



ARUNA HOTELS LIMITED

CIN: L15421TN1960PLC004255

14.09.2020

To,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001

Scrip Code: BSE – 500016

Dear Sir / Madam,

Sub: Filing of Draft Letter of Offer dated September 14, 2020

In compliance with Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please see attached herewith the Draft Letter of Offer dated September 14, 2020. Please take the same into your records and do the needful.

Thanking you,

Yours sincerely,
For Aruna Hotels Limited,

K. Lakshmi

K. Lakshmi
Company Secretary & Compliance Officer

Date: September 14, 2020

Place: Chennai





ARUNA HOTELS LIMITED

Aruna Hotels Limited (“Company” or “Issuer”) was originally incorporated as ‘Aruna Sugars Limited’ on September 09, 1960 as a public limited company under the provision of Companies Act, 1956 with the Registrar of Companies, Madras (“RoC”). The name of our Company was changed to ‘Aruna Sugars & Enterprises Limited’ and the Registrar of Companies, Tamil Nadu issued a fresh certificate of incorporation dated July 03, 1986. Thereafter, pursuant to a special resolution of our Shareholders passed in the annual general meeting dated September 28, 2000 the name of our Company was changed to ‘Aruna Sunrise Hotels Limited’ and a fresh certificate of incorporation dated October 25, 2000 was issued to our Company by the Registrar of Companies, Chennai at Tamil Nadu. Subsequently, pursuant to the special resolution of our Shareholders passed in the annual general meeting dated September 30, 2002, the name of our Company was changed to ‘Aruna Hotels Limited’ and a fresh certificate of incorporation dated January 14, 2003 was issued to our Company by the Assistant Registrar of Companies, Chennai at Tamil Nadu. For further details pertaining to the change in name and registered office of our Company, please refer the chapter ‘History and Certain Corporate Matters’ on page 119 of this Draft Letter of Offer.

Registered Office: Aruna Centre, 145, Sterling Road, Nungambakkam, Chennai – 600 034, Tamil Nadu, India, **Tel:** +91 44 2530 3404;

Contact Person: Lakshmi Kumar, Company Secretary and Compliance Officer; **E-mail:** cs@ahlchennai.com;

Website: www.arunahotels.com; **Corporate Identification Number:** L15421TN1960PLC004255

OUR PROMOTER: S. BALASUBRAMANIAN ADITYAN

FOR PRIVATE CIRCULATION TO ELIGIBLE EQUITY SHAREHOLDERS OF ARUNA HOTELS LIMITED (“OUR COMPANY” OR “THE ISSUER”) ONLY

ISSUE OF UP TO [●]/- EQUITY SHARES WITH A FACE VALUE OF ₹ 10/- EACH (“RIGHTS EQUITY SHARES”) OF OUR COMPANY FOR CASH AT A PRICE OF ₹ [●]/- PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER RIGHTS EQUITY SHARE) (THE “ISSUE PRICE”) FOR AN AMOUNT AGGREGATING UPTO ₹ 2,490 LAKHS ON A RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF [●] RIGHTS EQUITY SHARE(S) FOR EVERY [●] FULLY PAID UP EQUITY SHARE(S) HELD BY THE EXISTING EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON [●] (THE “ISSUE”). THE ISSUE PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES. FOR FURTHER DETAILS, PLEASE REFER TO THE CHAPTER TITLED “TERMS OF THE ISSUE” ON PAGE 194 OF THIS DRAFT LETTER OF OFFER.

GENERAL RISKS

Investments in equity and equity related securities involve a degree of risk and Investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, Investors must rely on their own examination of our Company and the Issue, including the risks involved. The Rights Equity Shares have not been recommended or approved by the Securities and Exchange Board of India (SEBI), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Letter of Offer. Specific attention of the Investors is invited to the statements in the section titled “Risk Factors” beginning on page 25 of this Draft Letter of Offer.

ISSUER’S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Letter of Offer contains all information with regard to our Company and this Issue which is material in the context of the Issue, that the information contained in this Draft Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Letter of Offer as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The existing Equity Shares of our Company are listed only on BSE Limited (“BSE”). Our Company has received ‘in-principle’ approval from the BSE for listing the Rights Equity Shares to be allotted pursuant to this Issue *vide* its letter dated [●]. For the purpose of this Issue, the Designated Stock Exchange is BSE.

LEAD MANAGER TO THE ISSUE



SAFFRON CAPITAL ADVISORS PRIVATE LIMITED

605, Center Point, 6th floor,
Andheri Kurla Road, J. B. Nagar,
Andheri (East), Mumbai - 400 059,
Maharashtra, India.

Telephone: +91 22 4082 0914/0915

Facsimile: +91 22 4082 0999

E-mail: rights.issue@saffronadvisor.com

Website: www.saffronadvisor.com

Investor grievance: investorgrievance@saffronadvisor.com

Contact Person: Amit Wagle / Gaurav Khandelwal

SEBI Registration Number: INM 000011211

Validity of Registration: Permanent

REGISTRAR TO THE ISSUE



CAMEO

CAMEO CORPORATE SERVICES LIMITED

Subramanian Building,
No. 01, Club House Road,
Chennai- 600 002,
Tamil Nadu, India.

Telephone: +91044 4002 0700/ 0710/ 2846 0390

Facsimile: N.A.

Email: cameo@cameoindia.com

Website: www.cameoindia.com

Investor grievance e-mail: investor@cameoindia.com

Contact Person: Sreepriya K.

SEBI Registration No.: INR000003753

Validity of Registration: Permanent

ISSUE PROGRAMME

ISSUE OPENS ON

LAST DATE FOR ON MARKET RENUNCIATION

ISSUE CLOSES ON

[●]

[●]

[●]

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

This Draft Letter of Offer uses certain definitions and abbreviations set forth below, which you should consider when reading the information contained herein. The following list of certain capitalized terms used in this Draft Letter of Offer is intended for the convenience of the reader/prospective investor only and is not exhaustive.

Unless otherwise specified, the capitalized terms used in this Draft Letter of Offer shall have the meaning as defined hereunder. References to any legislations, acts, regulation, rules, guidelines, circulars, notifications, policies or clarifications shall be deemed to include all amendments, supplements or re-enactments and modifications thereto notified from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under such provision.

Provided that terms used in the sections/ chapters titled “History and Certain Corporate Matters”, “Industry Overview”, “Summary of this Draft Letter of Offer”, “Financial Information”, “Statement of Special Tax Benefits”, “Basis for Issue Price”, “Outstanding Litigation and Material Developments” “Key Regulations and Policies”, “Issue Related Information” and “Provisions of the Articles of Association” on pages 119, 94, 19, 154, 91, 88, 172, 110, 194 and 228 respectively, shall, unless indicated otherwise, have the meanings ascribed to such terms in the respective sections/ chapters.

Company Related Terms

Term	Description
“Company”, “our Company”, “the Company”, “the Issuer”	Aruna Hotels Limited, a public limited company incorporated under the Companies Act, 1956, having its registered office at Aruna Centre, 145, Sterling Road, Nungambakkam, Chennai – 600034, Tamil Nadu, India
“we”, “us”, or “our”	Unless the context otherwise indicates or implies, refers to our Company.
“Articles” / “Articles of Association” / “AoA”	Articles / Articles of Association of our Company, as amended from time to time.
“Annual Audited Financial Statements	The audited financial statements of our Company prepared under Ind AS for Fiscal 2020, 2019 and 2018, prepared in line with Ind AS notified under the Companies Act, 2013, as amended read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
“Audit Committee”	The committee of the Board of Directors constituted as our Company’s audit committee in accordance with Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“ SEBI Listing Regulations ”) and Section 177 of the Companies Act, 2013. For details, see “ <i>Our Management</i> ” on page 128 of this Draft Letter of Offer.
“Auditor” / “Statutory Auditor”/ “Peer Review Auditor”	Statutory and peer review auditor of our Company, namely, M/s. Bala & Co., Chartered Accountants.
“Board” / “Board of Directors”	Board of directors of our Company or a duly constituted committee thereof.
“Chief Financial Officer / CFO”	Nagaraj Ponnusamy, the Chief Financial Officer of our Company.
“Company Secretary and Compliance Officer”	Lakshmi Kumar, the Company Secretary and the Compliance Officer of our Company.
“Corporate Social Responsibility Committee/ CSR Committee”	The committee of the Board of Directors constituted in accordance with Section 135 of the Companies Act, 2013. Since, our Company does not qualify the conditions prescribed under Section 135 of the Companies Act, 2013 we are not required to constitute a CSR Committee.
“Director(s)”	The director(s) on the Board of our Company, unless otherwise specified.
“Equity Shareholder”	A holder of Equity Shares
“Equity Shares”	Equity shares of our Company of face value of ₹ 10 each.

Term	Description
“Executive Directors”	Executive directors of our Company.
“Group Companies”	Companies with which there have been related party transactions, during the last three financial years, as covered under the applicable accounting standards and other companies as considered material by the Board. For details, see “ <i>Our Group Companies</i> ” on page 146 of this Draft Letter of Offer.
“Independent Director(s)”	The independent director(s) of our Company, in terms of Section 2(47) and Section 149(6) of the Companies Act, 2013.
“Key Management Personnel” / “KMP”	Key management personnel of our Company in terms of the Companies Act, 2013 and the SEBI ICDR Regulations as described in the subsection titled “ <i>Our Management – Key Managerial Personnel</i> ” on page 139 of this Draft Letter of Offer.
Materiality Policy	A policy adopted by our Company, in the Board meeting held on August 26, 2020 for identification of group companies, material creditors and material litigation(s) for the purpose of disclosure of the same in this Draft Letter of Offer.
“Memorandum of Association” / “MoA”	Memorandum of association of our Company, as amended from time to time.
“Nomination and Remuneration Committee”	The committee of the Board of directors reconstituted as our Company’s nomination and remuneration committee in accordance with Regulation 19 of the SEBI Listing Regulations and Section 178 of the Companies Act, 2013. For details, see “ <i>Our Management</i> ” on page 128 of this Draft Letter of Offer.
“Non-executive Directors”	Non-executive Directors of our Company.
“Non-Executive and Independent Director”	Non-executive and independent directors of our Company, unless otherwise specified
“Promoter”	S. Balasubramanian Adityan, the Promoter of our Company. For further details, see “ <i>Our Promoter and Promoter Group</i> ” on page 141 of this Draft Letter of Offer.
“Promoter Group”	Individuals and entities forming part of the promoter and promoter group in accordance with SEBI ICDR Regulations.
“Registered Office”	The registered office of our Company located at Aruna Centre, 145, Sterling Road, Nungambakkam, Chennai – 600034, Tamil Nadu, India.
“Registrar of Companies”/ “RoC”	Registrar of Companies, Chennai situated at Block No. 6, B Wing 2nd Floor, Shastri Bhavan, 26 Haddows Road, Chennai – 600 034, Tamil Nadu, India.
Restated Financial Statements/ Restated Financial Information	Restated financial statements of our Company for the Fiscals 2020, 2019 and 2018 prepared in accordance with the Companies Act and restated in accordance with the requirements of the SEBI ICDR Regulations. For details, see “ <i>Financial Statements</i> ” 154.
“Rights Issue Committee”	The committee of our Board constituted for purposes of the Issue and incidental matters thereof.
“Shareholders/ Equity Shareholders”	The Equity Shareholders of our Company, from time to time.
“Stakeholders’ Relationship Committee”	The committee of the Board of Directors constituted as our Company’s Stakeholders’ Relationship Committee in accordance with Regulation 20 of the SEBI Listing Regulations. For details, see “ <i>Our Management</i> ” on page 128 of this Draft Letter of Offer.

Issue Related Terms

Term	Description
2009 ASBA Circular	The SEBI circular SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009
2011 ASBA Circular	The SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011
Abridged Letter of Offer	Abridged letter of offer to be sent to the Eligible Equity Shareholders with respect to the Issue in accordance with the provisions of the SEBI ICDR Regulations and the Companies Act.
Allot/Allotment/Allotted	Allotment of Rights Equity Shares pursuant to the Issue.
Allotment Account	The account opened with the Banker(s) to the Issue, into which the Application Money lying to the credit of the escrow account(s) and amounts blocked by

Term	Description
	Application Supported by Blocked Amount in the ASBA Account, with respect to successful Applicants will be transferred on the Transfer Date in accordance with Section 40(3) of the Companies Act.
Allotment Advice	Note, advice or intimation of Allotment sent to each successful Applicant who has been or is to be Allotted the Rights Equity Shares pursuant to the Issue.
Allotment Date	Date on which the Allotment is made pursuant to the Issue.
Allottee(s)	Person(s) who are Allotted Rights Equity Shares pursuant to the Allotment.
Applicant(s) / Investor(s)	Eligible Equity Shareholder(s) and/or Renouncee(s) who make an application for the Rights Equity Shares pursuant to the Issue in terms of this Draft Letter of Offer, including an ASBA Investor.
Application	Application made through (i) submission of the Application Form or plain paper Application to the Designated Branch of the SCSBs or online/ electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process, or (ii) filling the online Application Form available on R-WAP, to subscribe to the Rights Equity Shares at the Issue Price.
Application Form	Unless the context otherwise requires, an application form (including online application form available for submission of application at R-WAP facility or through the website of the SCSBs (if made available by such SCSBs) under the ASBA process) used by an Applicant to make an application for the Allotment of Rights Equity Shares in this Issue.
Application Money	Aggregate amount payable in respect of the Rights Equity Shares applied for in the Issue at the Issue Price.
Application Supported by Blocked Amount/ASBA	Application (whether physical or electronic) used by ASBA Applicants to make an Application authorizing a SCSB to block the Application Money in the ASBA Account
ASBA Account	Account maintained with a SCSB and specified in the Application Form or plain paper application, as the case may be, for blocking the amount mentioned in the Application Form or the plain paper application, in case of Eligible Equity Shareholders, as the case may be.
ASBA Applicant / ASBA Investor	In accordance with the eligibility conditions in the 2009 ASBA Circular and the SEBI ICDR Regulations, only Investors who fulfill all of the following criteria are permitted to apply in the Issue through the ASBA process: <ul style="list-style-type: none"> (i) hold the Equity Shares in dematerialized form as on the Record Date and have applied towards their Rights Entitlement or additional Rights Equity Shares in the Issue in dematerialized form; (ii) have not renounced their Rights Entitlement in full or in part; (iii) are not Renouncees; and (iv) are applying through blocking of funds in a bank account maintained with SCSBs <p>All (i) QIBs, (ii) Non-Institutional Investors, and (iii) other investors whose application value exceeds ₹ 200,000 can participate in the Issue only through an ASBA process.</p>
ASBA Bid	A Bid made by an ASBA Bidder including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations.
Banker(s) to the Issue	Collectively, the Escrow Collection Bank and the Refund Banks to the Issue.
Bankers to the Issue Agreement	Agreement to be entered into by and among our Company, the Registrar to the Issue, the Lead Manager and the Bankers to the Issue for collection of the Application Money from Applicants/Investors, transfer of funds to the Allotment Account and where applicable, refunds of the amounts collected from Applicants/Investors, on the terms and conditions thereof.
Basis of Allotment	The basis on which the Rights Equity Shares will be Allotted to successful applicants in the Issue and which is described in “ <i>Terms of the Issue</i> ” on page 194.

