are considered in order and can be implemented upto expiry of one year, if implementation has actually commenced before 1st April 2014, as per clarifications of the Govt of India, Ministry of Corporate affairs.

However to avoid any possible differing interpretations of this clarification from Ministry and by way of abundant caution, Board decided to introduce a fresh resolution in the ensuing Annual General Meeting for approval of the shareholders, as a Special Resolution to formalize the allotment made in June 2014.

No Director or Key Managerial Personnel of the Company or their relatives are concerned or interested in this item.

Item No.6, 7 & 8

Appointment of Independent Directors

The Company has a total Board strength of 9 directors. Other than the Vice Chairman and Managing Director, and the nominee director, remaining 6 directors are liable to retire by rotation in accordance with Section 256 of the earlier Companies Act, 1956.

Section 149(10) of the Companies Act, 2013 now mandates the appointment of independent director for a fixed tenure up to five consecutive years who will be eligible for reappointment for one more term of five years on passing of a Special Resolution by the company. For reckoning these ceilings, any tenure of independent director as on 1st April 2014 shall not be counted.





All the following three existing directors of the company qualify for being appointed as independent director for a tenure of five years after the notification of Section 149. Accordingly their appointments have been proposed by the board, on the recommendations of the Nomination and Remuneration Committee under Section 178 of the Companies Act 2013, a fixed tenure from 30th September 2014 (the date of AGM) to 29th September 2019.

Name of the Independent Director	Date of First Appointment	Date of Last re-appointment	Proposed tenure
Mr C Ramachandran	29.06.2007	24.09.2012	30.09.2014
Dr M C Thirumoorthi	22.12.1992	30.09.2013	To
Dr A Sakthivel	29.06.2013	30.09.2013	29.09.2019

The company has received requisite declaration from each of the above in deference to Section 149(7) that he meets the criteria of Independence as provided in Section 149(6) of the Act. It is further confirmed that in the opinion of the Board each of the independent director proposed to be appointed as above fulfils the conditions specified in the Act and the Rules made thereunder and that the proposed director is independent of the management.

The independent directors would be eligible for sitting fee for attending the Board and Committee meetings within the ceiling prescribed by the Act and as determined by the shareholders and the Board.

No Director or Key Managerial Personnel of the Company or their relatives are interested in this item of business financially or otherwise excepting the interest of each of the person above in his / her respective appointment.

By Order of the Board

for Appu Hotels Limited

Place: Chennai-34

Date : 27.08.2014

N Subramanian
President (Corporate Affairs)





DIRECTOR'S REPORT

All members,

Your Directors are pleased to present their 28th Annual Report on the operations of the Company and the audited statement of accounts for the year ended 31st March 2014.

FINANCIAL RESULTS

PARTICULARS	(Rs. in Lakhs)	
	YEAR ENDED 31.03.2014	YEAR ENDED 31.03.2013
Gross Revenue	7099.10	8663.04
Profit before Interest, Depreciation and Tax	1023.10	1716.70
Interest and Finance Charges	3479.87	2953.22
Depreciation	2204.68	2567.86
Deferred Tax Liability/(Asset)	(645.74)	(1229.28)
Net Profit / (Loss)	(4015.72)	(2575.09)
Cash Accruals / (Loss)	(2456.78)	(1236.52)

REVIEW OF OPERATIONS

The total revenue for the Financial Year (FY) 2013-14 was Rs. 7099.10 lakhs as against Rs. 8663.04 lakhs in the previous FY. The total expenditure was also lower at Rs. 6076.00 lakhs as against Rs. 6946.34 lakhs in the previous FY. Gross Operating Profit for the FY had come down to Rs. 1023.10 lakhs from Rs. 1716.70 lakhs in the previous FY. The GOP % for the FY was lower at 14.40% as against 20% in the previous FY.

The operational performance of both the Hotels at Chennai and Coimbatore continued to be affected by persistent delay in economic recovery in general and supply of room inventory far exceeding the demand.

The performance of your Chennai Hotel had declined continuously for the last three years in succession. In the year ended the 31st March, 2014, both the ARR and Occupancy continued the declining trend. The Occupancy and ARR of the hotel had declined abruptly from 70% and Rs.7100 in the FY2010-11 to about 59% and Rs.6300 respectively in FY2012-13 and further to 40% and Rs.5639 in the FY2013-14.

The performance of the Coimbatore Hotel had also remained subdued in the FY2013-14. The Average Occupancy had

improved only marginally to 24% in the FY2013-14 as compared to 22% on the back of dropping of rates. The ARR in the FY2013-14 was lower at Rs.5212/- as compared to Rs.5803/- in the previous FY.

The hotel at Kumbakonam, taken on lease, has also not generated any profit. The occupancy continues to be in the range of 35% to 40%. The operation resulted in a gross loss of Rs.37 lakhs. The Average Room Revenue (ARR) also has marginally come down from Rs. 2426/- to Rs.2269/-, while REVPAR has increased from Rs.892/- to Rs.907/-

FINANCES

The Company has incurred a loss of Rs.4015.72 lakhs in the FY 2013-14 as against Loss of Rs. 2575.09 lakhs in the previous FY. In order to meet its financial commitments, your Company has decided to raise additional funds through borrowing by issue of secured redeemable non convertible debentures to the extent of Rs.67 crores and also term loans. Action for issue of information memorandum, offer to selected institutions had also been initiated and the funds are expected to be available in the first quarter of 2014 -15. The debentures will be listed in Bombay Stock Exchange.





DIVIDEND

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

PLAN OF ACTION

In order to overcome the financial stress caused by recurrent cash losses and to restore the financial position to an even keel, your Company approached the term lenders with a proposal for corrective action plan and a request for restructuring of term loan liabilities, which was accepted at Joint Lenders' Forum SUBJECT TO APPROVAL by the Competent Authority of individual Lenders. The broad contours of the financial restructuring are as follows:

- (i) Cut-off date 01.02.2014.
- (ii) Company would be inducting Rs.75 crores by way of combination of NCDs/Term Loan to retire some of the existing debts. The said NCDs/ Term Loans are to be repaid over a period of 5 years with a moratorium of 1 year, from out of unsecured loans / equity to be inducted by the Promoters.
- (iii) Renovation of Chennai Hotel property at an estimated cost of Rs.65 crores spread over a period of next 4 years.
- (iv) Monetization of the non core asset of the Company in the form of vacant land to the extent of 26 acres at Gerugambakkam, near Chennai Airport, by unlocking value through plotted development into mixed residential real estate and calibrated sale over a period of two years after allowing for one year for obtaining the necessary regulatory approval. The sale proceeds are to be

utilised to supplement the cash flow for servicing the restructured debts as well as capital expenditure for Renovation of the Chennai Hotel.