Term	Description
Consolidated Certificate	The certificate that would be issued for Rights Equity Shares Allotted to each folio in case of Eligible Equity Shareholders who hold Equity Shares in physical form.
Controlling Branches/ Controlling Branches of the SCSBs	Such branches of SCSBs which coordinate Bids under the Issue with the LM, the Registrar and the Stock Exchange, a list of which is available on the website of SEBI at http://www.sebi.gov.in .
Demographic Details	Details of Investors including the Investor's address, name of the Investor's father/ husband, investor status, occupation and bank account details, where applicable.
Designated SCSB Branches	Such branches of the SCSBs which shall collect the ASBA Forms submitted by ASBA Bidders, a list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35 , updated from time to time, or at such other website as may be prescribed by SEBI from time to time.
Designated Exchange	Stock BSE Limited
Depository(ies)	NSDL and CDSL or any other depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 as amended from time to time read with the Depositories Act, 1996.
Draft Letter of Offer/DLoF/DLOF	This draft letter of offer dated September 14, 2020 filed with Stock Exchange, in accordance with the SEBI ICDR Regulations, for their observations. <i>Vide</i> SEBI Circular April 21, 2020 bearing number SEBI/HO/CFD/CIR/CFD/DIL/67/2020, our Company has been exempted from filing this Draft Letter of Offer with SEBI.
Escrow Collection Bank	Banks which are clearing members and registered with SEBI as bankers to an issue and with whom Escrow Account(s) will be opened, in this case being [●].
Eligible Shareholders	Equity Existing Equity Shareholders as on the Record Date. Please note that the investors eligible to participate in the Issue exclude certain overseas shareholders. For further details, see "Notice to Investors" on page 12.
Issue / Rights Issue	Issue of up to [●] Equity Shares of face value of ₹ 10 each of our Company for cash at a price of ₹ [●] per Rights Equity Share (including a premium of ₹ [●] per Rights Equity Share) aggregating up to ₹ 2,490 lakhs on a rights basis to the Eligible Equity Shareholders of our Company in the ratio of [●] Rights Equity Shares for every [●] Equity Shares held by the Eligible Equity Shareholders of our Company on the Record Date.
Issue Agreement	Issue agreement dated September 14, 2020 between our Company and the Lead Manager, pursuant to which certain arrangements are agreed to in relation to the Issue.
Issue Closing Date	[●]
Issue Opening Date	[●]
Issue Period	The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants/Investors can submit their Applications, in accordance with the SEBI ICDR Regulations.
Issue Price	₹ [●] per Rights Equity Share.
Issue Proceeds	Gross proceeds of the Issue.
Issue Size	Amount aggregating up to ₹ 2,490 lakhs
Lead Manager	Saffron Capital Advisors Private Limited
Letter of Offer/LOF	The final letter of offer to be filed with the Stock Exchange and submitted with SEBI.
Net Proceeds	Proceeds of the Issue less our Company's share of Issue related expenses. For further information about the Issue related expenses, see "Objects of the Issue" on page 83 of this Draft Letter of Offer.
Non-ASBA Investor/ Non-ASBA Applicant	Investors other than ASBA Investors who apply in the Issue otherwise than through the ASBA process comprising Eligible Equity Shareholders holding Equity Shares in physical form or who intend to renounce their Rights Entitlement in part or full and Renouncees.
Non-Institutional or NIIs	Bidders An Investor other than a Retail Individual Investor or Qualified Institutional Buyer as defined under Regulation 2(1)(jj) of the SEBI ICDR Regulations.
Off Market Renunciation	The renunciation of Rights Entitlements undertaken by the Investor by transferring

Term	Description
	them through off market transfer through a depository participant in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Depositories, from time to time, and other applicable laws.
On Market Renunciation	The renunciation of Rights Entitlements undertaken by the Investor by trading them over the secondary market platform of the Stock Exchange through a registered stock broker in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Stock Exchange, from time to time, and other applicable laws, on or before [●], [●].
QIBs or Qualified Institutional Buyers	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations.
R-WAP	Registrar's web based application platform accessible at https://rights.cameoindia.com/Aruna , instituted as an optional mechanism in accordance with SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020, for accessing/submitted online Application Forms by resident Investors.
Record Date	Designated date for the purpose of determining the Equity Shareholders eligible to apply for Rights Equity Shares, being [●].
Refund Bank(s)	The Banker(s) to the Issue with whom the Refund Account(s) will be opened, in this case being [●].
“Registrar to the Issue” / “Registrar”	Cameo Corporate Services Limited.
Registrar Agreement	Agreement dated September 14, 2020 entered into among our Company and the Registrar in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue.
Renouncee(s)	Person(s) who has/have acquired the Rights Entitlement from the Eligible Equity Shareholders on renunciation.
Renunciation Period	The period during which the Investors can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date. Such period shall close on [●],[●] in case of On Market Renunciation. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee on or prior to the Issue Closing Date.
Retail Individual Bidders(s)/Retail Individual Investor(s)/ RII(s)/RIB(s)	An individual Investor (including an HUF applying through karta) who has applied for Rights Equity Shares and whose Application Money is not more than ₹200,000 in the Issue as defined under Regulation 2(1)(vv) of the SEBI ICDR Regulations.
Rights Entitlement	The number of Rights Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to the number of Equity Shares held by the Eligible Equity Shareholder on the Record Date, being [●] Rights Equity Shares for [●] Equity Shares held on [●], [●]. The Rights Entitlements with a separate ISIN: [●] will be credited to your demat account before the date of opening of the Issue, against the equity shares held by the Equity Shareholders as on the record date.
Rights Entitlement Letter	Letter including details of Rights Entitlements of the Eligible Equity Shareholders. The Rights Entitlements are also accessible through the R-WAP facility and link for the same will be available on the website of our Company.
Rights Equity Shares	Equity Shares of our Company to be Allotted pursuant to this Issue.
SEBI Rights Issue Circulars	Collectively, SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, bearing reference number SEBI/HO/CFD/CIR/CFD/DIL/67/2020 dated April 21, 2020, SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 and SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020.

Term	Description
Self-Certified Syndicate Banks” or “SCSBs	The banks registered with SEBI, offering services (i) in relation to ASBA (other than through UPI mechanism), a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 or https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35 , as applicable, or such other website as updated from time to time, and (ii) in relation to ASBA (through UPI mechanism), a list of which is available on the website of SEBI at https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 or such other website as updated from time to time
Stock Exchange	Stock exchange where the Equity Shares are presently listed, being BSE.
Transfer Date	The date on which the amount held in the escrow account(s) and the amount blocked in the ASBA Account will be transferred to the Allotment Account, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange.
Wilful Defaulter	A Company or person, as the case may be, categorized as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI, including any company whose director or promoter is categorized as such.
Working Day	All days other than second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai are open for business; provided however, with reference to (a) announcement of Price Band; and (b) Bid/Issue Period, Term Description the term Working Day shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business; and (c) the time period between the Bid/Issue Closing Date and the listing of the Equity Shares on the Stock Exchange. “Working Day” shall mean all trading days of the Stock Exchange, excluding Sundays and bank holidays, as per the circulars issued by SEBI.

Business and Industry related Terms or Abbreviations

Term	Description
BSNL	Bharat Sanchar Nigam Limited
CAD	Current Account Deficit
COVID19	Coronavirus Disease 2019
CPI	Consumer Price Index
EMDEs	Emerging Market and Developing Economies
FAITH	Federation of Associations in Indian Tourism and Hospitality
FDI	Foreign Direct Investment
FEEs	Foreign exchange earnings
FTAs	Foreign Tourist Arrivals
GDP	Gross Domestic Product
GST	Gross Domestic Product
GVA	Gross Value Added
IBEF	India Brand Equity Foundation
IMF	The International Monetary Fund
MICE	Meetings, Incentives, Conferencing, Exhibitions
NABARD	National Bank for Agriculture and Rural Development
NHB	National Housing Bank
NIFTY	National fifty
PA	Provisional Actual
PPP	Purchasing Power Parity
PRASHAD	Pilgrimage Rejuvenation and Spiritual, Heritage Augmentation Drive
Q	Quarter

Term	Description
Re	Rupee Exchange Rate
SENSEX	Sensitive Index
SIDBI	Small Industries Development Bank of India
TRT	Tax Refund for Tourists
UNESCO	The United Nations Educational, Scientific and Cultural Organization
US\$	United States Dollar
US/USA	United States of America
UT	Union Territory
WEO	World Economic Outlook
YoY	Year on Year

Conventional and General Terms or Abbreviations

Term	Description
A/c	Account
AGM	Annual general meeting
AIF	Alternative investment fund, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate.
CDSL	Central Depository Services (India) Limited.
CFO	Chief Financial Officer
CIN	Corporate Identification Number
CIT	Commissioner of Income Tax
CLRA	Contract Labour (Regulation and Abolition) Act, 1970.
Companies Act, 2013 / Companies Act	Companies Act, 2013 along with rules made thereunder.
Companies Act 1956	Companies Act, 1956, and the rules thereunder (without reference to the provisions thereof that have ceased to have effect upon the notification of the Notified Sections).
CSR	Corporate Social Responsibility
Depository(ies)	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996.
Depositories Act	The Depositories Act, 1996
DIN	Director Identification Number
DP ID	Depository Participant's Identification Number
EBITDA	Earnings before Interest, Tax, Depreciation and Amortisation
EGM	Extraordinary general meeting
EPF Act	Employees' Provident Fund and Miscellaneous Provisions Act, 1952
EPS	Earnings per share
ESI Act	Employees' State Insurance Act, 1948
FCNR Account	Foreign Currency Non Resident (Bank) account established in accordance with the FEMA
FEMA	The Foreign Exchange Management Act, 1999 read with rules and regulations thereunder
FEMA Regulations	The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017
Financial Year/Fiscal	The period of 12 months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year
FPIs	A foreign portfolio investor who has been registered pursuant to the SEBI FPI Regulations, provided that any FII who holds a valid certificate of registration shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the Securities and Exchange Board of India (Foreign Institutional

Term	Description
	Investors) Regulations, 1995
FVCI	Foreign Venture Capital Investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI
GDP	Gross Domestic Product
GoI / Government	The Government of India
GST	Goods and services tax
HUF(s)	Hindu Undivided Family(ies)
ICAI	Institute of Chartered Accountants of India
ICSI	The Institute of Company Secretaries of India
IFRS	International Financial Reporting Standards
IFSC	Indian Financial System Code
Income Tax Act / IT Act	Income Tax Act, 1961
Ind AS	The Indian Accounting Standards referred to in the Companies (Indian Accounting Standard) Rules, 2015, as amended
Indian GAAP	Generally Accepted Accounting Principles in India
Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
Insolvency Code	Insolvency and Bankruptcy Code, 2016
INR or ₹ or Rs. Or Indian Rupees	Indian Rupee, the official currency of the Republic of India.
ISIN	International Securities Identification Number
IT	Information Technology
MCA	The Ministry of Corporate Affairs, GoI
Mn / mn	Million
Mutual Funds	Mutual funds registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
N.A. or NA	Not Applicable
NAV	Net Asset Value
Notified Sections	The sections of the Companies Act, 2013 that have been notified by the MCA and are currently in effect.
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Issue.
p.a.	Per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent account number
PAT	Profit after tax
Payment of Bonus Act	Payment of Bonus Act, 1965
Payment of Gratuity Act	Payment of Gratuity Act, 1972
RBI	The Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934
Regulation S	Regulation S under the Securities Act
SCRA	Securities Contract (Regulation) Act, 1956
SCRR	The Securities Contracts (Regulation) Rules, 1957
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investments Funds) Regulations,

Term	Description
	2012
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996
Securities Act	The United States Securities Act of 1933.
STT	Securities Transaction Tax
State Government	The government of a state in India
Trademarks Act	Trademarks Act, 1999
TDS	Tax deducted at source
US\$/ USD/ US Dollar	United States Dollar, the official currency of the United States of America
USA/ U.S./ US	United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America
VAT	Value Added Tax
VCFs	Venture capital funds as defined in and registered with the SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as the case may be
w.e.f.	With effect from
Year/Calendar Year	Unless context otherwise requires, shall refer to the twelve month period ending December 31

NOTICE TO INVESTORS

The distribution of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, Application Form and Rights Entitlement Letter and the issue of Rights Entitlement and Rights Equity Shares to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer, the Abridged Letter of Offer or Application Form may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch the Letter of Offer / Abridged Letter of Offer and Application Form and Rights Entitlement Letter only to Eligible Equity Shareholders who have a registered address in India or who have provided an Indian address to our Company. Those overseas Eligible Equity Shareholders who do not communicate with the Registrar to the Issue in the manner provided in the chapter titled “*Terms of the Issue*” and on the website of the Registrar to the Issue at www.cameoindia.com to update our records with their Indian address or the address of their duly authorized representative in India, prior to the date on which we propose to dispatch the Letter of Offer / Abridged Letter of Offer and Application Form and Rights Entitlement Letter, shall not be sent the Letter of Offer/ Abridged Letter of Offer and Application Form and Rights Entitlement Letter. Investors can also access the Letter of Offer, the Abridged Letter of Offer and the Application Form from the websites of the Registrar, our Company, the Lead Manager, the Stock Exchange, and on R-WAP.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose. Accordingly, the Rights Entitlements or Rights Equity Shares may not be offered or sold, directly or indirectly, and this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer or any offering materials or advertisements in connection with the Issue may not be distributed, in whole or in part, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer, the Letter of Offer or the Abridged Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Draft Letter of Offer, the Letter of Offer and the Abridged Letter of Offer must be treated as sent for information purposes only and should not be acted upon for subscription to the Rights Equity Shares and should not be copied or redistributed. Accordingly, persons receiving a copy of this Draft Letter of Offer, the Letter of Offer or the Abridged Letter of Offer or Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send this Draft Letter of Offer, the Letter of Offer or the Abridged Letter of Offer to any person outside India where to do so, would or might contravene local securities laws or regulations. If this Draft Letter of Offer, the Letter of Offer or the Abridged Letter of Offer or Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlements referred to in this Draft Letter of Offer, the Letter of Offer and the Abridged Letter of Offer. Envelopes containing an Application Form and Rights Entitlement Letter should not be dispatched from the jurisdiction where it would be illegal to make an offer and all the person subscribing for the Equity Shares in the Issue must provide an Indian address.

Any person who makes an application to acquire the Rights Entitlements or the Rights Equity Shares offered in the Issue will be deemed to have declared, represented, warranted and agreed that such person is authorised to acquire the Rights Entitlements or the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in his jurisdiction.

Neither the delivery of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, Application Form and Rights Entitlement Letter nor any sale hereunder, shall, under any circumstances, create any implication that there has been no change in our Company’s affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Draft Letter of Offer, the Letter of Offer and the Abridged Letter of Offer and the Application Form and Rights Entitlement Letter or the date of such information.

The contents of this Draft Letter of Offer should not be construed as legal, tax or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of the offer Rights of Equity Shares or Rights Entitlements. Accordingly, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of Equity Shares. In addition, neither our Company nor the Lead Manager is making any representation to any offeree or purchaser of the Equity Shares regarding the legality of an investment in the Equity Shares by such offeree or purchaser under any applicable laws or regulations.

NO OFFER IN THE UNITED STATES

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States of America or the territories or possessions thereof (“**United States**”), except in a transaction not subject to, or exempt from, the registration requirements of the Securities Act and applicable state securities laws. The offering to which this Draft Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlement for sale in the United States or as a solicitation therein of an offer to buy any of the Rights Equity Shares or Rights Entitlement. There is no intention to register any portion of the Issue or any of the securities described herein in the United States or to conduct a public offering of securities in the United States. Accordingly, this Draft Letter of Offer/ Letter of Offer / Abridged Letter of Offer and the enclosed Application Form and Rights Entitlement Letters should not be forwarded to or transmitted in or into the United States at any time. In addition, until the expiry of 40 days after the commencement of the Issue, an offer or sale of Rights Entitlements or Rights Equity Shares within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the Securities Act.

Neither our Company nor any person acting on our behalf will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company or any person acting on our behalf has reason to believe is in the United States when the buy order is made. Envelopes containing an Application Form and Rights Entitlement Letter should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Rights Equity Shares Issue and wishing to hold such Equity Shares in registered form must provide an address for registration of these Equity Shares in India. Our Company is making the Issue on a rights basis to Eligible Equity Shareholders and the Draft Letter of Offer/ Letter of Offer / Abridged Letter of Offer and Application Form and Rights Entitlement Letter will be dispatched only to Eligible Equity Shareholders who have an Indian address. Any person who acquires Rights Entitlements and the Rights Equity Shares will be deemed to have declared, represented, warranted and agreed that, (i) it is not and that at the time of subscribing for such Rights Equity Shares or the Rights Entitlements, it will not be, in the United States, and (ii) it is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations.

Our Company reserves the right to treat any Application Form as invalid which: (i) does not include the certification set out in the Application Form to the effect that the subscriber is authorised to acquire the Rights Equity Shares or Rights Entitlement in compliance with all applicable laws and regulations; (ii) appears to us or our agents to have been executed in or dispatched from the United States; (iii) where a registered Indian address is not provided; or (iv) where our Company believes that Application Form is incomplete or acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such Application Form. .

Rights Entitlements may not be transferred or sold to any person in the United States.

PRESENTATION OF FINANCIAL INFORMATION

Certain Conventions

All references to “India” contained in this Draft Letter of Offer are to the Republic of India and its territories and possessions and all references herein to the “Government”, “Indian Government”, “GoI”, “Central Government” or the “State Government” are to the Government of India, central or state, as applicable.

Unless otherwise specified or the context otherwise requires, all references in this Draft Letter of Offer to the ‘US’ or ‘U.S.’ or the ‘United States’ are to the United States of America and its territories and possessions.

Unless otherwise specified, any time mentioned in this Draft Letter of Offer is in Indian Standard Time (“IST”). Unless indicated otherwise, all references to a year in this Draft Letter of Offer are to a calendar year.

A reference to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable.

Unless stated otherwise, all references to page numbers in this Draft Letter of Offer are to the page numbers of this Draft Letter of Offer.

Financial Data

Unless stated otherwise or the context otherwise requires, the financial information and financial ratios in this Draft Letter of Offer has been derived from our Financial Statements. For details, please see “*Financial Information*” on page 154. Our Company’s financial year commences on April 1 and ends on March 31 of the next year. Accordingly, all references to a particular financial year, unless stated otherwise, are to the twelve (12) month period ended on March 31 of that year.

The GoI has adopted the Indian accounting standards (“**Ind AS**”), which are converged with the International Financial Reporting Standards of the International Accounting Standards Board (“**IFRS**”) and notified under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended (the “**Ind AS Rules**”). The Restated Financial Information included in this Draft Letter of Offer as at and for the Fiscals 2020, 2019 and 2018 have been prepared in accordance with Ind AS, as prescribed under Section 133 of Companies Act read with the Ind AS Rules and other the relevant provisions of the Companies Act and restated in accordance with the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (revised), 2019, issued by the ICAI. Our Company publishes its financial statements in Rupees.

In this Draft Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off and unless otherwise specified all financial numbers in parenthesis represent negative figures. Our Company has presented all numerical information in this Draft Letter of Offer in “lakh” units or in whole numbers where the numbers have been too small to represent in lakh. One lakh represents 1,00,000 and one million represents 1,000,000.

There are significant differences between Ind AS, US GAAP and IFRS. We have not provided a reconciliation of the financial information to IFRS or US GAAP. Our Company has not attempted to also explain those differences or quantify their impact on the financial data included in this Draft Letter of Offer, and you are urged to consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the financial information included in this Draft Letter of Offer will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting policies and practices, Ind AS, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with these accounting principles and regulations on our financial disclosures presented in this Draft Letter of Offer should accordingly be limited. For further information, see “*Financial Information*” on page 154.

Certain figures contained in this Draft Letter of Offer, including financial information, have been subject to rounded off adjustments. All figures in decimals (including percentages) have been rounded off to one or two decimals. However, where any figures that may have been sourced from third-party industry sources are rounded off to other

than two decimal points in their respective sources, such figures appear in this Draft Letter of Offer rounded-off to such number of decimal points as provided in such respective sources. In this Draft Letter of Offer, (i) the sum or percentage change of certain numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Any such discrepancies are due to rounding off.

Currency and Units of Presentation

All references to:

- “Rupees” or “₹” or “INR” or “Rs.” are to Indian Rupee, the official currency of the Republic of India;
- “USD” or “US\$” or “\$” are to United States Dollar, the official currency of the United States of America; and
- “Euro” or “€” are to Euros, the official currency of the European Union.

Our Company has presented certain numerical information in this Draft Letter of Offer in “lakh” or “Lac” units. One lakh represents 1,00,000 and one million represents 1,000,000. All the numbers in the document have been presented in lakh or in whole numbers where the numbers have been too small to present in lakh. Any percentage amounts, as set forth in “Risk Factors”, “Our Business”, “Management’s Discussion and Analysis of Financial Conditions and Results of Operation” and elsewhere in this Draft Letter of Offer, unless otherwise indicated, have been calculated based on our Restated Financial Information.

Exchange Rates

This Draft Letter of Offer contains conversions of certain other currency amounts into Indian Rupees that have been presented solely to comply with the SEBI ICDR Regulations. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Indian Rupee and other foreign currencies:

Currency	Exchange rate as on			
	June 30, 2020	March 31, 2020	March 31, 2019*	March 31, 2018**
1 USD	75.53	75.38	69.17	65.04
1 Euro	84.67	83.04	77.70	80.62

(Source: RBI reference rate)

*Exchange rate as on March 29, 2019, as RBI reference rate is not available for March 31, 2019 and March 30, 2019 being a Saturday and Sunday, respectively.

**Exchange rate as on March 28, 2018, as RBI reference rate is not available for March 31, 2018, March 30, 2018 and March 29, 2018 being a Saturday and public holidays, respectively.

(Source: www.rbi.org.in and www.fbil.org.in)

Industry and Market Data

Unless stated otherwise, industry and market data used in this Draft Letter of Offer has been obtained or derived from publicly available information as well as industry publications and sources.

Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe the industry and market data used in this Draft Letter of Offer is reliable, it has not been independently verified by us, the LM or any of its affiliates or advisors. The data used in these sources may have been reclassified by us for the purposes of presentation. Data

from these sources may also not be comparable. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in “*Risk Factors*” on page 25, this Draft Letter of Offer. Accordingly, investment decisions should not be based solely on such information.

In accordance with the SEBI ICDR Regulations, “*Basis for Issue Price*” on page 88 of this Draft Letter of Offer includes information relating to our peer group companies. Such information has been derived from publicly available sources, and neither we, nor the LM has independently verified such information.

The extent to which the market and industry data used in this Draft Letter of Offer is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which the business of our Company is conducted, and methodologies and assumptions may vary widely among different industry sources.

FORWARD - LOOKING STATEMENTS

This Draft Letter of Offer contains certain “forward-looking statements”. Forward looking statements appear throughout this Draft Letter of Offer, including, without limitation, under the chapters titled “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and “*Industry Overview*”. Forward-looking statements include statements concerning our Company’s plans, objectives, goals, strategies, future events, future revenues or financial performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, our Company’s competitive strengths and weaknesses, our Company’s business strategy and the trends our Company anticipates in the industries and the political and legal environment, and geographical locations, in which our Company operates, and other information that is not historical information. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “continue”, “can”, “could”, “expect”, “estimate”, “intend”, “likely”, “may”, “objective”, “plan”, “potential”, “project”, “pursue”, “shall”, “seek to”, “will”, “will continue”, “will pursue”, “forecast”, “target”, or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding our Company’s expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Company’s business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Draft Letter of Offer that are not historical facts. These forward-looking statements contained in this Draft Letter of Offer (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the industry in which our Company operates and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, the competition in our industry and markets, technological changes, our exposure to market risks, general economic and political conditions in India and globally which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in laws, regulations and taxes, incidence of natural calamities and/or acts of violence. Important factors that could cause actual results to differ materially from our Company’s expectations include, but are not limited to, the following:

- risks associated with the renovation of our hotel premises and delay in resumption of our business operations;
- seasonal and cyclical variations that could result in fluctuations in our results of operations and cash flows;
- our future revenue will be dependent on our hotel property and any adverse development affecting our hotel;
- our Company and our Group Company being involved in certain legal proceedings and any adverse outcome in any of these proceedings;
- Inability to obtain, maintain or renew requisite statutory and regulatory permits and approvals or noncompliance with and changes in, safety, health and environmental laws and other applicable regulations, may adversely affect our business, financial condition, results of operations and prospects
- Any adverse changes in central or state government policies;
- Any adverse development that may affect the operations of our hotel;
- Any qualifications or other observations made by our future statutory auditors which may affect our results of operations;
- General economic and business conditions in the markets in which we operate and in the local, regional and national economies;
- Changes in technology and our ability to manage any disruption or failure of our technology systems;
- Our ability to attract and retain qualified personnel;

- Changes in political and social conditions in India or in countries that we may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- Our reliance on third party service providers;
- The performance of the financial markets in India and globally;
- Occurrences of natural disasters or calamities affecting the areas in which we have operations;
- Market fluctuations and industry dynamics beyond our control;
- Our ability to compete effectively with our competitors;
- Changes in foreign exchange rates or other rates or prices;
- Inability to collect our dues and receivables from, or invoice our unbilled services to, our customers, our results of operations;
- Other factors beyond our control;
- Our ability to manage risks that arise from these factors;
- Changes in domestic and foreign laws, regulations and taxes and changes in competition in our industry; and
- Termination of customer/works contracts without cause and with little or no notice or penalty.

For further discussion of factors that could cause the actual results to differ from our estimates and expectations, see “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Position and Results of Operations*” beginning on pages 25, 106 and 155, respectively, of this Draft Letter of Offer. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

We cannot assure investors that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance.

Forward-looking statements reflect the current views of our Company as of the date of this Draft Letter of Offer and are not a guarantee of future performance. These statements are based on the management’s beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Neither our Company, our Directors, our Promoter, the LM, the Syndicate Member(s) nor any of their respective affiliates or advisors have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

In accordance with the SEBI ICDR Regulations, our Company and the Lead Manager will ensure that investors are informed of material developments from the date of this Draft Letter of Offer until the time of receipt of the listing and trading permissions from the Stock Exchange.

SUMMARY OF THIS DRAFT LETTER OF OFFER

The following is a general summary of the terms of this Issue, and should be read in conjunction with and is qualified by the more detailed information appearing in this Draft Letter of Offer, including the sections titled “*Risk Factors*”, “*The Issue*”, “*Capital Structure*”, “*Objects of the Issue*”, “*Our Business*”, “*Industry Overview*”, “*Outstanding Litigation and Material Developments*” and “*Terms of the Issue*” on pages 25, 59, 83, 106, 94, 172, and 194, respectively.

1. Summary of Business

Our Company presently owns a hotel by the name of ‘Aruna Hotel’ – Chennai situated at 144, 145, Sterling Road, Nungambakkam, Chennai – 600034, Tamil Nadu, India. In the financial year 2014-15, our Company stopped its hotel operations and is presently in the process of renovating the Hotel premises. For this purpose, our Company has entered into a Memorandum of Agreement dated December 01, 2017 with M/s. Transform, proprietorship concern, to act as the Architect cum Project Management Consultant for the renovation and development of the Hotel building. The renovation process is expected to be completed in the financial year 2020-21.

For further details, please refer to the chapter titled “*Our Business*” at page 106 of this Draft Letter of Offer.

2. Summary of Industry

India is a large market for travel and tourism. It offers a diverse portfolio of niche tourism products - cruises, adventure, medical, wellness, sports, MICE, eco-tourism, film, rural and religious tourism. India has been recognized as a destination for spiritual tourism for domestic and international tourists. Total contribution by travel and tourism sector to India’s GDP is expected to increase from Rs 15.24 lakh crore (US\$ 234.03 billion) in 2017 to Rs 32.05 lakh crore (US\$ 492.21 billion) in 2028. Total earning from the sector in India is targeted to reach US\$ 50 billion by 2022.

For further details, please refer to the chapter titled “*Industry Overview*” at page 94 of this Draft Letter of Offer.

3. Our Promoter

The Promoter of our Company is S. Balasubramanian Adityan.

For further details please see chapter titled “*Our Promoter and Promoter Group*” beginning on page 141 of this Draft Letter of Offer.

4. Issue Size

The issue of up to [●] Equity Shares aggregating to an amount upto ₹ 2,490 lakhs. For further details, please see chapter titled “*The Issue*” beginning on page 59 of this Draft Letter of Offer.

5. Objects of the Issue

Our Company intends to utilize the Net Proceeds raised through the Issue in the manner set out in the following table:

Particulars	(₹ in lakhs) Amount
Part repayment or prepayment of unsecured loans brought in by the Promoter and Promoter Group	2,050
General corporate purposes*	[●]*
Issue related expenses**	[●]*
Gross proceeds from the Issue**	2,490

*The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds of the Issue.

**To be finalized on filing of the Letter of Offer.

For further details, please see chapter titled “*Objects of the Issue*” beginning on page 83 of this Draft Letter of Offer.

6. Shareholding of Promoter and Promoter Group

Following are the details of the pre-Issue shareholding of Promoter and Promoter Group:

Sr. No.	Name of Shareholder	Pre-Issue	
		No of Equity Shares	% of paid up capital
Promoter			
1.	S. Balasubramanian Adityan	1,03,296	1.15
Promoter Group			
1.	Subasri Realty Private Limited	16,85,539	18.73
2.	Gay Travels Private Limited	5,91,506	6.57
3.	Sovereign Media Marketing Private Limited	1,95,718	2.17
4.	Rani Printers Private Limited	61,093	0.68
5.	Malar Publications Private Limited	100	Negligible
6.	Sri Devi Agencies Private Limited	29,880	0.33
7.	Augustin D	19,200	0.21
8.	R Chandramohan	19,200	0.21
9.	Geetha Periyasamy	17,180	0.19
10.	Anita Kumaran	1,18,296	1.31
11.	Kaavya Sharath Jagannathan	1,18,236	1.32
12.	Chandrakant	11,683	0.13
13.	V Chithan	68,350	0.76
14.	Jayanthi Natarajan	12,200	0.14
15.	Sivaram M	6,105	0.07
16.	Maruthai Pillai P	30,390	0.34
17.	Rukmani Sivaram	25,624	0.28
18.	Karthik P. Sivaram	2,662	0.03
19.	Yessir Holding & Investment Private Limited	3,72,412	4.14
20.	Arunn Pillai M	11,844	0.13
21.	Vijayalakshmi Chandramohan	7,770	0.09
22.	Jayanthi S	6,514	0.07
23.	Senthilnathan M	5,530	0.06
24.	Sivabagyam M	3,700	0.04
25.	Chandramohan P	3,200	0.04
26.	Ravichandran C L	802	0.01
27.	Ganesan M	1,900	0.02
28.	Kamal Kumar Babbar	12,16,500	13.52
Total		47,46,430	52.74

For further details, please see chapter titled “*Capital Structure*” on page 71 of this Draft Letter of Offer.

7. Intention and extent of participation by our Promoter and Promoter Group

SEBI vide its circular dated April 21, 2020 bearing number SEBI/HO/CFD/CIR/CFD/DIL/67/2020 has relaxed the requirement of minimum subscription and has reduced the threshold of subscription from 90% to 75% of the Issue. Further, as per the said circular if the Issue is subscribed between 75% to 90%, Issue will be considered successful subject to the condition that out of the funds raised at least 75% of the Issue size shall be utilized for the objects of the Issue other than general corporate purpose. The relaxation is subject to the condition that this Issue opens before March 31, 2021.

In view of the above, our Promoter and the members forming part of the Promoter Group of the Company, may subscribe to their Rights Entitlement in the Rights Issue and may apply for Additional Rights Equity Shares, in addition to their Rights Entitlement so as to ensure that subscription to the extent of at least 75% of the Issue is achieved, subject to aggregate shareholding of the Promoter and Promoter Group not exceeding 75% of the post

Issue capital of our Company. Such acquisition by our Promoter and Promoter Group shall not result in a change of control of the management of our Company in accordance with provisions of the SEBI Takeover Regulations and shall be exempt in terms of Regulation 10 (4) (b) of the SEBI Takeover Regulations.

8. Summary of Restated Financial Information

Following are the details as per the Restated Financial Information as at and for the Financial Years ended on March 31, 2020, 2019 and 2018:

				(₹ in lakhs)
S. No.	Particulars	March 31, 2020	March 31, 2019	March 31, 2018
1.	Authorised Share Capital	7,500.00	7,500.00	7,500.00
2.	Paid-up Capital	1,210.00	1,210.00	1,210.00
3.	Net Worth attributable to Equity Shareholders	(6,525.01)	(5,736.40)	(4,754.30)
4.	Total Revenue	10.48	82.60	16.79
5.	Profit after tax	(788.57)	(979.31)	(1,039.62)
6.	Earnings per Share (basic & diluted) (in ₹)	(8.76)	(10.88)	(11.55)
7.	Net Asset Value per Equity Share (in ₹)	(72.50)	(63.74)	(52.83)
8.	Total Borrowings	9,812.19	8,003.85	1,443.05

For further details, please refer the section titled “Financial Information” on page 154 of this Draft Letter of Offer.