- (v) Reduction in the rate of interest on the outstanding Rupee Term Loans from Banks to 12% p.a. and a Financial Institution to 13% p.a. and funding of interest for two years.
- (vi) The funded interest carrying a rate of interest of 12% p.a. in the case of Banks and 13% p.a. in the case of Financial Institution is to be repaid in 26 structured monthly installments beginning from February, 2016, stepped up over a period 3 years.
- (vii) Re-schedule of the outstanding principal amount of Rupee Loan to be repayable beginning from February, 2016, over a period 8 years.
- (viii) Re-schedule of the outstanding ECB loan of Bank of India to be repayable in 16 half yearly installments beginning from April, 2016.
- (ix) The promoters to bring in unsecured loan / equity to the extent of Rs.87 crores over a period of next five years from 2015 to 2019 for repayment of term loan / NCDs to Allium Finance Private Ltd and co-investors (Rs.75 crores), Land development (Rs.8 crores) and Promoters' Contribution (Rs.4 crores) being 20% of the estimated sacrifice of the lenders.

Formal letters from the Lenders approving the financial restructuring are awaited, whereafter the interest cost and the outstanding liability thereof would be restated.





OUTLOOK

Your Company would get a moratorium period of two years for servicing the rupee term loans during which we are hopeful of a turn around in hotel operations, with simultaneous easing of recessionary headwinds facilitating improvements in business travels and increased foreign tourist arrivals expected on account of policy stimulus in the form of Visa on Arrival for tourists from almost all countries and Electronic Travel Authorisation that are very much on the anvil. The expected improvement in net cash flow during the next two year period would be available for capital expenditure on renovation, besides, strengthening the current financial position of the Company.

The Company has entered into a Franchise agreement instead of Management

Agreement with Starwood Asia Pacific Hotels & Resorts Pte Ltd. effective from 01.01.2014, which would help the Company to plan its activities.

DIRECTORS

Dr Palani G Periasamy and K Kandasamy, Directors retire by rotation in this Annual General Meeting and being eligible offer themselves for reappointment.

In terms of Section 149 of the New Companies Act, 2013 the following directors who satisfy the requirements of the Act are proposed to be appointed as Independent Directors for a fresh term of 5 years.

Mr C Ramachandran

Dr A Sakthivel and

Dr M C Thirumooorthi.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

MANAGEMENT COMMITTEE

The Board has constituted a Management Committee to facilitate the operational needs of the company. It meets as and when the need to consider any matter assigned to it arises. The names of Directors of the Management Committee are given below:

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





SUB COMMITTEE

The Board has constituted a Special Sub Committee on 14.03.2014 in connection with the issue of Debentures and additional borrowing. Two meetings were held on 26th March 2014, 29th March 2014 during the year. The names of Directors of the Sub Committee are given below:

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

AUDIT COMMITTEE

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

- ◆ Mr K Kandasamy - Director
- ◆ Mr C Ramachandran - Director
- ◆ Mr Anoop Bali - Nominee Director - TFCI

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

REMUNERATION COMMITTEE

Remuneration Committee consisting of the following Directors considered and recommended the remuneration payable to the Managerial personnel for the year 2013-14.

- ◆ Mr. K. Kandasamy - Director
- ◆ Mr. C. Ramachandran - Director

AUDITORS

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

EMPLOYEES

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

- (A) Employed throughout the year ended 31st March 2014, and were in receipt of remuneration aggregating not less than Rs. 60 lakhs per annum or Rs. 5 lakhs per month. - NIL
- (B) Employed for part of the year ended 31st March 2014 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 AND CORPORATE SOCIAL RESPONSIBILITY

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

REMUNERATION PAID TO MANAGERIAL PERSONNEL

(Rs. In Lakhs)

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

GENERAL INFORMATION

Share Transfer Agent & Dematerialisation of Shares

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

M/s Cameo Corporate Services Limited,

Unit : Appu Hotels Limited

Subramanian Building,

No.1 Club House Road, Chennai 600 002

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





The Shareholding details as on 31.03.2014.

Sl.No	Particulars	No of Shares	%
01	NSDL	35797633	44.11
02	CDSL	118956	0.15
03	Physical	45239129	55.74
	Total	61155718	100.00

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

ACKNOWLEDGMENTS

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 : 27.08.2014



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)

	2013-14	2012-13
A. Conservation of Energy	Given below	
B. Technology absorption	-	-
C. Foreign Exchange Earnings	1900.25	3274.38
D. Foreign Exchange outgo	1451.42	1024.02

Conservation of Energy – measures taken.

(Rs. In Lakhs)

Sl. No.	PARTICULARS	Energy saved
1.	Purchase of Wind Power at Chennai Hotel to meet part of requirement	70.60
2.	Replacement of Halogen Lights with LED lights in public and common	3.40
3.	Purchase of Wind Power at Coimbatore Hotel to meet part of its requirements.	48.00
	Total	122.00



INDEPENDENT AUDITORS 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, 2014, and the statement of Profit and Loss and 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

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") (read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

- In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014
- In the case of the Profit and Loss Account, of the profit/loss for the year ended on that date; and
- In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.



Report on Other Legal and Regulatory Requirements

Handbook of Auditing Pronouncements-I.A

- As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- As required by section 227(3) of the Act, we report that:
 - We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - 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;
 - The Balance sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with this Report are in agreement with the books of account;
 - In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 (read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013);
 - On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For K. RAMKRISH & Co.,

Chartered Accountants

Firm's Registration # 003017S

K.MURALI

PARTNER

Membership # 029294

Place : Chennai

Date : August 27, 2014





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, 2014.

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 eight parties. The balance outstanding as at the end of the year was Rs.41.48 Crores (Number of parties – eight) and the maximum amount involved during the year was Rs.52.25 Crores.
- b) The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie* not prejudicial to the interest of the company.
- c) The payments of the principal amounts and the interest in respect of such loans are regular/as per terms.

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





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

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

6. The Company has not accepted any deposits from the public and consequently, the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under are not applicable.

7. The Company has an internal audit system which, in our opinion, is commensurate with the size and nature of its business.

8. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 for any of the products of the Company.