9. Auditor qualifications which have not been given effect to in the Restated Financial Information

The Restated Financial Information does not contain any qualification requiring adjustments by the Auditors.

10. Summary of Outstanding Litigation

A summary of the pending tax proceedings and other material litigations involving our Company, our Promoter, our Directors and our Group Companies is provided below:

a) Litigations involving our Company

i) Cases filed against our Company:

Nature of Litigation	Number of matters outstanding	Amount involved* (₹ in lakhs)
Criminal matters	-	-
Direct Tax matters	01	4.98
Indirect Tax matters	-	-
Actions taken by regulatory authorities	-	-
Material civil litigations	03	187.76

*To the extent quantifiable

ii) Cases filed by our Company:

Nature of Litigation	Number of matters outstanding	Amount involved* (₹ in lakhs)
Criminal matters	-	-
Direct Tax matters	02	511.64
Indirect Tax matters	-	-
Actions taken by regulatory authorities	-	-
Material civil litigations	03	299.05

*To the extent quantifiable

b) Litigations involving our Group Companies

i) Cases filed against Malar Publication Private Limited:

Nature of Litigation	Number of matters outstanding	Amount involved (₹ in lakhs)
Criminal matters	01	-#
Direct Tax matters	-	-
Indirect Tax matters	-	-
Actions taken by regulatory authorities	-	-
Material civil litigations	-	-

#The amount involved in the case is not quantifiable.

ii) Cases filed by Malar Publication Private Limited:

Nature of Litigation	Number of matters outstanding	Amount involved* (₹ in lakhs)
Criminal matters	03	10.16
Direct Tax matters	-	-
Indirect Tax matters	-	-
Actions taken by regulatory authorities	-	-
Material civil litigations	01	-#

*To the extent quantifiable

#The amount involved in the case is not quantifiable.

iii) Cases filed against Subasri Realty Private Limited:

Nature of Litigation	Number of matters outstanding	Amount involved (₹ in lakhs)
Criminal matters	-	-
Direct Tax matters	-	-
Indirect Tax matters	-	-
Actions taken by regulatory authorities	-	-
Material civil litigations	01	-#

#The amount involved in the case is not quantifiable.

iv) Cases filed by Subasri Realty Private Limited:

Nature of Litigation	Number of matters outstanding	Amount involved* (₹ in lakhs)
Criminal matters	-	-
Direct Tax matters	01	7.00
Indirect Tax matters	-	-
Actions taken by regulatory authorities	-	-
Material civil litigations	-	-

*To the extent quantifiable

v) Cases filed by Gay Travels Private Limited:

Nature of Litigation	Number of matters outstanding	Amount involved* (₹ in lakhs)
Criminal matters	-	-
Direct Tax matters	03	1,548.85
Indirect Tax matters	-	-
Actions taken by regulatory authorities	-	-
Material civil litigations	-	-

*To the extent quantifiable

vi) Cases filed by Sivals Holdings Private Limited:

Nature of Litigation	Number of matters outstanding	Amount involved* (₹ in lakhs)
Criminal matters	-	-
Direct Tax matters	01	217.88
Indirect Tax matters	-	-
Actions taken by regulatory authorities	-	-
Material civil litigations	-	-

*To the extent quantifiable

For further details, please refer to the chapter titled “*Outstanding Litigations and Material Developments*” at page 172 of this Draft Letter of Offer.

11. Risk Factors

Please see the chapter titled “*Risk Factors*” beginning on page 25 of this Draft Letter of Offer.

12. Summary of Contingent Liabilities

Following are the details as per the Restated Financial Information as at and for the Financial Year ended on March 31, 2020, 2019 and 2018:

Particulars	Amount
Direct Tax	516.63
Civil	187.76
Total	704.39

(₹ in lakhs)

For further details, please see “*Restated Financial Information- Annexure VII –Notes to restated financial information-Note 17-Contingent Liabilities*” at page F-34 of the Restated Financial Information.

13. Summary of Related Party Transactions

Following are the details as per the Restated Financial Information as at and for the Financial Year ended on March 31, 2020, 2019 and 2018:

Transaction during the year ended	Nature of the Relationship	As at March 31, 2020 (Audited)	As at March 31, 2019 (Audited)	As at March 31, 2018 (Audited)
Remuneration to Key Management Personnel	Key Management Personnel	10.35	10.31	7.14
Remuneration Payable	Key Management Personnel	0.86	0.79	-
Trade Payables	Shareholder of the company	6.05	7.41	8.16
Borrowings	Shareholder of the company	-	-	268.75
Borrowings	Shareholder of the company	3,401.17	2,446.17	320.72
Borrowings	Shareholder of the company	500.00	500.00	-
Borrowings	Company with common shareholder/promoter	1,147.34	797.34	853.58
Borrowings	Shareholder of the company	1,486.00	1,281	-
Borrowings	Shareholder of the company	90.00	-	-
Interest accrued yet to be paid	Shareholder of the company	114.23	55.13	-
Interest accrued yet to be paid	Company with common shareholder/promoter	210.75	104.73	-
Total		6,876.75	5,202.88	1,458.35

(₹ in lakhs)

For further details, please see “*Restated Financial Information- Annexure VII –Notes to restated financial information-Note 16-Related party disclosures*” at page F-32 of the Restated Financial Information.

14. Financials Arrangements

There have been no financing arrangements wherein our Promoter, members of our Promoter Group, the Directors of our Company and their relatives, have financed the purchase by any other person of securities of our Company other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of the Draft Letter of Offer.

15. Weighted Average Price of the Equity Shares acquired by the Promoter in the last one year preceding the date of this Draft Letter of Offer

Our Promoter has not acquired any equity shares of our Company in the one year preceding the date of this Draft Letter of Offer.

16. Average Cost of Acquisition of Shares for Promoter

The average cost of acquisition of Equity Shares of our Promoter is as follows:

Name of Promoter	No. of shares held	Average Cost of acquisition per Equity Share Price (in ₹)
S. Balasubramanian Adityan	1,03,296	N.A.*

**Our Promoter S. Balasubramanian Adityan has acquired the aforesaid shares in transmission from his father Late B.S. Adityan.*

**Average cost of acquisition per Equity Share by Late B.S. Adityan, father of our Promoter, is ₹ 9.95/-*

17. Issue of equity shares made in last one year for consideration other than cash

Our Company has not made any issuances of Equity Shares in the last one year for consideration other than cash.

18. Split or consolidation of Equity Shares in the last one year

Our Company has not undertaken split or consolidation of the face value of the Equity Shares in the last one year.

SECTION II - RISK FACTORS

An investment in the Equity Shares involves a high degree of risk. You should carefully consider all the information in this Draft Letter of Offer, including the risks and uncertainties described below, before making an investment in the Equity Shares. In making an investment decision, prospective investors must rely on their own examination of us and the terms of the Issue including the merits and risks involved. The risks described below are not the only ones relevant to us, our Equity Shares, the industry or the segment in which we operate. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may arise or may become material in the future and may also impair our business, results of operations and financial condition. If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our business, results of operations, cash flows and financial condition could be adversely affected, the trading price of our Equity Shares could decline, and as prospective investors, you may lose all or part of your investment. You should consult your tax, financial and legal advisors about particular consequences to you of an investment in this Issue. The financial and other related implications of the risk factors, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are certain risk factors where the financial impact is not quantifiable and, therefore, cannot be disclosed in such risk factors.

To obtain a complete understanding, you should read this section in conjunction with the sections “Industry Overview”, “Our Business” and “Management’s Discussion and Analysis of Financial Position and Results of Operations” on pages 94, 106 and 155 of this Draft Letter of Offer, respectively. The industry-related information disclosed in this section has been derived from online sources, nor any other person connected with the Issue, including the LM, has independently verified the information in the industry report or other publicly available information cited in this section.

This Draft Letter of Offer also contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and, in the section titled “Forward-Looking Statements” on page 17 of this Draft Letter of Offer.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section. Unless the context requires otherwise, the financial information of our Company has been derived from the Restated Financial Information, prepared in accordance with Ind AS and the Companies Act and restated in accordance with the SEBI ICDR Regulations.

Materiality:

The Risk Factors have been determined on the basis of their materiality. The following factors have been considered for determining the materiality of Risk Factors:

- *Some events may not be material individually but may be found material collectively;*
- *Some events may have material impact qualitatively instead of quantitatively; and*
- *Some events may not be material at present but may have a material impact in future.*

The financial and other related implications of risks concerned, wherever quantifiable have been disclosed in the risk factors mentioned below. However, there are risk factors where the impact may not be quantifiable and hence, the same has not been disclosed in such risk factors. The numbering of the risk factors has been done to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk over another.

In this Draft Letter of Offer, any discrepancies in any table between total and sums of the amount listed are due to rounding off.

In this section, unless the context requires otherwise, any reference to “we”, “us” or “our” refers to Aruna Hotels Limited.

The risk factors are classified as under for the sake of better clarity and increased understanding.

INTERNAL RISK FACTORS

BUSINESS RELATED RISKS

- 1. Presently our Company is not carrying on any business activity and we may not be successful in implementing our contemplated business strategy for revival***

Our Company was carrying out diversified business activities like operating sugar plant, setting up a distillery unit and alum unit. In the year 2002-2003, the Company divested the Alum Unit considering the bleak future of the unit as it was continuing to face stiff competition from small scale units. Around 1995-1996 the distillery unit of the Company did not work to its full capacity in view of the problems associated with the effluent treatment and consequently resulted in erosion of profits of the Company. Further, the sugar division of the Company also resulted in low recovery due to fall in sugar prices and increase in cane cost and financial costs. Presently, the Company is in the business of developing, owning, acquiring, renovating, operating, managing and promoting hotels, restaurants, etc. Our Company has since 1993 been generating revenues from operations of our Hotel. However, the operations of our Hotel were stopped in FY 2014-15 which was followed by inter-se transfer between the Promoter and Promoter Group members pursuant to the Memorandum of Compromise. Since FY 2015-16, the Company is in the process of renovating our hotel premises. Though we have outlined the business strategy for the coming years post renovation of our hotel, our inability to establish the same could adversely affect the results of operation of our Company. Further, some of our investments may yield sizable returns but we cannot assure of any consistent flow of business activity and income and the success of our business depends substantially on our ability to implement our business strategies effectively or at all. Further, changes in regulations applicable to us may also make it difficult to implement our business strategies. Failure to implement our business strategies would have a material adverse effect on our business and results of operations.

- 2. Our Company has ventured into the hotel business in the year 1990 and halted our business operations from 2014, and therefore has a very limited operating history of our operations with respect to the same, which will make it difficult for the investors to evaluate our historical performance or future prospects. Further, our Promoter does not have requisite experience in the hotel industry and we may have to engage a third party to operate and manage our hotel business.***

Our Company was originally engaged in the business of manufacturing and selling of sugar. In the early 1990s, our Company as part of further diversification took up the project to set up a business class hotel comprising of about 90 rooms in the heart of Chennai city and since then the Company is in the business of developing, owning, acquiring, renovating, operating, managing and promoting hotels, restaurants, etc. In the mid 1990's, the sugar and distillery divisions of our Company were under performing which resulted in erosion of the profits of the Company. Consequently, in and around 1998-99, the Company disposed of the Sugar and Distillery division as a going concern. In 2003, we ventured into the hotel industry and changed our business from sugar manufacturing to hotel operation. Due to continuous losses and the suspension of trading of our Equity Shares on BSE Limited, our Company halted its business operations in 2014. Presently, we are in the process of renovating our hotel, in order to resume our business operations, however due to the change in the nature of our business and the interruption in our business operations we have a limited operating history of our hotel business, and we may not have sufficient experience to address the risks related to the operation and maintenance of our hotel.

Our Promoter, S. Balasubramanian Adityan does not have the requisite experience in the hotel industry to guide our Company's business operations, therefore we may have to hire experienced professionals to manage our hotel or we may have to engage the services of third parties to manage and operate our hotel premises. We cannot assure you that, if we entrust the operations and management of our hotel to hired professionals or contract bound entities, they will efficiently and profitably manage our hotel. In view of the continuous losses borne by our Company, we also cannot assure you that we will be able to bear the cost of hiring such

professionals or outsourcing the services of third parties and in case we are unable to meet their costs, it might attract unwarranted litigations. In the event, we discover that the hired professionals or contract bound entities are not discharging their duties responsibly and efficiently, we may have to prosecute them or any third parties which could be time consuming and costly and the outcome of such litigations may not always be in our favor. Furthermore, due to our limited experience in our business and the lack of experience of our Promoter in the hotel industry, we may be unable to efficiently resume our business operations, or the performance of our business might not be profitable enough to successfully continue our business operations, or we may not be able to identify the risks involved in such operations and therefore could fail to achieve customer satisfaction and build a reputation and goodwill in the hotel industry. Since we are not abreast with modalities of operating and managing a hotel, we may not be successful in identifying the customer expectations or keeping up with the current trends and the requirement of the customer base.

Further, we may also be unable to identify certain operational risks which are inherent in our business due to the nature of the industry. Post resuming our business operations, we will be providing hospitality services, including food and beverage, cleaning and housekeeping, and security services, at our hotel. In rendering such services we will be required to adhere to regulatory requirements and standard operating procedures with regard to health, safety and hygiene. Further, food and beverage services would require proper packaging and labelling and the careful and hygienic handling of food products, which if improperly packaged or handled may have an adverse impact on the health of our guests. Similarly, cleaning and housekeeping services would involve the handling of chemicals such as cleaning solutions, which if handled improperly may have an adverse impact on the health of our employees, guests and on the environment. Consequently, our business is associated with certain safety, privacy and public health concerns. Due to our limited experience in the hotel business, we may not be abreast with these specifications and regulatory requirement and failure in adherence to any of the regulatory provisions could attract penalisation from the regulatory authorities, revocation of our operational licenses and could also have an adverse effect on our hotels' reputation, guest loyalty and consequently, our business, results of operations and financial condition.

3. ***We are facing time in commencing the business operations of our hotel, due to which our lender, HDFC Bank Limited has reclassified our loan account as "Standard Restructured Account" until we commence our business operations. We do not know if our hotel will become operational as scheduled, or at all, or operate as efficiently as planned. Further, we are relying on third parties for renovating and refurbishing our hotel, and factors affecting the performance of their obligations could adversely affect our hotel and commencement of our business operations. If we are unable to resume the business operations of our hotel in a timely manner or without time or cost overruns, it may adversely affect our business, results of operations and financial condition.***

The business operations of our hotel business have been halted since 2014 due to the impending losses and the suspension of trading of the Equity Shares of our Company on BSE Limited. The suspension order against our Company was revoked by BSE *vide* its notice dated March 19, 2018 with effect from March 27, 2018 and presently, we are in the process of resuming the business operations of our hotel. Since, our hotel premises are undergoing renovation and refurbishment, we had proposed to commence our business operations, however due to the on-going pandemic and the complete and/or partial lockdown imposed in the State of Tamil Nadu and our hotel falling under one of the containment zones our Company was unable to start the business operation of our hotel as planned. Due to the enhancement of the scope of the project for renovation of our hotel along with the ongoing pandemic and the lockdown imposed by the Central and State Governments, the date of commencement of business operations of our hotel was delayed. In view of the abovementioned delay, the Bank *vide* its email dated June 29, 2020 has informed our Company that, it has classified the account of our Company as "*Standard Restructured Account*". It has been confirmed by the Bank that once we commence the business operations of our hotel, the Bank will reinstate the classification of our loan account as "*Standard Account*". For further details, please refer to the chapter titled "*Financial Indebtedness*" on page 165 of this Draft Letter of Offer.

Due to the delay in the initiation of regular business operations of our hotels, our Company suffered a time overrun. Further, we have entered into a memorandum of agreement for architect cum project management consultancy services dated December 01, 2017 with M/s. Transform, a proprietorship concern, to act as the

architect cum project management consultant for the renovation and development of our hotel. In view of the ongoing pandemic and the lockdown which was imposed by several State and Central Governments, there is an acute shortage of unskilled laborers, since most of the unskilled workers have returned to their native places due to the widening income gap and lack of adequate resources to sustain their livelihood. Therefore, we are facing a shortage of laborers to complete the renovation and refurbishment of our hotel. Further, there were also restrictions imposed by the Government of Tamil Nadu with respect to the number of people who can gather at a time, due to which the renovation and refurbishment of our hotel premises have suffered a delay. In the event, we are unable to source adequate numbers of unskilled laborers for completing the renovation of our hotel premises or if we are exposed to an increased expense due to the surge in the wages of unskilled laborers we cannot assure you that it will not cause a further delay in resuming our hotel operations and that we may not face additional time overruns. Further, in the event we face additional delay in resumption of our hotel operations, our lender, HDFC Bank Limited might take additional adverse actions against our Company which might cause an adverse effect on our business operations. In such an event, our Company may face cash crunch to repay the interest and loan obligations.

As mentioned above, we have entered into a memorandum of agreement for the renovation and development of our hotel and the timing and quality of the renovation of our hotel depends on the availability and skill of the consultant that we have engaged, as well as contingencies affecting them, including labour and construction material shortages and industrial action such as strikes and lockouts. We cannot assure you that the third party hired by us will continue to be available at reasonable rates. In order to retain flexibility and control costs, the third party contractors may engage on-site contract labour for performance of certain of our operations. Although we do not engage these labourers directly, we may be held responsible for any wage payments to be made to such labourers in the event of default by such independent contractor. Any requirement to fund their wage requirements may have an adverse impact on our results of operations, financial condition and cash flows. In addition, under the Contract Labour (Regulation and Abolition) Act, 1970, as notified and enforced by the central government and adopted with such modifications as may be deemed necessary by the respective state governments, we may be required to absorb a number of such contract labourers as permanent employees. In the event of any non-compliance by contractors with statutory requirements, legal proceedings may be initiated against us. Accordingly, any such order from a regulatory body or court may have an adverse effect on our business, results of operations, financial condition and cash flows. All the above factors if are not appropriately addressed by us could lead to further delay in the resumption of our business operation and could also lead to increased time overruns.

Further, our plan to resume hotel operations may be subject to delays and other risks, which may be caused due to certain other unforeseen events, such as unforeseen engineering or technical problems, disputes with workers, unanticipated cost increases or changes in scope and delays in obtaining certain property rights and government approvals and consents. While we may seek to minimize the risks from any unanticipated events, it cannot be assured that all potential delays could be mitigated and that we will be able to prevent any cost and time over-runs and any loss of profits resulting from such delays, shortfalls and disruptions. As a result our business, financial condition, results of operations and prospects could be materially and adversely affected. For further details, please refer to the chapter titled — “*Our Business*” and “*Financial Indebtedness*” on pages 106 and 165 of this Draft Letter of Offer.

4. *We have had incurred restated losses and negative net worth in the past and our Company is non-operational since 2014.*

We had restated loss of ₹ 788.57 lakhs, ₹ 979.31 lakhs and ₹ 1039.62 lakhs in the Financial Years ending March 31, 2020, March 31, 2019 and March 31, 2018 respectively. Further we had restated negative networth ₹ 6,525.01 lakhs, ₹ 5,736.40 lakhs and ₹ 4,754.30 lakhs in the Financial Years ending March 31, 2020, March 31, 2019 and March 31, 2018 respectively. We cannot assure you that we will not incur losses in the future or that our networth will not remain negative. Further the Company has not been operating since FY 2014-15 and no income from operations has been recorded since then. There can be no assurance that our Company will generate income from operations or that the Company will not continue to incur losses in the coming years. The Company is undertaking renovation work of our Hotel and is anticipating resuming operations in the current financial year.

5. *As on date we have not obtained some of the approvals, clearances and permissions as may be required from the relevant authorities for operating our hotel. In the event we are unable to obtain such approvals and permits, our business, results of operations, cash flows and financial condition could be adversely affected. Further, we are subject to extensive government regulation with respect to safety, health, environmental, real estate, excise, property tax and labour laws. A failure to manage such risks or any noncompliance with, or changes in, regulations applicable to us may adversely affect our business, results of operations, financial condition and cash flows.*

The business operations of our hotel business have been halted since 2014 due to the impending losses and the suspension of trading of the Equity Shares of our Company on BSE Limited. Presently, we are in the process of resuming our business operations by renovating and refurbishing our hotel premises. Since, the regular business operations of our Company were halted, we had either surrendered the licenses and approvals which had been previously obtained by us or had not renewed the licenses which had expired. Therefore, our Company is yet to receive some of the approvals, clearances and permissions, which are required to be obtained from the relevant authorities, for running our hotel business in Chennai. We are in the process of applying for the required approvals for our hotel premises. The resumption of the business operations of our hotel is contingent upon the receipt of such approvals and we cannot assure you that we will be successful in receiving all the requisite approvals for our business operations.

If we are not able to receive the required approvals at all or if there is a delay in receiving the same, all other operations, which are to be undertaken for resuming our hotel operations might also be delayed. This may cause the actual cost of renovation to exceed the budgeted amounts due to a variety of factors such as construction delays, cost escalation of raw material, interest rates, labour costs, foreign exchange rates, regulatory and environmental factors, weather conditions and our financing needs. Since, we are a loss making company, we might not be able to overcome the increase in cost of resuming our business operations, therefore our plan to resume our business operations might suffer a further delay or it might not culminate successfully.

We are subject to extensive government regulations with respect to safety, health, environmental, real estate, excise, property tax and labour laws at a central and state level. These licenses differ on the basis of the location as well as the nature of operations carried out at such locations. The hospitality industry is subject to a broad range of safety, health, environmental, real estate, taxation, excise, star classifications, property tax and related laws and regulations and internal standard operating procedures under our management contracts which impose controls on our operations. Our hotel property is also subject to laws governing our relationship with our employees in such areas as minimum wage and maximum working hours, overtime, working conditions, hiring and redundancy of employees, contract labor and work permits, pension and employment termination benefits and work permits. In connection with ownership of our hotel, we are required to obtain various environment related approvals and consents to operate under the Air Act and Water Act and authorisation for collection, storage and disposal of hazardous waste under the Hazardous Waste Rules with respect to our hotel, as applicable. Our hotel premises are also subject to laws governing property tax matters, including the municipal and local laws which vary depending on the State, depending on the State in which the property is situated. We also require certain approvals and authorisations from local municipal authorities to carry out our business operations.

Since, we are in the process of applying for the licenses and approvals applicable to us, we cannot assure you that such approvals will be issued or granted to us, or at all. Further, regulations and policies in India may also impact the demand for, expenses related to and availability of our hotel services and rooms, and food and beverage operations. We are also subject to regulations, which are periodically amended, including relating to the sale and service of food, alcoholic and non-alcoholic beverages and hosting of events at our hotel properties. As a result of non-compliance with, or changes in, the applicable regulations, such as changes in excise policy, property tax and building regulations, we may incur increased costs, be subject to penalties, have our approvals and permits revoked, forced shutdowns or suffer a disruption in our operations or other sanctions imposed by the regulatory authorities.

The adoption of stricter health and safety laws and regulations, stricter interpretations of existing laws, increased governmental enforcement of laws or other developments in the future may require that we make additional capital expenditures, incur additional expenses or take other actions in order to remain compliant

and maintain our current operations. Since, we are a loss making company, the additional burden of being compliant with the applications laws could put a strain on our resources and could compel us to shift the burden to our customers by increasing the prices of our rooms, food and beverages which will be served by us in our hotel. Monitoring legal developments and maintaining internal standards and controls in order to abide by rules and regulations applicable to us can be costly and may detract management's attention which could adversely affect our operations. Any failure to comply with these rules and regulations could materially and adversely affect our reputation and the imposition of any fines or penalties may materially and adversely affect our business, financial condition, results of operations and cash flows. For further details, please refer to the chapter titled "Government and other Statutory Approvals" on page 180 of this Draft Letter of Offer.

6. Our Company and Group Companies are a party to certain legal proceedings. Any adverse decision in such proceedings may render us liable to penalties which may adversely affect our business, financial condition and reputation.

Our Company and our Group Companies are a party to certain legal proceedings. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. We can give no assurance that these legal proceedings will be decided in our favour. We may incur significant expenses and management time in such legal proceedings. If any adverse developments arise, for example, a change in Indian law or rulings are passed against us by the appellate courts or tribunals, we may face losses and may have to make provisions in our financial statements, which could increase our expenses and our liabilities. Any adverse decision taken by a court/tribunal may render us liable to penalties and may have a material adverse effect on our reputation, business, financial condition and results of operations, which could adversely affect the trading price of our Equity Shares.

A summary of the pending tax proceedings and other material litigations involving our Company and our Group Companies are provided below:

a) Litigations involving our Company

i) Cases filed against our Company:

Nature of Litigation	Number of matters outstanding	Amount involved* (₹ in lakhs)
Criminal matters	-	-
Direct Tax matters	01	4.98
Indirect Tax matters	-	-
Actions taken by regulatory authorities	-	-
Material civil litigations	03	187.76

**To the extent quantifiable*

ii) Cases filed by our Company:

Nature of Litigation	Number of matters outstanding	Amount involved* (₹ in lakhs)
Criminal matters	-	-
Direct Tax matters	02	511.64
Indirect Tax matters	-	-
Actions taken by regulatory authorities	-	-
Material civil litigations	03	299.05

**To the extent quantifiable*

b) Litigations involving our Group Companies

i) Cases filed against Malar Publication Private Limited:

Nature of Litigation	Number of matters outstanding	Amount involved (₹ in lakhs)
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Nature of Litigation	Number of matters outstanding	Amount involved (₹ in lakhs)
Criminal matters	01	-#
Direct Tax matters	-	-
Indirect Tax matters	-	-
Actions taken by regulatory authorities	-	-
Material civil litigations	-	-

#The amount involved in the case is not quantifiable.

ii) Cases filed by Malar Publication Private Limited:

Nature of Litigation	Number of matters outstanding	Amount involved* (₹ in lakhs)
Criminal matters	03	10.16
Direct Tax matters	-	-
Indirect Tax matters	-	-
Actions taken by regulatory authorities	-	-
Material civil litigations	01	-#

**To the extent quantifiable*

#The amount involved in the case is not quantifiable.

iii) Cases filed against Subasri Realty Private Limited:

Nature of Litigation	Number of matters outstanding	Amount involved (₹ in lakhs)
Criminal matters	-	-
Direct Tax matters	-	-
Indirect Tax matters	-	-
Actions taken by regulatory authorities	-	-
Material civil litigations	01	-#

#The amount involved in the case is not quantifiable.

vii) Cases filed by Subasri Realty Private Limited:

Nature of Litigation	Number of matters outstanding	Amount involved* (₹ in lakhs)
Criminal matters	-	-
Direct Tax matters	01	7.00
Indirect Tax matters	-	-
Actions taken by regulatory authorities	-	-
Material civil litigations	-	-

**To the extent quantifiable*

iv) Cases filed by Gay Travels Private Limited:

Nature of Litigation	Number of matters outstanding	Amount involved* (₹ in lakhs)
Criminal matters	-	-
Direct Tax matters	03	1,548.85
Indirect Tax matters	-	-
Actions taken by regulatory authorities	-	-
Material civil litigations	-	-

**To the extent quantifiable*

viii) Cases filed by Sivels Holdings Private Limited:

Nature of Litigation	Number of matters outstanding	Amount involved* (₹ in lakhs)
Criminal matters	-	-
Direct Tax matters	01	217.88

Nature of Litigation	Number of matters outstanding	Amount involved* (₹ in lakhs)
Indirect Tax matters	-	-
Actions taken by regulatory authorities	-	-
Material civil litigations	-	-

**To the extent quantifiable*

For further details, please refer to the section titled “*Outstanding Litigation and Other Material Developments*” on page 172 of this Draft Letter of Offer.

7. ***A petition under Insolvency and Bankruptcy Code, 2016 has been filed by one of our erstwhile employees before the Hon’ble National Company Law Tribunal, Chennai Bench which is as of date of this Draft Letter of Offer, pending before the Hon’ble Supreme Court of India. Any adverse order in this matter could materially impact our business operations and the resumption of our hotel business.***

A Company Petition was filed under section 9 of the Insolvency and Bankruptcy Code, 2016 by our erstwhile employee, N. Subramanian against our Company before the Hon’ble National Company Law Tribunal at Chennai (“NCLT”) for claiming arrears of salary dues since the year 1998 till his retirement in 2013. NCLT vide its order dated November 17, 2017, admitted the petition and ordered *inter alia* the commencement of corporate insolvency resolution process of our Company and appointed Venkatramanrao Nagarajan as the Insolvency Resolution Professional. Being aggrieved by the said order passed by NCLT, Subasri Realty Private Limited had, as the shareholder of our Company, filed an appeal before the Hon’ble National Company Law Appellate Tribunal at New Delhi (“NCLAT”). Vide an order dated July 16, 2018, NCLAT had set aside the order passed by NCLT. N. Subramanian has now filed a civil appeal under section 62 of Insolvency and Bankruptcy Code, 2016 before the Hon’ble Supreme Court of India challenging the final judgment and order passed by the NCLAT. The matter is currently pending before the Hon’ble Supreme Court of India.

In the event, an adverse order is passed against us or if we are asked to pay the disputed arrears of the salary which is allegedly due, our business operations could materially be impacted. Since, we are a lossmaking company, we may not be able to comply with an order requiring us to pay the disputed amount which could attract adverse actions being taken initiated against our Company. Further, we may also have to file an appeal or a revision petition which could strain our resources and be time consuming and we cannot assure you that the outcome would be in our favour. Any adverse order in these proceedings could materially impact our business, results of operations and financial condition. For further details, please refer to the chapter titled “*Outstanding Litigation and Material Developments*” on page 172 of this Draft Letter of Offer.

8. ***Our business is subject to seasonal and cyclical variations that could result in fluctuations in our results of operations.***

The hotel and hospitality industry in India is subject to seasonal variations. The periods during which the hotel industry experiences higher revenues depends principally upon location and the guests served. Seasonality affects leisure travel and the MICE sector (Meetings, Incentives, Conferences and Events) including weddings. This seasonality can be expected to cause quarterly fluctuations in our result of operations. Further, the hospitality industry is subject to weekly variations. While leisure travel increases during weekends, business travel is high during the weekdays. The hospitality industry is cyclical, and demand generally follows, on a lagged basis, key macroeconomic indicators. The combination of changes in economic conditions and in the supply of hotel rooms, including periods of excess supply, can result in significant volatility in results for owners and managers of hotel properties. The costs of running a hotel tend to be more fixed than variable. As a result, in an environment of declining revenues the rate of decline in profits can be higher than the rate of decline in revenues. As a result of such seasonal fluctuations, our room rates, sales and results of operations of a given half of the financial year may not be reliable indicators of the sales or results of operations of the other half of the financial year or of our future performance.

9. ***A slowdown in economic growth in India could have an adverse effect on our business, results of operations and financial condition.***

We intend to operate in the luxury-upper upscale and upscale hotel segments in India where consumer demand from business, leisure, MICE (meetings, incentives, conferences and events) travellers for our services is highly dependent on the general economic performance in India and globally. Any slowdown in economic growth could affect business and personal discretionary spending levels and lead to a decrease in demand for our services for prolonged periods. For instance, during the current pandemic, wherein the hotels has been forced to halt its operations due to the risk of spreading of Coronavirus and a lot of hotels have been converted into quarantine centers or make shift hospitals, our industry being a luxury industry, has suffered the most due to the decrease in spending levels of the customers. In the event, such a situation reoccurs in the future, we may be unable to bear the impact of the same and it could severely affect our business and results of operations. Such events could lead to a reduction in revenue levels. We cannot assure you that such macroeconomic and other factors, which are beyond our control, would not significantly affect demand for our services. Consequently, the occurrence of such events could have an adverse effect on our business, results of operations and financial condition. For details, of fluctuations in demand in the hospitality industry in India in recent years, see “*Industry Overview*” on page 94 of this Draft Letter of Offer.

10. Our business operations are entirely dependent on our hotel premises situated at Chennai, any adverse developments affecting such hotel or the region where our hotel is located could have an adverse effect on our business, results of operations and financial condition.