9. a) According to the information and explanations given to us, and on the basis of our examination of the books of account, the Company has been regular in depositing with appropriate authorities undisputed statutory dues including provident fund, 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 2014 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	3,59,396	Assistant Commissioner of Central Excise
Central Excise Act	Service Tax	11,89,424	Commissioner Appeals
Central Excise Act	Service Tax	2,02,353	Commissioner Appeals
Tamilnadu VAT-Act, 2006	VAT	13,47,758	Commissioner Appeals

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





11. The Company has defaulted in certain repayment of dues to bank / financial institution in terms of Clause 4(xi) of the order, which are detailed below :

Bank / FI	Amount (Rs.)	Due on	Paid on
Indian Bank	25,00,000	15/03/2014	15/06/2014
IDBI	41,33,951	01/02/2014 & 01/03/2014	30/04/2014 & 25/06/2014
SBI	48,50,119	15/01/2014	12/04/2014
	54,28,977	15/02/2014 & 15/03/2014	28/05/2014 & 24/06/2014
IDBI	11,33,337	01/02/2014 & 01/03/2014	05/04/2014 & 25/05/2014
TFCI	3,84,30,643	15/11/2013 - 15/03/2014	15/05/2014 14/06/2014 & 20/06/2014
TFCI	1,54,22,891 19,81,601	15/11/2013 - 15/02/2014 15/03/2014	20/06/2014 & 21/06/2014 NOT yet paid
HDFC	1,40,69,754	01/01/2014 - 01/03/2014	04/06/2014 07/06/2014 & 25/06/2014
SBI-FC TL	49,756	01/02/2014 & 01/03/2014	21/06/2014
SBI TL	69,19,420	01/02/2014 & 01/03/2014	27/06/2014

12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The Company is not a chit fund, nidhi, mutual benefit fund or a society. Accordingly, clause 4(xiii) of the Order is not applicable.

14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, clause 4(xiv) of the Order is not applicable.

15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, clause 4(xv) of the Order is not applicable.

16. On the basis of review of utilisation of funds on an overall basis, in our opinion, the term loans have been applied for the purposes for which the loans were obtained.

17. On the basis of review of utilisation of funds on an overall basis, in our opinion, the funds raised on short term basis have not been used for long term investment.

18. The Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clause 4(xviii) of the Order is not applicable.

19. The Company has not issued any debentures. Accordingly, clause 4(xix) of the Order is not applicable.

20. The Company has not raised any money by public issues during the year. Accordingly, clause 4(xx) of the Order is not applicable.

21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

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

K.MURALI

PARTNER

Membership # 029294

Place : Chennai
Date : August 27, 2014



Balance Sheet as at March 31, 2014
 All amounts are in Indian Rupees unless otherwise stated

	Notes	As at 31 March 2014	As at 31 March 2013
Equity and Liabilities			
Shareholders' Funds			
Share Capital	3	901,557,180	901,557,180
Reserves and Surplus	4	129,095,409	530,667,682
		1,030,652,589	1,432,224,862
Non-Current Liabilities			
Long Term Borrowings	5	2,356,979,096	2,317,597,314
Deferred Tax Liability (net)		-	43,459,254
Other Long-Term Liabilities	6	279,349,199	130,788,778
Long Term Provisions	7	6,150,917	5,804,549
		2,642,479,212	2,497,649,895
Current Liabilities			
Short Term Borrowings	8A	46,509,371	63,797,598
Trade Payables	8B	71,608,898	60,789,322
Other Current Liabilities	8C	643,096,605	581,970,813
Short Term Provisions	9	5,059,724	7,209,752
		766,274,599	713,767,485
TOTAL Assets		4,439,406,400	4,843,642,242
Assets			
Non-Current Assets			
Fixed Assets			
Tangible Assets	10	4,091,160,559	4,202,253,278
Capital Work-in-Progress		122,309,531	112,693,059
		4,213,470,090	4,314,946,337
Non-Current Investments	11	4,362,000	5,240,000
Long-Term Loans and Advances	12	114,060,440	107,393,660
Other Non-Current Assets	14	6,502,063	6,044,000
Deferred tax Asset (net)		21,114,320	-
		4,359,508,913	4,433,623,997
Current Assets			
Inventories	15	30,241,821	23,936,114
Trade Receivables	13.1	27,041,364	28,216,167
Cash and Bank Balances	14	1,910,949	129,547,575
Short-Term Loans and Advances	12	18,758,689	26,384,057
Other Current Assets	13.2	1,944,665	1,934,332
		79,897,488	210,018,245
TOTAL		4,439,406,400	4,843,642,242
Summary of Significant Accounting Policies	2		
See accompanying notes to the financial statements.			

As per our report of even date

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

per. KMURALI
 Partner
 Membership No.: 29294
 Chennai
 August 27, 2014

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

Dr. Palani G Periasamy
 Chairman

Visalakshi Periasamy
 Vice Chairman

A Sennimalai
 Managing Director





Statement of Profit and Loss Account for the year ended March 31, 2014
 All amounts are in Indian Rupees unless otherwise stated

	Notes	For the year ended 31 March 2014	For the year ended 31 March 2013
I. Income			
Revenues from Services	16	697,408,132	845,947,443
Other income	17	12,501,417	20,356,360
Total (I)		709,909,549	866,303,803
II. Expenses			
Cost of Revenues	18	306,325,252	375,111,776
Employee Benefits Expense	19	143,923,807	148,339,485
Other Expenses	20	114,380,918	112,029,523
Advertisement and Marketing Expenses	21	42,959,598	59,152,661
Total (II)		607,598,575	694,633,446
Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) (I) - (II)		102,309,974	171,670,357
Depreciation and Amortization Expenses	10	220,468,459	256,785,520
Finance Costs	22	347,987,362	295,321,685
Profit / (Loss) Before Tax		(486,145,847)	(380,436,848)
Tax Expenses / (credit)			
Current Tax		-	-
Minimum Alternate Tax Entitlement (Credit)		-	-
Deferred Tax / (Asset)		(64,573,574)	(122,928,292)
Total Tax Expense / (Credit)		(64,573,574)	(122,928,292)
Profit / (Loss) After Tax		(401,572,273)	(257,508,556)
Earnings per Equity Share : Basic & Diluted		(5.01)	(3.25)
Summary of Significant Accounting Policies	2		
See accompanying notes to the financial statements.			

As per our report of even date
 For K.RAMKRISH & CO.,
 Firm Regn. No. 003017S
 Chartered Accountants

per. K.MURALI
 Partner
 Membership No.: 29294
 Chennai
 August 27, 2014

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

Dr. Palani G Periasamy
 Chairman

Visalakshi Periasamy
 Vice Chairman

A Sennimalai
 Managing Director





NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

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

2. Significant Accounting Policies

2.1 Basis of Preparation of Financial statements

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

2.2 Use of estimates

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

2.3 Fixed Assets

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

2.4 Depreciation

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

2.5 Impairment of Assets

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

2.6 Inventories

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

2.7 Borrowing Costs

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





Notes to Financial Statements... Contd...