We own one hotel which is situated at Aruna Centre, 145, Sterling Road, Nungambakkam, Chennai – 600034, Tamil Nadu, India. We are in the process of renovating and refurbishing our hotel premises in order to resume our business operations. All our business operations are highly dependent on the functioning of our hotel, therefore we would solely rely on our revenues from this hotel to pay our operating expenses and service our debt obligations. Any significant interruption or loss or shutdown of operations at our hotel would adversely affect our business. The operational and functioning of our hotel may be subject to unexpected interruptions, including natural or man-made. Further, in the event we are unable to comply with the regulatory requirements prescribed for the hotel industry, we may be forced to discontinue our hotel operations due to an adverse order which may be passed by any regulatory authority which could severely hamper our reputation and business operations. Any disruption of operations of our hotel could compel us to cancel prior reservations of our customers, which in turn may lead to disputes and legal proceedings with them on account of any losses suffered by them. Such litigations could be time taking and costly and we cannot assure you if the outcome of such litigations would be in our favour.

As mentioned above our lender, HDFC Bank Limited has classified our loan account as “*Standard Restructured Account*” by the Bank until the date of commencement of business operations of our hotel. In the event, we are unable to commence our operations during the current Financial Year or are unable to service our debt obligations, we may have to halt our business operations which could adversely affect the going concern status of our Company.

Our facilities and operations could be adversely affected by any significant interruption to our operations directly or indirectly as a result of any accidents which might occur at our hotel, severe weather or other natural disasters could materially and severely affect our business, financial condition and results of operations. Similar adverse consequences could follow if war, or war-like situation were to prevail, terrorist attacks were to affect our related infrastructure, or if the Government of India were to temporarily take over our hotel during the time of a national emergency, like the Government has taken over hotels for turning them into hospitals and quarantine centers due to the ongoing pandemic. In addition, any disruption in basic infrastructure, such as in the supply of electricity could substantially halt our business operations. Any disruption of our existing supply of infrastructure services such as power or water, food or cleaning supplies or our failure to obtain such additional supplies as required by us or an increase in the cost of such supplies may result in additional costs to us. We cannot assure you that we will be able to address our reliance on our hotel, in the future. In the event our hotel is forced to shut down for a significant period of time, our earnings, financial condition and results of operation would be materially and adversely affected.

11. Our Company has experienced negative cash flow in the past and may continue to do so in the future, which could have a material adverse effect on our business, prospects, financial condition, cash flows and results of operations.

Our Company has experienced negative net cash flow in operating, investing and financing activities in the past, the details of which are provided below:

	(₹ in lakhs)		
Particulars	March 31, 2020	March 31, 2019	March 31, 2018
Net Cash Flow from/(used in) Operating Activities	(586.27)	(162.94)	(273.42)
Net cash generated from/(used in) investing activities	(1,650.00)	(796.01)	(230.04)
Net Cash Flow from/(used in) Financing Activities	2,039.48	5,929.66	(4,253.78)

We may incur negative cash flows in the future which may have a material adverse effect on our business, prospects, results of operations and financial condition.

12. Our Company has defaulted in redemption of Preference Shares including payment of outstanding dividend accrued thereon

Our Company had issued 35,000 14% Redeemable Cumulative Preference Shares of face value ₹ 100/- each in the year 1989 and 25,000 14% Redeemable Cumulative Preference Shares of face value ₹ 100/- each in the year 1991 which became due for redemption in March 1999 and November 2001 respectively. Further, our Company had also issued 50,000 17.5% Redeemable Cumulative Preference Shares of face value ₹. 100/- each in 1993 which became due for redemption in July 2003 and 2,00,000 16.5% Redeemable Cumulative Preference Shares of face value Rs. 100/- each in December 1995 which became due for redemption in the month March 1997. Due to inadequacy of profits, the Company has failed to redeem such preference shares on the respective due dates and as on March 31, 2020 our Company has 3,10,000 Preference Shares outstanding. As per the provisions of Section 47 of the Companies Act, where the dividend in respect of a class of preference shares has not been paid for a period of two years or more, such class of preference shareholders shall have a right to vote on all the resolutions placed before the members of the Company.

13. On commencement of our business operations we might be highly dependent on third party service providers for services such as transport, cleaning and maintenance of the hotel, ticket booking, supply of food ingredient, etc. Our Company may or may not enter into long-term agreements with such suppliers and our inability to obtain quality services in a timely manner could adversely affect our operations, financial condition and/or profitability.

Our Company is engaged in the business of maintaining and operating our hotel situated in Chennai. We are in the process of renovating and refurbishing our hotel in order to commence our business operations in the current Financial Year. Once, we resume our business operations, we would highly depend on third party service providers for their services *inter alia* cleaning and maintaining our hotel, supplying food ingredients to the hotel kitchen/ restaurant, providing efficient transport services for our guests, booking tickets on behalf of our guests, etc. Our Company may or may not enter into long term agreements for availing such services for our guests and could also highly rely on a single service provider. Thus, if we experience significant increase in bookings and have to cater to a large number of guests, we cannot assure you that we will be able to meet such demand or find suitable substitutes, in a timely manner and at reasonable costs, or at all. Even if we are able to substitute our service provider, we cannot assure you that we will be able to do so at the required cost and that an increase in the cost of these allied services could force us to increase the cost of our rooms.

In case we do not enter into long term agreements with our service providers, they may not be contractually obligated to provide their services to us on a priority basis and may choose to serve our competitors. Further, any default on the part of our service providers would have a direct effect on our commitments to our guests, which could hamper our reputation and business operations. There can be no assurance that strong demand, capacity limitations or other problems experienced by our service providers will not result in occasional delays in their services. Further, we cannot assure you that our service providers will continue to be associated with us on reasonable terms, or at all. In the absence of a formal agreement, our service providers will not be contractually bound to deal with us exclusively, and we may face the risk of our competitors offering better

terms to them, which may cause them to cater to our competitors alongside us. In the event we enter into formal agreements with our service providers, we may be subject to certain restrictive covenants which if breached could attract unwarranted litigations, the outcome of which may not be in our favour.

In addition to the above, third party services may be subject to a number of factors beyond our control, including economic factors, seasonal factors, environmental factors and changes in government policies and regulations, including those relating to the hospitality industry in general. In the absence of formal agreements, we may not be in a position to recover advance payments or claim compensation from our service providers consequently increasing the costs of our rooms and the services provided by us to our customers. Any inability on our part to source these services in a timely and efficient manner, on commercially acceptable terms, may lead to a decline in our revenue and profit margins which could adversely affect our business, results of operations and financial condition.

Further, we would be highly dependent on a consistent and sufficient supply of ingredients that meet our quality standards and shortages of key food products may lead to price increases for those ingredients. Further, supply and prices of ingredients are subject to various factors beyond our control, including climate, seasonality, exchange rates, import tariffs and applicable laws, rules, regulations and policies in relation to the sale and/or import of these ingredients. Any such increase in costs will adversely affect our ability to earn regular profits and financial performance as we would have to purchase key ingredients such as fresh seafood, meat and vegetables, sauces, marinades and semi-finished food products on a daily or weekly basis from our suppliers. If our suppliers are unable to supply us with sufficient key ingredients or we are unable to secure a supply of alternative ingredients that comply with our stringent standards, we may be adversely affected by delays or lost deliveries resulting in a shortage of ingredients, interruptions to our business and are susceptible to increases in the cost of ingredients. There may also be instances where the conditions of our food ingredients deteriorate due to delivery delays, malfunctioning of refrigeration facilities or poor handling during transportation by our logistics staff or suppliers. This may result in a failure of our Company to provide quality food and services to our customers, thereby damaging our reputation, which may materially and adversely affect our business, financial condition, results of operations and/or prospects.

14. The hotel industry is intensely competitive and our inability to compete effectively may adversely affect our business, results of operations and financial condition.

The hotel industry in India is intensely competitive and we compete with large multinational and Indian companies, in each of the regions that we operate. Some of our competitors may develop alliances to compete against us or have more financial and other resources. We cannot assure you that new or existing competitors will not significantly lower rates or offer greater convenience, services or amenities or significantly expand or improve facilities in a market in which we operate. We may also face increased competition from internet-based homestay and hostel aggregators and alternative accommodation options such as luxury homestays and bed and breakfasts.

Further, once we resume our hotel operations, we will be required to follow and abide by the restrictions imposed by the State and Central Governments due to the ongoing pandemic to ensure the safety of our customers and to avoid regulatory action, which can put a strain on our resources and compel us to increase the cost of our rooms and other services. Further, the competition in the hotel industry has increased, since many hotels have upgraded their services in light of the pandemic and the consequent changes in the customer demand. For instance, many hotels are providing long term stay options due to restriction in movements imposed by the government, etc. We will also have to change or upgrade our services in light of the ongoing pandemic, which can put a strain on our resources.

In addition, our competitors may significantly increase their advertising expenses to promote their hotels, which may require us to similarly increase our advertising and marketing expenses and change our pricing strategies, which may have an adverse effect on our business, results of operations and financial condition. As a result, we cannot assure you that we will be able to compete successfully in the future against our existing or potential competitors or that our business and results of operations will not be adversely affected by increased competition.

- 15. *The success of our business operations would highly depend on our ability to attract and retain qualified personnel, and any inability on our part to do so, could adversely affect our business, results of operations and financial condition.***

The success of our hotel business would highly depend on our ability to attract and retain qualified personnel since we aim to provide our guests with high levels of service. We currently do not have the adequate number of qualified personnel for our operations; however once we resume our business operations we would require hiring and retaining qualified personnel. We cannot assure you, if in future we may be able to continuously attract or retain such personnel, or retain them on acceptable terms, given the demand for such personnel. Competition for qualified personnel with relevant industry expertise in India is intense and the loss of the services of our key personnel may adversely affect our business, results of operations and financial condition.

Since, our Promoter is not experienced in the industry in which we operate, it is conducive for us to hire qualified and experienced management personnel who would help us in operating and managing our hotel. We may require a long period of time to hire and train personnel for smooth functioning of our business operations. We may also be required to increase our levels of employee compensation more rapidly in order to remain competitive in attracting employees that our business requires. We cannot assure you that we will be able to retain our qualified personnel or find adequate replacements in a timely manner, or at all. Any inability on our part to attract and retain qualified personnel and senior management could adversely affect our business, results of operations and financial condition.

- 16. *The majority of Issue proceeds will be utilized by our Company for part-repayment or prepayment of unsecured loans availed by it from our Promoter Group Companies.***

One of the Objects of this Issue is to partly repay or pre pay the unsecured loans amounting to ₹ 2,050 lakhs availed by our Company from our Promoter Group Companies, namely Subasri Realty Private Limited, Gay Travels Private Limited, Malar Publications Private Limited and Rani Printers Private Limited. As on March 31, 2020, we have outstanding unsecured loans aggregating to ₹ 6,534.51 lakhs from these Promoter Group Companies. Out of the Issue proceeds, we intend to utilize ₹ 2,050 lakhs for part-repayment or pre-payment of unsecured loans availed by our Company from these Promoter Group Companies. For further details, please see the chapter titled “*Objects of the Issue*” beginning on page 83 of this Draft Letter of Offer.

- 17. *Any failure in providing quality services to our customers may adversely affect our business, results of operations and financial condition. We may face consumer liability claims and legal proceedings if the quality of our services does not meet our customers’ expectations.***

The hotel industry is a luxury service industry and the success of the business operations of our hotel would highly depend on our ability to provide quality services and indelible experience to our customers. On commencement of our business operations we intend to hire skilled and experienced personnel in order to provide quality services to our customers. However, there might be instances wherein our services might not match the standards expected by our customers which could expose us to bad publicity and consumer claims.

Further, the performance and quality of services at our hotel are critical to the success of our business. Being a part of the hotel industry requires us to provide high levels of service quality. Any incident where our hotel lacks, or is perceived to lack, such standards may adversely affect our reputation. Our quality standards depend significantly on the effectiveness of quality control systems and standard operating procedures, which in turn, depend on the skills and experience of our personnel, the quality of training programs, and our ability to ensure that such personnel adhere to stipulated policies and guidelines. Any decrease in the quality of services rendered at our hotel including due to reasons beyond our control, or on account of deficiency or inefficiency of our employees, or any third party service provider, including but not limited to non-compliance with the terms and conditions set out in the agreements or arrangements with such third party service providers, or allegations of defects, even when false, at our hotel could tarnish the image of our hotel, result in negative reviews and feedback from our guests on online travel portals and may cause guests to choose the services of our competitors. We also face the risk of legal proceedings and consumer liability claims being brought against us by our customers for sub-standard services. We cannot assure you that we will not experience any material consumer liability losses in the future or that we will not incur significant costs to defend any such claims. A

consumer liability claim may adversely affect our reputation and brand image, as well as entail significant costs.

18. *The Equity Shares of our Company were previously suspended from trading on BSE Limited since 2004 and the suspension has been revoked by the Stock Exchange with effect from March 27, 2018.*

The Equity Shares of our Company were suspended from trading on BSE Limited since 2004 due to penal reasons. The Stock Exchange *vide* its notice dated March 19, 2018 has revoked the suspension with effect from March 27, 2018, however the Equity Shares of our Company were covered under the Graded Surveillance Measure and the same had limited or sporadic trading. We cannot assure you that a similar event will not happen in the future or that the Equity Shares will continue to trade on the Stock Exchange without any adverse actions being taken against us by the Stock Exchange or any other regulatory authority. In the event such an event occurs and we are not able to appropriately address such a situation, it may have an adverse effect on our reputation, business and results of operations.

19. *We would be reliant on effective marketing and branding strategies and any negative publicity on our brands could have an adverse effect on our reputation, business, results of operation and financial condition.*

On the commencement of our business operations we would have to invest into effective marketing strategies to establish a brand name for our hotel and to build our customer base and increase our market share. We may not be able to successfully formulate and implement strategies to promote our brand in the future. We cannot assure you that our hotel will be accepted by customers or that we will be able to recover costs incurred in marketing and advertising our hotel. Since, we are a loss making company, loss of our resources due failure of our marketing strategies would prove very strenuous on our finances and could have a severe impact on our financial condition. If we fail to successfully promote our hotel or implement our marketing and branding strategies or our hotel turns out to be not as successful as we anticipate, it could have a material adverse effect on our business, financial condition and results of operations.

Any degradation or adverse market developments relating to our brand name or any negative publicity affecting our hotel and our services could adversely affect our results of operations. The success and continued growth of our business is also dependent on our ability to establish effective marketing strategies to maintain and increase our customer base, to capture a bigger market share and increase our turnover. Any misjudgement in assessing our customers' needs and changes in its customers' preferences could result in loss of revenue. In such event, our profitability will be adversely affected.

20. *Changes in travellers' preferences due to advancement in technology and other factors may adversely affect the demand for hotel rooms.*

The increased use of teleconference and video-conference technology by businesses could result in decreased business travel as companies increase the use of technologies that allow multiple parties from different locations to participate in meetings without having to travel to a centralized meeting location, such as our hotel. To the extent that such technologies play an increased role in day-to-day business and the necessity for business-related travel decreases, demand for our hotel rooms or our conferencing and meeting facilities may decrease from business travellers and corporate customers. Similarly, changes in domestic tourism and preferences of our guests due to evolving cost of travel, spending habits and consumption patterns may lead to a change in the perceived attractiveness of travel and luxury stay at hotels. Such changes may impact the demand for our hotel rooms from domestic tourists and, and our business may be adversely affected. The loss of our customer base due to such changes, the deterioration of their financial condition or prospects, or a reduction in their demand for our services could adversely affect our business, results of operations, financial condition and cash flows.

Currently, our hotel is centrally located at important business and financial hub in Chennai, however in the future such business hubs may shift, within a city, and as a result our hotel location may not be as attractive to business travellers and corporate customers. The loss of a significant number of business and leisure customers coupled with our inability to acquire any such new customers could have an adverse effect on our business,

results of operations, financial condition and cash flows.