2.8 Revenue Recognition

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

2.9 Investments

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

2.10 Foreign Currency Transactions

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

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

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

2.11 Taxation

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

2.12 Employee Benefits**a. Short term**

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

b. Post retirement

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

1. Provident Fund

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

2. Superannuation

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

3. Gratuity

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

c. Long term

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




Notes to financial statements for the year ended March 31, 2014

All amounts are in Indian Rupees unless otherwise stated

	As at 31 March 2014	As at 31 March 2013
3 Share capital		
Authorized shares		
85,000,000 Equity shares of Rs.10/- each	850,000,000	850,000,000
(Previous year - 85,000,000 Equity shares of Rs.10/- each)		
15,000,000 Preference Shares of Rs.10/- each	150,000,000	150,000,000
(Previous Year - 15,000,000 Preference Shares of Rs.10/- each)		
Total	1,000,000,000	1,000,000,000
Issued, Subscribed and Fully paid-up Shares		
81,155,718 Equity shares of Rs.10/- each fully paid up	811,557,180	811,557,180
(Previous year - 81,155,718 Equity shares of Rs.10/- each fully paid up)		
9,000,000 6% Cumulative Redeemable Preference Shares of Rs.10/- each fully paid up	90,000,000	90,000,000
(Previous Year - 9,000,000 6% Cumulative Redeemable Preference Shares of Rs.10/- each fully paid)		
Total	901,557,180	901,557,180

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

Equity shares	As at 31 March 2014		As at 31 March 2013	
	No.	Amount	No.	Amount
At the beginning of the period	81,155,718	811,557,180	81,155,718	811,557,180
Issued during the period	Nil	Nil	Nil	Nil
Outstanding at the end of the period	81,155,718	811,557,180	81,155,718	811,557,180

**6% 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	7,500,000	75,000,000	-	-
Redeemed during the period	(7,500,000)	(75,000,000)	-	-
Outstanding at the end of the period	9,000,000	90,000,000	9,000,000	90,000,000





Notes to Financial Statements, Contd.,

Notes:

1. Of the above, 59,10,333 equity shares of Rs.10/- each were issued and allotted pursuant to a scheme of amalgamation without payment being received in cash.
2. 60,00,000 fully paid up 6% Cumulative Redeemable Preference Shares (CRPS) of Rs.10/- each were issued to Tourism and Finance Corporation of India Ltd. (TFCI) on 01.03.2008 and 30,00,000 fully paid up 6% CRPS of Rs.10/- each were issued to IDBI Bank Ltd on 01.01.2008 against the Optionally Convertible Debentures. Out of the above, 30,00,000 CRPS issued to IDBI Bank Ltd and 45,00,000 CRPS issued to TFCI have been redeemed leaving a balance of 15,00,000 CRPS against TFCI. In lieu of the 75,00,000 CRPS redeemed, fresh 6% CRPS were issued to Ananthi Developers Ltd on 29.06.2013 (22,50,000 CRPS) and on 30.09.2013 (22,50,000 CRPS) and to Dharani Developers Private Limited on 14.03.2014 (30,00,000 CRPS).

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 2014, the amount of per share dividend recognized as distributions to equity shareholders was Rs.NIL (31 March 2013 : 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 ended 31 March 2014, the amount of dividend recognized as distributions to preference shareholders was Rs.Nil (31 March 2013 : Rs. Nil)

The CRPS are to be redeemed as follows:

Name of the Party	No. of Shares	Redemption Details
TFCI	1,500,000	Redemption due on 15.01.2014 was redeemed on 20/06/2014
Ananthi Developers Ltd	4,500,000	22,50,000 each to be redeemed on 28/06/2020 and 28/09/2020
Dharani Developers Pvt Ltd	3,000,000	30,00,000 to be redeemed on 13/03/2021


Notes to financial statements for the year ended March 31, 2014

All amounts are in Indian Rupees unless otherwise stated

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

	As at		As at	
	31 March 2014	31 March 2013	No.	% holding in the class
Equity shares of Rs.10 each fully paid				
Mrs Visalakshi Periasamy	7,757,703	9.56	7,757,703	9.56
Dr Palani G Periasamy	7,275,721	8.97	7,275,721	8.97
Mr Pethinaidu Veluchamy &				
Mrs Parameswari Veluchamy	6,393,756	7.88	6,393,756	7.88
Dharani Sugars & Chemicals Ltd	5,121,500	6.31	5,121,500	6.31
Dharani Developers Private Limited	4,887,383	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 Corp. of India Ltd	1,500,000	16.67	6,000,000	66.67
IDBI Bank Ltd	-	-	3,000,000	33.33
Ananthi Developers Ltd	4,500,000	50.00	-	-
Dharani Developers Private Ltd	3,000,000	33.33	-	-

	As at	
	31 March 2014	31 March 2013
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	48,368,262	305,876,818
Profit / (loss) for the year	(401,572,273)	(257,508,556)
Net surplus / (deficit) in the statement of profit and loss		
	(353,204,011)	48,368,262
Total	129,095,409	530,667,682





Notes to financial statements for the year ended March 31, 2014

All amounts are in Indian Rupees unless otherwise stated

	As at 31 March 2014	As at 31 March 2013
5 Long Term Borrowings (SECURED)		
Term Loans from:		
Banks	1,715,954,557	1,689,585,673
Financial Institutions	195,250,000	336,143,219
(UNSECURED)		
Inter Corporate Deposits - related parties	280,255,117	233,800,000
- Others	31,000,000	
Un secured loan - Directors & relatives	134,516,422	58,068,422
Total	2,356,679,096	2,317,597,314

Notes:

1. a. Term Loans for the Chennai Hotel Project including current maturities thereof (Note 8 C) from Banks Rs.110,302,000 (March 2013 – Rs.158,650,000) and Financial Institution Rs.57,961,310 (March 2013 – Rs.95,470,279) are secured, on a pari passu basis, by way of an equitable mortgage on immovable properties situated at 1, GST Road, St. Thomas Mount, Chennai and Chithathur Hamlet, Village No. 68, Gerugambakkam Sriperumbudur Taluk, Chengalpet District both present and future, and by a first charge by way of hypothecation of all the movables both present and future subject to prior charges created in favour of the Company's Bankers referred to in note 8 A.
- b. Term Loans for the Coimbatore Project including current maturities thereof (Note 8 C) from Banks Rs.1,307,488,356 (March 2013 – Rs.1,599,233,673) and Financial Institution Rs.164,285,000 (March 2013- Rs.185,714,000) are secured, on a pari passu basis, by way of an equitable mortgage of immovable properties situated at Neelambur in Palladam Taluk, Kalapatti in Coimbatore North Taluk and Uppillipalayam in Coimbatore South Taluk all in Coimbatore District both present and future and hypothecation of all the movables both present and future subject to prior charge created in favour of the Company's Bankers referred to in note 8 A.
- c. The additional Term Loan of Rs.161,115,000 (March 2013 - 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, Jafferkhanpet, Chennai and at "Viscose Park", Kalapatti, Coimbatore, besides, corporate guarantee of DDPL and personal guarantee of the Chairman
- d. The additional Term Loan of Rs.250,000,000 (March 2013- Rs.250,000,000) including current maturities thereof (Note 8C) from a bank for the Coimbatore Hotel Project (not included in (b) above) is secured on pari-passu basis by way of an equitable mortgage of immovable properties situated at 1, GST Road, St.Thomas Mount, Chennai and at Neelambur in Palladam Taluk, Coimbatore District as well as hypothecation of movables at Coimbatore Hotel premises both present and future subject to prior charge in favour of the Companies Bankers referred to in Note 8 A.