- 21. The success of our business will be dependent on our ability to anticipate and respond to customer requirements. Our business may be affected if we are unable to identify and understand contemporary and evolving customer preferences or if we are unable to deliver quality service as compared to our competitors.**

We are engaged in the hospitality industry and are driven by the quality of service we provide and the expectations of our customers. The hospitality industry is affected by changes in consumer preferences, national, regional and local economic conditions and demographic trends. We strive to keep up with evolving customer requirements to enhance our business and level of customer service. Our inability to identify, anticipate, understand and address contemporary and evolving customer preferences or to deliver quality service as compared to our competitors could materially and adversely affect our business.

Market perception of our hotel and services may change and this could impact our business operations and future profitability. The quality and delivery of our services at our hotel are critical to the success of our business. Quality of services depend significantly on the effectiveness of our quality control systems and standard operating procedures, which in turn, depend on the skills and experience of our hospitality personnel, the quality training program, and our ability to ensure that such personnel adhere to our policies and guidelines. Any failure or deterioration of our quality control systems, or our inability to deliver quality services as compared to our competitors, could materially and adversely affect our business, financial condition, results of operations and reputation.

Further, with the emergence of new lifestyle dining trends or any change in existing lifestyle dining trends could result in a change in consumer preferences. Shifts in consumer preferences away from our bakery and restaurant menu items to other kinds of take-out food items offered in other types of eateries could materially affect our business. In addition, our continued operations depend, in general, on disposable consumer income and consumer confidence, all of which can affect discretionary consumer spending. Any outbreak of diseases and viruses such as the Novel Coronavirus from the region or around the world may affect consumer confidence and reduce discretionary spending and reduce the flow of customers. Any changes in the market and economic conditions of India may also affect the consumers' disposable income, consumer confidence and hence discretionary consumer spending. If we are unable to keep pace with the changing tastes of consumers in the future, the patronage of our restaurants, retail outlets and cafes may be affected. Adverse changes in these factors would reduce the flow of customers and may adversely affect our business, prospects, profitability, financial condition and results of operations.

- 22. Two of our Group Companies, Sivels Holdings Private Limited and Subasri Realty Private Limited have incurred losses in the past.**

Two of our Group Companies, Sivels Holdings Private Limited and Subasri Realty Private Limited have incurred losses in the past., details of which are as under:

S. No.	Name of the Group Company	Profit or (Loss) after Tax		
		March 31, 2019	March 31, 2018	March 31, 2017
1.	Subasri Realty Private Limited	-*	(165.81)	(110.60)
2.	Sivels Holdings Private Limited	-*	(0.89)	(0.58)

(₹ in lakhs)

*Indicates profits

There can be no assurance that our Group Companies, will not incur losses in future, or that there will not be an adverse effect on our reputation or business as a result of such losses. Such losses incurred by our Group Companies may be perceived adversely by external parties such as customers, bankers, and suppliers, which may affect our reputation.

- 23. We are exposed to a variety of risks associated with safety, security and crisis management.**

We are committed to ensure the safety and security of our guests, employees and assets against natural and man-made threats. These include, but are not limited to, exceptional events such as extreme weather, civil or

political unrest, violence and terrorism, serious and organized crime, fraud, employee dishonesty, cybercrime, pandemics, fire and day-to-day accidents, incidents, health crises of guests and petty crime which impact the guest or employee experience, could cause loss of life, sickness or injury and result in compensation claims, fines from regulatory bodies, litigation and impact our reputation. Serious incidents or a combination of events could escalate into a crisis which, if managed poorly, could further expose us and our hotel to significant reputational damage. Any accidents or any criminal activity at our hotel properties may result in personal injury or loss of life, substantial damage to or destruction of property and equipment resulting in the suspension of operations. Any of the foregoing could subject us to litigation, which may increase our expenses in the event we are found liable, and could adversely affect our reputation and cause a loss of consumer confidence in our business. Such events occurring at any one of our hotel properties may also have an adverse effect on our reputation and may also adversely affect operations of our other properties.

24. *Our Company does not have any documentary evidence for the educational qualifications and experience of our Promoter and some of our Directors.*

Our Promoter and some of our Directors are unable to trace their educational qualifications and documents evidencing their past experience. Due to lack of documents and relevant information from our Promoter and these directors, we have not disclosed their educational qualifications and relevant experience in the chapters titled “*Our Promoter and Promoter Group*” and “*Our Management*” as is required under the SEBI ICDR Regulations. For further details, please refer to the chapters titled “*Our Promoter and Promoter Group*” and “*Our Management*” on pages 141 and 128 of this Draft Letter of Offer.

25. *Certain records of our Company are not traceable due to the nationwide lockdown imposed by the Central Government or due to such records dating back to the year 1986.*

Due to the ongoing pandemic and the lockdown imposed by the Central Government and certain State Governments we do not have access to certain records and filings pertaining to the allotments of Equity and Preference Shares of our Company and the increase in the Equity Authorized Share Capital of our Company. Further, we are also unable to trace the documents relating to certain allotments and changes made in the Equity Share Capital of our Company due the relevant RoC form filings dating back to the year 1986. Therefore, we are not in a position to disclose certain details such as date of increase of Authorized Equity Share Capital, nature of allotment, issue price, date of allotment, names of allottees etc. in this Draft Letter of Offer. Accordingly, we have relied on the confirmations, other documents, including submissions made to the Stock Exchanges, annual returns, directors’ report, the statutory register of members of the Company, minutes of the meetings of the Board of Directors and Shareholders while making the relevant disclosures. We cannot assure you that these records will be available in the future or that we will not be subject to any penalties imposed by the relevant regulatory authority in this respect. For further details, please refer to the chapter titled “*Capital Structure*” on page 71 of this Draft Letter of Offer.

26. *As the securities of our Company are listed on BSE Limited, our Company is subject to certain obligations and reporting requirements under the SEBI Listing Regulations. Any non-compliances/delay in complying with such obligations and reporting requirements may render us liable to prosecution and/or penalties.*

The Equity Shares of our Company are listed on BSE, therefore we are subject to the obligations and reporting requirements prescribed under the SEBI Listing Regulations. Our Company endeavours to comply with all such obligations/reporting requirements, there may be non-disclosures/delayed/erroneous disclosures and/or any other violations which might have been committed by us, and the same may result into Stock Exchange and/or SEBI imposing penalties, issuing warnings and show cause notices against us and/or taking actions as provided under the SEBI Act and Rules and Regulations made there under and applicable SEBI Circulars. In the past, due to penal reasons the Equity Shares of our Company were suspended from trading on BSE. Any such adverse regulatory action or development could affect our business reputation, divert management attention, and result in a material adverse effect on our business prospects and financial performance and on the trading price of the Equity Shares.

27. *Our Company has in the past not complied with the certain provisions of the Companies Act, 1956 and Companies Act, 2013 and has filed compounding applications with the relevant authorities for the same.*

Our Company has filed four *suo-moto* applications dated August 17, 2017, with the National Company Law Tribunal at Chennai and the Regional Director, Southern Region, Ministry of Corporate Affairs, Chennai under Sections 96 and 129(2) of the Companies Act, 2013, Sections 201 (3) (b) and 166 of the Companies Act, 1956 and one *suo-motu* application dated April 30, 2019 before the Registrar of Companies, Chennai under the provisions of Rule 2(1)(c)(vii) of the Companies (Acceptance of Deposits) Rules, 2014 (“**Compounding Applications**”) in relation to non-compliances committed by our Company in relation to:

- i. Delay of 342 days in convening the Annual General Meeting of our Company for the Financial Year ended March 31, 2014 under Section 96(1) of the Companies Act, 2013;
- ii. At the Annual General Meeting convened by our Company on September 09, 2015, the financials for the Financial Years ended March 31, 2013 and March 31, 2014 were placed before the Shareholders, in contravention of Section 166 of the Companies Act, 1956 and Section 129 of the Companies Act, 2013;
- iii. Delay of 707 days in convening the Annual General Meeting of our Company for the Financial Year ended March 31, 2013 under Sections 166(1) and 210 (3)(b) of the Companies Act, 1956;
- iv. From the Financial Year 2013-2014, our Company had received share application money of ₹ 47,57,67,000 (Rupees forty seven crore fifty seven lakhs and sixty seven thousand) towards allotment of Equity Shares to our erstwhile Promoter, Balasubramnaiyam Adityan and the members of our Promoter Group namely, India Cabs Limited, Sivanthi Farms Private Limited, Sivels Holdings Private Limited, Gay Travels Private Limited, Malar Publications Private Limited, Rani Printers Private Limited and Subasri Realty Private Limited. Our Company inadvertently could not allot the Equity Shares to the aforementioned Equity Shareholders in lieu of the share application money received, however it later refunded the share application money on March 31, 2018. In terms of the provisions of Rule 2(1)(c)(vii) of the Companies (Acceptance of Deposits) Rules, 2014, since the application money was not refunded within the prescribed time period, the un-refunded share application money falls under the definition of deposits and attracts compliances prescribed for deposits under the said rules. In this regard, we have filed a compounding application, with the Registrar of Companies, Chennai, for compounding the above contraventions.

The Compounding Applications were made in view of lapse of the Company in complying with the relevant provisions of the Companies Act, 1956 and Companies Act, 2013. The matters are currently pending before the relevant authorities.

There can be no assurance that the said applications will be accepted, orders in respect to the same will be passed in a timely manner, or that our Company will not be subjected to penalty or liabilities under the Companies Act. We also cannot assure you if the outcome will be in our favor. Since, we are a loss making Company and do not have a steady source of revenue, in the event, we are required to pay a hefty fine in order to make good the non-compliances, it would put a strain on our resources and have an adverse effect on our business. Further, a personal liability may also be imposed on our Directors and Key Managerial Personnel under Section 447 of the Companies Act, 2013 and if the concerned authorities find them guilty, they may also be subjected to punishment with fine and imprisonment for a term as may be decided by the authorities. If the event an adverse order is passed in these proceedings, we may have to file an appeal which may be time consuming as well as costly for us to resolve and may affect the viability of our current business or restrict our ability to grow our business in the future. The imposition of any liability on our Company on account of such non-compliances, including their re-occurrence, could adversely affect our business and reputation. For more details regarding the application for compounding, please see “*Outstanding Litigation and Material Developments*” on page 172 of this Draft Letter of Offer.

28. In the past, there have been instances of delays in the reporting requirements under the Companies Act, 1956 and Companies Act, 2013 to RoC.

In the past, there have been certain instances of delays in filing statutory forms as per the reporting requirements under the Companies Act, 1956 and Companies Act, 2013 with the RoC, which have been subsequently filed by payment of an additional fee as specified by RoC. No show cause notice in respect to the above has been received by our Company till date and except as stated in this Draft Letter of Offer, no penalty or fine has been imposed by any regulatory authority in respect to the same. It cannot be assured, that there will not be such instances in the future or our Company will not commit any further delays or defaults in relation to its reporting requirements, or any penalty or fine will not be imposed by any regulatory authority in respect to the same. The happening of such event may cause a material effect on our results of operations and financial position.

29. Our Promoter has extended personal guarantee with respect to loan facilities availed by our Company. Further, one of our Promoter Group Companies has provided its fixed deposit as collateral security for loan facilities availed by our Company. Revocation of any or all of these personal guarantees or withdrawal of the fixed deposit may adversely affect our business operations and financial condition.

Our Promoter, S. Balasubramanian Adityan has extended personal guarantee in favour of HDFC Bank Limited with respect to the loan facilities availed by our Company. Further, Gay Travels Private Limited has provided its fixed deposit of ₹ 250 lakhs as collateral security for the loan availed by our Company.

In the event the guarantees are revoked or the fixed deposit provided as a security is withdrawn, our lender may require us to furnish alternate guarantees or an additional security or may demand a repayment of the outstanding amounts under the said facilities sanctioned or may even terminate the facilities sanctioned to us. There can be no assurance that our Company will be able to arrange such alternative guarantees or provide an alternate collateral security in a timely manner or at all. If our lender enforces these restrictive covenants or exercise its options under the relevant debt financing agreements, our operations and use of assets may be significantly hampered and lenders may demand the payment of the entire outstanding amount and this in turn may also affect our further borrowing abilities thereby adversely affecting our business and operations. For further details, please refer to the chapter titled — “Financial Indebtedness” on page 165 of this Draft Letter of Offer.

30. Our Promoter and members of the Promoter Group have significant control over the Company and have the ability to direct our business and affairs; their interests may conflict with your interests as a shareholder.

After the completion of the Issue, our Promoter and the members of the Promoter Group will hold approximately [●]% of the paid-up equity share capital of our Company assuming full subscription to the Rights Entitlement in the Issue. Our Promoter and the members of the Promoter Group holding Equity Shares in our Company, have undertaken to fully subscribe for their Rights Entitlement. They reserve the right to subscribe for their Rights Entitlement pursuant to any renunciation made by any member of the Promoter Group to another member of the Promoter Group. Such subscription for Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding above their current percentage shareholding. So long as the Promoter and members of our Promoter Group have a majority holding, they will be able to elect the entire Board and control most matters affecting us, including the appointment and removal of the officers of our Company, our business strategy and policies and financing. Further, the extent of the Promoter’s shareholding in our Company may result in the delay or prevention of a change of management or control of our Company, even if such a transaction may be beneficial to the other shareholders of our Company.

31. We have certain contingent liabilities and our financial condition and profitability may be adversely affected if any of these contingent liabilities materialize.

As of March 31, 2020, our contingent liabilities and commitments (to the extent not provided for) as disclosed in the notes to our Restated Financial Information aggregated to ₹ 704.39 lakhs. The details of our contingent liabilities are as follows:

Particulars	Amount
Direct Tax	516.63

(₹ in lakhs)

Particulars	Amount
Civil	187.76
Total	704.39

For further details of contingent liability, see the section titled — “*Financial Information*” on page 154 of this Draft Letter of Offer. Furthermore, there can be no assurance that we will not incur similar or increased levels of contingent liabilities in the future.

32. *If our Company is unable to protect its intellectual property, or if our Company infringes on the intellectual property rights of others, our business may be adversely affected.*

Our current tradename “ARUNA HOTELS” is owned by our Company under the provisions of the Trademarks Act, 1999. Our trademark may be subject to counterfeiting or imitation which would adversely impact our reputation and lead to loss of customer confidence, reduced sales and higher administrative costs. We are exposed to the risk that other entities may pass off their services as ours by imitating our brand name. We believe that there may be other companies or vendors which operate in the unorganized segment using our tradename. Any such activities may harm the reputation of our hotel, which could in turn adversely affect our financial performance. We rely on protections available under Indian law, which may not be adequate to prevent unauthorized use of our intellectual property by third parties. Furthermore, the application of laws governing intellectual property rights in India is uncertain and evolving, and could involve substantial risks to us. Notwithstanding the precautions we take to protect our intellectual property rights, it is possible that third parties may copy or otherwise infringe on our rights, which may have an adverse effect on our business, results of operations, cash flows and financial condition. We may need to litigate in order to protect our intellectual property rights and any such litigation could be time consuming, and the outcome cannot be guaranteed. We may not be able to detect any unauthorized use or take appropriate and timely steps to enforce or protect its intellectual property, which could adversely affect our business, results of operations and financial condition. For further details, please refer to the chapter titled “*Government and other Statutory Approvals*” on pages 180 of this Draft Letter of Offer.

33. *We are subject to risks relating to owning real estate assets including changes in local markets or neighbourhoods, lack of liquidity of real estate assets and uncertainty of market conditions.*

We are subject to risks that generally relate to real estate assets due to the hotel property we own. Changes in local markets or neighbourhoods may diminish the value of our real estate asset. Real estate assets may not be as liquid as certain other types of assets, and this lack of liquidity may limit our ability to react promptly to changes in economic, market or other conditions. Our ability to dispose of our hotel property, if required, on advantageous terms depends on factors beyond our control, including competition from other sellers, demand from potential buyers and the availability of attractive financing for potential buyers. We cannot predict the various market conditions affecting real estate that may exist at any particular time in the future. Due to the uncertainty of market conditions that may affect the future disposition of our real estate asset, we cannot assure you that we will be able to sell our real estate asset at a profit in the future, if required.