Notes to Financial Statements... Contd.

e. The additional Term Loan of Rs.380,778,000 (March 2013 - Rs.Nil) including current maturities thereof (Note 8 C) from a bank for shoring working capital is secured on pari passu basis, by way of an equitable mortgage of immovable properties situated at 1, GST Road, St. Thomas Mount, Chennai and Chithathur Hamlet, Village No. 68, Gerugambakkam Sriperumbudur Taluk, Chengalpet District and at Neelambur in Paladam Taluk, Colmbatore District as well as hypothecation of movables at Colmbatore Hotel premises both present and future subjects to prior charge in favour of the companies bankers referred to in Note 8 A.

f. Term Loans referred to in (b) above is additionally secured by way of second charge on immovable property situated at 1, GST Road, St. Thomas Mount, Chennai on pari-passu basis.

g. Term Loan from the Financial Institution Rs.164,285,000 (March 2013 - Rs.185,714,000) mentioned under (b) above is additionally secured on pari-passu basis by way of an equitable mortgage of immovable properties situated at No.1, GST Road, St. Thomas Mount, Chennai.

2. The above loans are also guaranteed by the Chairman and Vice Chairman.

3. a. The outstanding Rupee Term Loan from Banks and Financial Institutions (FIs) in respect of Chennai Hotel Project which carries a weighted average rate of interest of 14.74% p.a. is repayable in monthly/quarterly instalments from financial year (FY) 2012-13 to FY 2017-18.

b. The outstanding Rupee Term Loan from a Bank for shoring working capital which carries a rate of interest of 15% p.a. is repayable in 96 monthly instalments from FY 2014-15 to FY 2021-22.

c. The outstanding Rupee Term Loan from Banks and FIs in respect of Coimbatore Hotel Project which carries a weighted average rate of interest of 11.42% p.a. is repayable in monthly/quarterly instalments from Financial Year (FY) 2012 -13 to FY 2020 - 21; whereas the outstanding ECB Loan from a Bank is 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 2014	31 March 2013
6 Other Long-Term Liabilities		
Trade Payables (including acceptances)	134,643,902	84,774,195
Others	144,705,207	46,014,582
Total	279,349,199	130,788,777
7 Long-Term Provisions		
Provision for Employee Benefits:		
(i) Provision for compensated absences	1,400,464	1,360,329
(ii) Provision for gratuity (net)	4,750,453	4,444,220
Total	6,150,917	5,804,549





Notes to financial statements for the year ended March 31, 2014
 All amounts are in Indian Rupees unless otherwise stated

	As at 31 March 2014	As at 31 March 2013
6A Short Term Borrowings Secured Working Capital Loans		
Bank	46,509,371	63,797,598
Total	46,509,371	63,797,598
Note : Working Capital Loans from a Bank are secured by hypothecation of stock and book debts and by a second charge on immovable properties situated at No.1, GST Road, St Thomas Mount, Chennai and Chithathur hamlet Village No.68, Gerugambakkam, Sriperumbudur Taluk, Chengalpet District		
6B Trade payables (including acceptances)	71,808,898	60,789,322
Total	71,808,898	60,789,322
6C Other current liabilities		
Current maturity of Long term debt	520,725,109	463,339,060
Interest accrued and due on borrowings	37,507,063	-
Interest accrued but not due on borrowings	30,297,023	26,467,055
Other liabilities		
Statutory Payables	16,395,453	14,613,131
Advance From Customers	16,434,076	12,109,550
Accrued Expenses	21,737,881	65,442,018
Total	843,096,605	581,970,813
9 Short-Term Provisions		
Provision for Employee Benefits:		
(i) Provision for bonus	1,441,700	4,267,388
(ii) Provision for compensated absences	829,410	647,608
(iii) Provision for gratuity (net)	2,788,814	2,294,755
Total	5,059,724	7,209,751



Notes to financial statements for the year ended March 31, 2014

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
Cost or valuation							
At 01 April 2012	227,575,678	3,397,212,165	1,392,589,757	258,882,701	39,757,238	16,027,977	5,272,025,516
Additions	1,000,000	57,505,933	49,507,144	5,468,212	-	-	113,481,289
Disposals	(927,273)					(45,458)	(8,322,731)
At 31 March 2013	228,575,678	3,385,440,825	1,442,006,901	284,390,913	39,757,238	15,982,518	5,376,184,074
Additions	4,830,353	98,723,150	5,618,078	4,158	-	-	109,375,740
Disposals	-	-	-	-	-	-	-
At 31 March 2014	233,406,031	3,484,163,975	1,447,914,979	264,335,071	39,757,238	15,982,518	5,485,569,614
Depreciation							
At 01 April 2012	-	409,281,883	403,684,176	82,077,834	10,387,855	12,214,929	917,846,677
Charge for the year	-	110,628,269	115,247,791	24,232,086	3,057,332	3,620,042	256,785,520
Disposals	-	(458,216)	-	-	-	(43,185)	(501,401)
At 31 March 2013	-	519,451,936	518,931,967	106,309,920	13,445,187	15,791,786	1,173,930,796
Charge for the year	-	111,681,445	87,484,971	18,115,682	3,057,332	119,019	220,468,458
Disposals	-	-	-	-	-	-	-
At 31 March 2014	-	631,143,381	605,416,938	124,425,612	16,502,519	15,910,805	1,394,399,254
Net Block							
At 31 March 2013	228,575,678	2,865,988,889	923,164,934	158,020,983	26,312,051	190,733	4,202,253,278
At 31 March 2014	233,406,031	2,853,020,584	841,408,041	139,908,459	23,254,719	71,714	4,091,160,559

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, 2014 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 March 31, 2014

All amounts are in Indian Rupees unless otherwise stated

		As at 31 March 2014	As at 31 March 2013
11 Non-current investments			
Long Term Investments (At cost) - Trade - Unquoted			
410,200 Equity shares of Rs 10/- each fully paid up in Clarion Wind Farm (P) Ltd	4,102,000	4,980,000	
(Previous Year : 498,000 Equity shares of Rs 10/- each fully paid up)			
26,000 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)	260,000	260,000	
Total	4,362,000	5,240,000	

12 Loans and Advances

	Non-current		Current	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Capital Advances				
Secured, Considered good	3,149,173	6,001,847	-	-
Unsecured, Considered good	-	-	-	-
Doubtful	-	-	-	-
Provision for Doubtful Advances (A)	3,149,173	6,001,847	-	-
Security Deposit				
Rental and other Deposits				
Unsecured, Considered good	24,351,935	25,436,502	-	-
Doubtful	-	-	-	-
Provision for Doubtful Security Deposit (B)	24,351,935	25,436,502	-	-
Advances Recoverable in cash or kind				
Unsecured Considered good	-	-	86,633	1,536,622
Doubtful	-	-	86,633	1,536,622
Provision for Doubtful Advances (C)	86,633	1,536,622	-	-
Other Loans and Advances				
Advance Income-tax (net of provision for taxation)	26,982,020	16,377,999	7,500,737	10,739,021
Minimum Alternative Tax Entitlement Credit	59,577,312	59,577,312	-	-
Prepaid expenses	-	-	10,981,129	13,685,374
Balances with statutory / government authorities (D)	86,569,332	75,955,311	18,672,056	24,847,435
Total (A+ B + C + D)	114,060,440	107,393,660	18,758,689	26,384,057



Notes to financial statements for the year ended March 31, 2014

All amounts are in Indian Rupees unless otherwise stated

13 Trade receivables & Other Assets

	Non-current		Current	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
13.1 Trade Receivables				
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment				
- Considered good			1,762,573	1,767,573
- Considered doubtful			1,762,573	1,767,573
Provision for doubtful receivables			1,762,573	1,767,573
(A)				
Other Receivables				
Unsecured, Considered good			27,041,364	28,216,167
Doubtful			27,041,364	28,216,167
Provision for doubtful receivables			27,041,364	28,216,167
(B)				
Total (A + B)			27,041,364	28,216,167
13.2 Other Assets				
Interest accrued on Deposits			1,001,524	726,351
Other Receivables			943,141	1,207,981
			1,944,665	1,934,332
14 Cash and Bank Balances				
Cash and Cash Equivalents				
Balances with banks :				
On current accounts			1,405,578	105,953,173
on Deposit Accounts			505,371	1,314,678
Cash on hand			1,910,949	107,267,851
(A)				
Other bank balances				
Deposits with original maturity for more than 12 months			-	22,279,724
Margin money deposit	6,502,063	6,044,000	-	-
(B)	6,502,063	6,044,000	-	22,279,724
Total (A) + (B)	6,502,063	6,044,000	1,910,949	129,547,575

	As at		As at 31 March 2013
	31 March 2014		
15 Inventories			
(At lower of cost and net realisable value)			
(a) Food & Beverages	12,566,017		14,952,967
(b) Stores and Spares	17,675,804		8,983,147
Total	30,241,821		23,936,114



**Notes to financial statements for the year ended March 31, 2014**

All amounts are in Indian Rupees unless otherwise stated

	For the year ended 31 March 2014	For the year ended 31 March 2013
16 Revenue from Operations		
Revenues from Services		
Room Sales	320,469,226	442,277,816
Food & Beverage Sales	340,910,833	373,555,762
Other Services	36,028,072	30,113,865
Total	897,408,132	845,947,443
17 Other Income		
Interest Income on		
Bank deposits	2,331,304	4,477,645
Exchange Gain	-	889,093
Provision no longer required	1,457,606	4,207,847
Profit on Sale of Fixed Asset	-	2,682,857
Subsidy received	4,200,000	-
Other non-operating income	4,502,507	8,098,918
Total	12,501,417	20,356,360
18 Cost of Revenues		
Consumption		
Food	68,871,747	78,882,950
Beverage	16,839,770	21,827,295
Smokes	677,652	473,614
Power and fuel	133,150,929	151,426,681
Water charges	12,074,561	13,070,764
Upkeep and Service	55,113,296	71,845,384
Management fees	9,806,157	25,788,155
Reservation fee, Commission	9,791,138	11,996,952
Total	306,325,252	375,111,776
19 Employee benefit expense		
Salaries and allowances	117,049,418	122,065,022
Gratuity expense	2,087,221	1,093,889
Contributions to Provident Fund and Employee		
State Insurance Plans	4,947,522	5,024,760
Staff welfare	15,341,817	15,249,229
Directors' remuneration	4,497,829	4,906,586
Total	143,923,807	148,339,485




Notes to financial statements for the year ended March 31, 2014

All amounts are in Indian Rupees unless otherwise stated

	For the year ended 31 March 2014	For the year ended 31 March 2013
20 Other Expenses		
Audit Fees, Legal & Professional Fees	5,010,433	2,427,753
Travel and conveyance	7,956,136	9,676,673
Rent	5,140,174	4,794,557
Repairs and maintenance		
- Building	11,161,275	10,798,988
- Plant and machinery	18,601,136	18,433,500
- Others	7,348,744	7,395,798
Communication	7,112,510	6,610,183
Insurance	7,943,979	7,807,322
Fees & Licenses	23,656,372	23,160,241
Loss on Foreign Exchange	1,453,224	-
Directors sitting fees	197,670	145,000
Rates and taxes	2,296,023	1,383,913
Printing & Stationery	4,799,521	7,136,084
Subscription charges	8,300,141	7,273,066
Miscellaneous expenses	3,403,581	4,986,445
Total	114,380,918	112,029,523
Payment to auditor (included under Audit Fees, Legal & Professional Fees)		
As auditor:		
Audit fee	500,000	500,000
Limited review	-	-
Service Tax	61,800	61,800
In other capacity:		
Other services	-	-
Service Tax	-	-
Reimbursement of expenses	-	-
Total	561,800	561,800
21 Selling Expenses		
Advertisement and marketing expenses	42,969,598	59,152,661
Total	42,969,598	59,152,661
22 Finance Costs		
Interest		
- on Term Loans	304,616,324	268,920,303
- others	42,388,620	23,921,108
Finance Charges	982,419	2,480,274
Total	347,987,362	295,321,685



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

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

23.2 Deferred Tax

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

Particulars	31st March 2014 Rs.	31st March 2013 Rs.
Assets:		
Carry forward unabsorbed depreciation	28,79,30,000	13,36,92,000
Carry forward Loss	NIL	4,01,96,000
Provision for expenses allowable on payment basis	42,20,340	36,51,000
Liability:		
Difference between tax and book written down value of fixed assets	(27,10,36,020)	(22,09,98,254)
Net Deferred Tax (Liability)/Asset	2,11,14,320	(4,34,59,254)

23.3 Contingent Liabilities

Claims against the Company not acknowledged as debt

Demands raised against the company under

Central Excise Act, 1944	17,51,173	17,51,173
TN VAT Act	6,73,879	NIL
Other Contingencies	87,29,532	87,29,532
Total	1,11,54,584	104,80,705

23.4 Cumulative Preference Dividend

(Including Tax) Not provided for

1,15,36,463

62,76,015

23.5 Capital Commitments

Estimated amount of contracts remaining to be executed on

Capital account and not provided for (Net of advances) 5,74,08,999 7,58,14,655

23.6 Other Financial Information

Outstanding Bank Guarantees 1,85,12,450 1,80,37,513

Letter of Credit NII NII

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

(i) Not later than one year	50,01,896	51,74,010
(ii) Later than one year and not later than five years	1,28,34,865	91,58,974
(iii) Later than five years	68,56,804	1,18,06,716
Lease rental debited to profit and loss account	51,40,174	47,94,557





NOTES FORMING PART OF FINANCIAL STATEMENTS CONTD.,

		Year Ended March 31, 2014 Rs.	Year Ended March 31, 2013 Rs.
23.8	CIF Value of Imports Capital Goods, Stores & Spares Food and Beverages	95,29,806 36,74,583	1,70,09,651 73,55,231
23.9	Earnings in foreign currency (represents money received through International credit cards and travellers cheque) on account of Hospitality Services provided to foreign visitors/ tourists	19,00,25,007	32,74,38,072
23.10	(A) Expenditure in foreign currency (on payment basis)		
	a. Travelling Expenses	6,91,897	7,43,006
	b. Management fees (Basic, Sales & Marketing, Incentive Fees & Promotions)	3,04,42,848	2,58,15,295
	c. Travel Agent Commission	12,42,068	16,84,243
	d. Foreign Consultants	8,39,84,189	20,10,209
	e. Salary	NIL	23,47,008
	f. Interest on ECB Loan	4,13,76,909	4,54,37,215
	(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, 2014		Year Ended March, 31, 2013	
	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	26,91,43,478	5,17,67,355	31,79,71,443	5,55,84,320
Opening Stock	37,06,399	1,12,46,567	72,39,442	1,37,24,871
Purchases	8,55,55,586	1,32,09,882	10,60,32,290	1,59,99,722
Consumption	8,46,40,354	1,65,12,042	10,95,65,333	1,84,78,026
Closing Stock	46,21,631	78,44,386	37,06,399	1,12,46,566





NOTES FORMING PART OF FINANCIAL STATEMENTS CONTD..

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

Particulars	Year ended March, 31, 2014		Year Ended March, 31, 2013	
	Rs.	%	Rs.	%
Imported	67,28,680	7	79,05,102	6
Indigenous	9,44,23,717	93	12,01,38,258	94
Total	10,11,52,397	100	12,80,43,360	100

Of the total consumption stated above

- Rs. 1,47,63,227/- (Previous year - Rs. 2,68,59,502/-) included under Staff Welfare and Upkeep and service.
- Rs. 8/63,89,170/- (Previous year - Rs. 10,11,83,858/-) shown as consumption under "Cost of Revenues" - Note 18

	Year Ended March 31, 2014		Year Ended March 31, 2013	
	Rs.	Rs.	Rs.	Rs.
23.12 Earnings Per Share				
Profit / (Loss) as per profit and loss account	(40,15,72,273)		(25,75,08,556)	
Add: Preference Dividend not provided for including tax	(52,60,448)		(62,76,015)	
Total	(40,68,32,721)		(26,37,84,571)	
Weighted average number of shares outstanding	8,11,55,718		8,11,55,718	
Earnings per share	(5.01)		(3.25)	
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, 2014 Rs.	Year Ended March 31, 2013 Rs.
	Equity	Nil	Nil
	Preference Shares (6% per Preference Shares of Rs.10/- each)	Nil	Nil

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

S.No	Particulars	March 31, 2014	March 31, 2013
01	Present value of Benefit obligation at the beginning of the period	67,38,975	58,62,016
02	Current Service Cost	10,72,905	12,94,598
03	Interest Cost	4,57,227	4,73,502
04	Benefits paid	(1,64,250)	(4,50,184)
05	Actuarial (Gain)/ Loss	2,24,915	(4,40,957)
06	Present value of Benefit obligation at the end of the period	76,39,067	67,38,975





NOTES FORMING PART OF FINANCIAL STATEMENTS CONTD.

23.15 A. (i) Amounts recognised in the Balance Sheet

S.No	Particulars	March 31, 2014	March 31, 2013
1.	Projected Benefit Obligation at the end of the period	75,39,067	67,38,975
2.	Fair Value of Plan assets at the end of the period	-	-
3.	Funded Status of the plans - Liability/(Assets)	75,39,067	67,38,975
4.	Liability recognised in the Balance Sheet	75,39,067	67,38,975

(ii) Amounts recognised in the statement of Profit and (Loss)

S.No	Particulars	March 31, 2014	March 31, 2013
1.	Current Service Cost	10,72,905	12,94,598
2.	Interest Cost	4,87,237	4,73,502
3.	Expected return on Plan Assets	-	-
4.	Net Actuarial (Gain)/Loss recognised in the period	2,24,918	(4,40,957)
5.	Net Cost	17,85,050	13,27,143

(iv) Principal Actuarial Assumptions

S.No	Particulars	March 31, 2014	March 31, 2013
1.	Discount Rate	8.7%	7.8%
2.	Salary Escalation	5%	5%
3.	Attrition rate	30%	24%

B. Leave encashment

S.No	Actuarial Assumptions	March 31, 2014	March 31, 2013
1.	Discount Rate	8.7%	7.8%
2.	Salary Escalation	5%	5%
3.	Attrition rate	30%	24%
4.	Liability recognised in the Balance Sheet	22,29,874	20,07,937

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

23.17 Related party Disclosures

a. Names of related parties and description of relationship

1	Dharani Sugars and Chemicals Limited (DSCL) Dharani Finance Limited (DFL) Dharani Developers Private Limited (DDPL) Ananthi Developers Limited (ADL) Dharani Credit & Finance (P) Limited (DCFL) PGP Educational & Welfare Society PGP Hotels and Resorts India Private Limited	Enterprises in which Key management personnel exercise significant influence
2	Dr. Palani G Periasamy - Chairman Mrs. Visalakshi Periasamy - Vice Chairman Mr. A. Sennimai - Managing Director Mr. M. P. Kallaiyan Mr. K. Kandasamy Mr. R. Natarajan	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.





NOTES FORMING PART OF FINANCIAL STATEMENTS CONTD.,

23.17 c) Particulars of transactions with related parties during the year ended March 31,2014

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

PARTICULARS	DSCL	DFL	ADL	Key Management Personnel & relatives	TOTAL
Transaction During the year					
Travel Services received		2,06,83,056 (3,44,57,478)			2,06,83,056 (3,44,57,478)
Rent Paid				30,72,263 (29,31,557)	30,72,263 (29,31,557)
Rent Received		60,000 (60,000)			60,000 (60,000)
Remuneration				44,97,829 (49,06,586)	44,97,829 (49,06,586)
Inter Corporate Deposits/ Loans Received	12,55,24,102 (Nil)		5,82,50,000 (20,33,00,000)	7,64,50,000 (5,80,68,422)	26,02,24,102 (26,13,68,422)
Interest on Inter Corporate Deposits / Loans	29,85,937 (Nil)		2,27,02,576 (1,84,75,573)	94,89,389 (35,48,873)	3,51,57,902 (2,00,24,446)
Balances at year end					
Sundry Creditors		1,50,98,634 (1,07,26,781)	65,13,394 (57,97,372)	1,01,34,112 (59,58,967)	3,17,46,140 (2,34,83,120)
Inter Corporate Deposits / Loans	12,55,24,102 (Nil)		15,47,32,015 (23,38,00,000)	13,45,18,422 (5,99,65,922)	41,47,74,539 (29,37,65,922)
Interest Payable on Inter Corporate Deposits / Loans	22,47,018 (Nil)		3,78,88,580 (1,74,56,262)	1,15,30,518 (31,89,986)	5,16,86,117 (2,06,50,246)

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

March 31,2014

Particulars	Foreign Currency	Amount In Foreign Currency	Amount In Indian Rupees
Sundry Creditors	USD	22,377	13,44,887
Term Loan from Banks - Principal o/s	USD	74,99,930	45,07,44,293
Other long term liabilities Interest accrued	USD	1,57,305	94,57,775

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

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

per. K.MURALI
Partner
Membership No.: 29294
Chennai
August 27, 2014

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

Dr. Palani G Periasamy
Chairman

Visalakshi Periasamy
Vice Chairman

A Sennimalai
Managing Director





Cash Flow Statement for the year ended 31 March, 2014

All amounts are in Indian Rupees unless otherwise stated

Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
A. Cash flow from operating activities		
Net Profit / (Loss) before extraordinary items and tax	(466,145,847)	(380,436,848)
Adjustments for:		
Depreciation and amortization	220,466,459	256,766,520
(Profit) / loss on sale / write off of assets	(2,682,857)	
Finance costs	347,967,362	295,321,685
Interest income	(2,331,304)	(4,477,845)
Rental income from operating leases	(2,426,680)	(3,617,775)
Liabilities / provisions no longer required written back	(1,467,606)	(4,207,847)
	562,230,231	537,121,061
Operating profit / (loss) before working capital changes	95,084,384	156,684,233
Changes in working capital:		
Adjustments for (Increase) / decrease in operating assets:		
Inventories	(6,305,707)	8,667,847
Trade receivables	2,642,409	(4,131,400)
Short-term loans and advances	124,631	36,538,248
Long-term loans and advances	(6,666,780)	(18,406,546)
Other current assets	(10,335)	98,227
Other non-current assets	(458,063)	(2,800,000)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	10,819,578	(21,296,748)
Other current liabilities	(37,597,289)	69,150,292
Other long-term liabilities	146,580,422	(62,707,100)
Short-term provisions	(2,150,027)	1,489,272
Long-term provisions	346,368	975,390
	109,305,208	7,564,484
Cash flow from extraordinary items	205,389,592	184,246,718
Cash generated from operations	205,389,592	184,246,718
Net income tax (paid) / refunds	7,500,737	10,739,021
Net cash flow from / (used in) operating activities (A)	212,890,325	174,987,739
B. Cash flow from Investing activities		
Capital expenditure on fixed assets, including capital advances	(26,399,929)	(105,871,258)
Proceeds from sale of fixed assets		11,504,187
Bank balances not considered as Cash and cash equivalents		
- Placed		(22,279,724)
Purchase of long-term investments		
- Others		(4,362,000)
Proceeds from sale of long-term investments	576,000	
- Others		4,477,845
Interest received	2,331,304	
- Others		3,617,775
Rental income from operating leases	2,426,680	
	(19,763,945)	(112,913,376)
Cash flow from extraordinary items	-	-
Net income tax (paid) / refunds	(19,763,945)	(112,913,376)
Net cash flow from / (used in) investing activities (B)	(19,763,945)	(112,913,376)



**Cash Flow Statement for the year ended 31 March, 2014 (contd.)**

All amounts are in Indian Rupees unless otherwise stated

Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
C. Cash flow from financing activities		
Proceeds from issue of preference shares	75,000,000	
Redemption / buy back of preference / equity shares	(75,000,000)	
Proceeds from long-term borrowings	580,467,216	814,359,944
Repayment of long-term borrowings	(557,291,689)	(816,578,881)
Net increase / (decrease) in working capital borrowings	(17,288,226)	33,041,150
Finance cost - Net off interest accrued	(306,850,331)	(287,354,074)
Dividends paid	-	(6,276,015)
	(320,763,010)	(72,807,876)
Cash flow from extraordinary items	-	-
Net cash flow from / (used in) financing activities (C)	(320,763,010)	(72,807,876)
Net Increase / (decrease) in		
Cash and cash equivalents (A+B+C)		
Cash and cash equivalents at the beginning of the year	(127,636,626)	(10,733,512)
Cash and cash equivalents at the end of the year	1,910,949	107,267,881
* Comprises:		
(a) Cash on hand		
(b) Cheques, drafts on hand	505,371	1,071,330
(c) Balances with banks		243,348
(i) In current accounts		
(ii) In EEFC accounts		
(iii) In deposit accounts with original maturity of less than 3 months	1,405,578	105,953,173
(iv) In earmarked accounts		
(d) Others (specify nature)		
(e) Current investments considered as part of Cash and cash equivalents		
	1,910,949	107,267,881

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

In terms of our report attached.

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

per K.MURALI
 Partner
 Membership No.: 29294
 Chennai
 August 27, 2014

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

Dr. Palani G Periasamy
 Chairman

Visalakshi Periasamy
 Vice Chairman

A Sennimalai
 Managing Director





A VIEW OF THE GRAND KOVAI BALLROOM



As part of Starwood campaign to promote Le Éclair, LRM Chennai had a special event. Chairman Dr. Periasamy, General Manager Mr. Dilawar Singh Nindra and Ms. Ananthi Periasamy with invitees Actor Ms. Madhavi, Actor Ms. Saloni.