34. *Our operations will entail certain fixed costs and recurring costs, and our inability to reduce such costs during periods of low demand for our services may have an adverse effect on our business, results of operations, financial condition and cash flows. Further, we may be unable to obtain future financing on favorable terms, or at all, to fund our operations, expected capital expenditure and working capital requirements.*

Once we commence our business operations, post completion of the renovation of our Company, our operations may entail certain fixed costs such as costs incurred towards the maintenance of our hotel, employee related costs, property taxes as well as certain significant recurring costs such as utility expenses and insurance payments. The costs of running a hotel tend to be more fixed than variable. The hotel industry experiences changes in demand and supply, which we may not be able to predict accurately. Consequently, we may be unable to reduce fixed and recurring costs in a timely manner, or at all, in response to a reduction in the demand for our services. Further, our hotel property may be subject to an increase in operating expenses and other expenses in the event of increases in property and other tax rates, increase in utility costs due to increase

in electricity or water supply charges, insurance costs, repairs and maintenance and administrative expenses, which may adversely affect our business, results of operations, financial condition and cash flows.

Further, for the purpose of funding the fixed and recurring cost, we are required to obtain additional debt facilities which may be subject to a variety of uncertainties. We may be unable to obtain future financing on favorable terms, or at all, to fund our operations, anticipated capital expenditure and working capital requirements. Our strategy to grow our business and maintain our market share may require us to raise additional funds or refinance our existing debt for our working capital or long term loans. We cannot assure you that such funds will be available on favourable terms or at all. Additional debt financing may increase our financing costs. Our financing agreements may contain terms and conditions that may restrict our ability to operate and manage our business, such as terms and conditions that require us to maintain certain pre-set debt service coverage ratios and leverage ratios and require us to use our assets, including our cash balances, as collateral for availing finance facility. If we are unable to raise additional funds on favourable terms or at all as and when required, our business, financial condition, results of operations and prospects could be adversely affected.

Our hotel premises are mortgaged with our lender, HDFC Bank Limited and our Promoter Group Companies and Group Companies, Malar Publications Private Limited, Subsari Realty Private Limited, Rani Printers Private Limited and Gay Travels Private Limited for securing the term loan and unsecured inter –corporate loans, respectively availed by us for renovating and refurbishing our hotel premises. Therefore, there is a *pari-passu* first charge which has been created by our lender on our hotel property and a second charge which has been created by the Promoter Group Companies. In the event, our Company requires any further financing another charge may also be created on our hotel property which would require a prior consent of our existing lenders. Since, our business operations are solely dependent upon our hotel property, invocation of any of the charges would result in interruption or loss or shutdown of operations at our hotel which in turn would adversely affect our business. Further, there might also be a case where we do not receive the consent from HDFC Bank Limited and our Promoter Group Companies for creating another charge on our property and it would be strenuous for us to arrange for another security as a collateral for availing further finance. In addition, the property being an illiquid asset, lenders may be unwilling to accept security interests in the property being developed as collateral for the loan. If we are unable to raise such financing on favorable terms, or at all, we may not be able to fund our operations sufficiently which could have a material adverse effect on our business, financial condition, profitability, results of operations and ability to implement our growth strategy. Future fund raising may cause a dilution in your shareholding or place restrictions on our operations. For further details, please refer to chapter titled — “*Financial Indebtedness*” on page 165 of this Draft Letter of Offer.

35. *We have in past entered into related party transactions and we may continue to do so in the future.*

As of March 31, 2020, we have entered into several related party transactions with individuals and entities forming a part of our promoter group and our Group Companies relating to our operations. In addition, we have in the past also entered into transactions with other related parties. Our Company has entered into related party transactions for the Fiscal ended March 31, 2020. For further details, please refer to — “*Restated Financial Information- Annexure VII –Notes to restated financial information-Note 16-Related party disclosures*” at page F-32 of this Draft Letter of Offer.

While we believe that all our related party transactions have been conducted on an arm’s length basis, we cannot assure you that we may not have achieved more favourable terms had such transactions been entered into with unrelated parties. There can be no assurance that such transactions, individually or taken together, will not have an adverse effect on our business, prospects, results of operations and financial condition, including because of potential conflicts of interest or otherwise. In addition, our business and growth prospects may decline if we cannot benefit from our relationships with them in the future.

36. *Our inability to procure and/or maintain adequate insurance cover in connection with our business may adversely affect our operations and profitability. Further, any fire or mishap or accidents of such nature at our hotel could lead to accident claims and damage and loss of our property or the property of our guests, etc.*

While we maintain insurance policies in respect of our hotel, covering losses, including those arising from fire, accidents, calamities and acts of terrorism. With respect to losses which are covered by our policies, it may be difficult and may take time to recover such losses from insurers. In addition, we may not be able to recover the full amount from the insurer. There can be no assurance that our policies would be sufficient to cover all potential losses, regardless of the cause, or whether we can recover for such losses.

We could also be held liable for accidents that occur at our hotel or otherwise arise out of our operations. In the event of personal injuries, fires or other accidents suffered by our employees or other people, we could face claims alleging that we were negligent, provided inadequate supervision or be otherwise liable for the injuries. Our property is insured with independent third parties covering various aspects such as loss arising out of fire, terrorism, electronic equipment and personal accident. We also maintain public liability (non- industrial risks) – hotel insurance policy for third party losses.

While we believe that the insurance coverage which we maintain would be reasonably adequate to cover the normal risks associated with the operation of our business, we cannot assure you that any claim under the insurance policies maintained by us will be honoured fully, in part or on time, or that we have taken out sufficient insurance to cover all our losses. In addition, our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business, but we cannot assure you that such renewals will be granted in a timely manner, at acceptable cost or at all. To the extent that we suffer loss or damage for which we did not obtain or maintain insurance, and which is not covered by insurance, exceeds our insurance coverage or where our insurance claims are rejected, the loss would have to be borne by us and our results of operations, cash flows and financial performance could be adversely affected.

37. *In the food and beverage industry, it is essential that the quality of food products served be consistent and the food products are prepared hygienically and thus safe for consumption.*

A risk of contamination or deterioration exists while serving food products and any such contamination or deterioration could result in criminal or civil liability which in turn could have material adverse effect on our business, reputation/ goodwill thereby affecting our financial condition, results of operations and prospects. In addition, from time to time, we may be subject to false claims of contamination which could create negative publicity that could adversely affect our reputation and product sales, which could also adversely affect our business, financial condition, results of operations and prospects.

In addition, we may not be able to ensure that our third party suppliers maintain the quality of the materials they supply to us which may in turn affect the quality of our food products. Any decline in the standards of hygiene or the consistency in the quality of our food products may result in customers' dissatisfaction and hence a decrease in our customer base. In addition, high staff turnover, shortage of staff or the lack of proper supervision may also affect the consistency and quality of the food products served, the standard of hygiene in the preparation of the food products and the services at our hotel. This will in turn adversely affect our business, prospects, probability of earning profits, financial condition and results of operations.

38. *We are exposed to risks of slow-moving perishable ingredients used in the restaurant of our hotel.*

On resumption of our business operations at our hotel, we might have to maintain some inventory for the functioning of our restaurants. The maintenance of such inventory levels exposes us to the risk of product wastage as our products may be perishable and this may result in losses to our Company and adversely affect our results of operations.

39. *Disruptions or lack of basic infrastructure such as electricity and water supply could adversely affect our operations.*

One commencement of our business operations we would require a significant amount and continuous supply of electricity and water and any disruption in the supply thereof could affect the operations of our hotel and the services to our guests. We cannot assure you that there will be no disruption to basic infrastructure and any failure on our part to obtain alternate sources of electricity or water, in a timely fashion, and at an acceptable

cost, may have an adverse effect on our business, results of operations, financial condition and cash flows.

40. *Our agreements with lenders for financial arrangements contain restrictive covenants for certain activities and if we are unable to get their approval, it might restrict our scope of activities and impede our growth plans.*

We have entered into agreements for our borrowings with our lender, HDFC Bank Limited. These borrowings include secured fund based facilities. These agreements include restrictive covenants which mandate certain restrictions in terms of our business operations such as change in capital structure, formulation of any scheme of amalgamation or reconstruction, declaring dividends, further expansion of business, granting loans to directors, repaying unsecured loans availed from Promoter and Promoter Group and third parties, undertake guarantee obligations on behalf of any other borrower including group companies, which require our Company to obtain prior approval of the lenders for any of the above activities. We cannot assure you that our lenders will provide us with these approvals in the future. For details of these restrictive covenants, please refer to chapter titled — “*Financial Indebtedness*” on page 165 of this Draft Letter of Offer.

Further, some of our financing arrangements include covenants to maintain our total outside liabilities and total net worth up to a certain limit and certain other liquidity ratios. We cannot assure prospective investors that such covenants will not hinder our business development and growth in the future. A default under any of these financing agreements may also result in cross-defaults under other financing agreements and result in the outstanding amounts under such financing agreements becoming due and payable immediately. Defaults under one or more of our Company’s financing agreements may limit our flexibility in operating our business, which could have an adverse effect on our cash flows, business, results of operations and financial condition. For details of the events of default and the actions which can be taken by the banks on occurrence of such events, please refer to “*Events of Default*” and “*Consequences of default*” in the chapter titled “*Financial Indebtedness*” on page 165 of this Draft Letter of Offer.

It may be possible for our lender to assert that we have not complied with all applicable terms under our existing financing documents. Further we cannot assure that we will have adequate funds at all times to repay these credit facilities and may also be subject to demands for the payment of penal interest.

41. *In addition to our existing indebtedness for our existing operations, we may incur further indebtedness during the course of business. We cannot assure that we would be able to service our existing and/ or additional indebtedness.*

As on March 31, 2020 our Company’s total fund based indebtedness is ₹ 9,812.19 lakhs. In addition to the indebtedness for our existing operations, we may incur further indebtedness during the course of our business. We cannot assure you that we will be able to obtain further loans at favourable terms. Increased borrowings, if any, may adversely affect our debt-equity ratio and our ability to borrow at competitive rates. In addition, we cannot assure you that the budgeting of our working capital requirements for a particular year will be accurate. There may be situations where we may under-budget our working capital requirements, which may lead to delays in arranging additional working capital requirements, loss of reputation, levy of liquidated damages and can cause an adverse effect on our cash flows.

Any failure to service our indebtedness or otherwise perform our obligations under our financing agreements entered with our lender or which may be entered into by our Company, could trigger cross default provisions, penalties, acceleration of repayment of amounts due under such facilities which may cause an adverse effect on our business, financial condition and results of operations. For details of our indebtedness, please refer to the chapter titled — “*Financial Indebtedness*” on page 165 of this Draft Letter of Offer.

42. *Our Company has taken certain unsecured loans from our Promoter Group Companies, which may be recalled at any time.*

As on March 31, 2020, our Company has outstanding unsecured loans aggregating to ₹ 6,624.51 lakhs, which have been extended by our Promoter Group Companies and may be recalled by them at any time. In the event, any of such lenders seek a repayment of any these loans, our Company would need to find alternative sources

of financing, which may not be available on commercially reasonable terms, or at all. If we are unable to arrange for any such financing arrangements, we may not have adequate working capital to undertake new projects or complete our ongoing projects. Therefore, any such demand may adversely affect our business, financial condition and results of operations. For further details, see “*Financial Indebtedness*” on page 165 of this Draft Letter of Offer.

- 43. *Our future fund requirements, in the form of further issue of capital or securities and/or loans taken by us, may be prejudicial to the interest of the Shareholders depending upon the terms on which they are eventually raised.***

We may require additional capital from time to time depending on our business needs. Any further issue of Equity Shares or convertible securities would dilute the shareholding of the existing Shareholders and such issuance may be done on terms and conditions, which may not be favourable to the then existing Shareholders. If such funds are raised in the form of loans or debt or preference shares, then it may substantially increase our fixed interest/dividend burden and decrease our cash flows, thus adversely affecting our business, results of operations and financial condition.

- 44. *Any interruption or failure of our information technology systems could impair our ability to effectively provide its services, which could damage its reputation.***

Our ability to provide consistent and high quality services and to monitor our operations on a real-time basis in our hotel depends on the continued operation of our information technology systems, including our online distribution, central reservations and customer relationship management systems. In addition, we would post commencement of our business operation depend on information technology to run our day-to-day operations, including, among others, hotel services and amenities such as guest check-in and check-out, housekeeping and room service and systems for tracking and reporting financial results of our hotel and our Company. Any damage to or failure of our systems could interrupt our inventory management or affect service efficiency, consistency and quality or reduce our customer satisfaction. Computer viruses, fires, floods, earthquakes, hacking or other attempts to harm our system, or other similar events, all have the potential to cause difficulties with the technology platform. Such difficulties could require that reservation and billing activities be conducted off-line or manually. Some of these third party vendor’s systems are not fully redundant, and its disaster-recovery planning does not account for all possible scenarios. Effective response to such disruptions will require effort and diligence on the part of our third-party vendors and employees to avoid any adverse effect to our information technology systems. Furthermore, our systems and technologies, including our website and database, could contain undetected errors or “bugs” that could adversely affect their performance or could become outdated. We may not be able to replace or introduce upgraded systems as quickly as our competitors or within the budgeted costs for such upgrades. If we experience system failures, our quality of service, customer satisfaction, and operational efficiency could be severely harmed, which could also adversely affect our reputation

- 45. *If we fail to stay up-to-date with developments in technology necessary for our business, our operations could be harmed and our ability to compete effectively could be diminished.***

The hotel industry demands use of sophisticated technology and systems for property management, brand assurance and compliance, procurement, reservation systems, operation of our customer loyalty programs, distribution of hotel resources to current and future customers and guest amenities. These technologies may require refinements and upgrades. The development and maintenance of these technologies may require significant investment by us. Since, we are a loss-making company; such investments could increase the strain on our resources and compel us to shift the burden to our customers by increase the price of our rooms. We cannot assure you that as various systems and technologies become outdated or new technology is required, we will be able to replace or introduce them as quickly as required or in a cost-effective and timely manner. We also cannot assure you that we will achieve the benefits we may have been anticipating from any new technology or system.

- 46. *Compliance with data privacy norms may require us to incur significant expenditure, which may adversely impact our financial condition and cash flows. Further, failure to maintain the integrity of internal or***

customer data could result in harm to our reputation or subject us to costs, liabilities, fines or lawsuits.

We may be subject to data privacy laws, rules and regulations that regulate the use of customer data. Compliance with these laws, rules and regulations may restrict our business activities, require us to incur increased expense and devote considerable time to compliance efforts. The existing and emerging data privacy regulations limit the extent to which we can use personal identifiable information and limit our ability to use third-party firms in connection with customer data. Certain of these laws, rules and regulations are relatively new and their interpretation and application remain uncertain and are also subject to change and may become more restrictive in the future. For instance, the Personal Data Protection Bill, 2019 (“**PDP Bill**”) applies to processing of personal data, which has been collected, disclosed, shared or processed within India. It imposes restrictions and obligations on data fiduciaries, resulting from dealing with personal data and further, provides for levy of penalties for breach of obligations prescribed under the PDP Bill.

In addition, we may have to electronically store our data with respect to our guests’ sensitive personal and financial information, which may be vulnerable to computer viruses, cybercrime, computer hacking and similar disruptions from unauthorized tampering. Such technology systems may also be vulnerable to ransomware attacks, which may block or restrict access to these systems and impair their functionality, unless certain ransom money is paid. If such unauthorized use of our systems were to occur, data related to our customers and other proprietary information could be compromised. The integrity and protection of our customer, employee and company data is critical to our business. Our customers expect that we will adequately protect their personal information. A theft, loss, fraudulent or unlawful use of customer, employee or company data could harm our reputation or result in remedial and other costs, liabilities, fines or lawsuits.

47. We may be exposed to service related claims and losses or employee strikes, disruptions and work stoppages that could have an adverse effect on our reputation, business, results of operations, financial condition and cash flows.

On resumption of our business operations in our hotel we would have to deploy a large workforce and personnel engaged on a contractual basis. The risks associated with the utilization of a large number of personnel include possible claims relating to actions, inactions, errors or malicious acts by our personnel or third party service providers, including matters for which we may have to indemnify the guests at our hotels; failure of our personnel or third party service providers to adequately perform their duties; violation by personnel of security, privacy, health and safety regulations and procedures; injury or damages to any guest’s person or property due to negligence of our personnel or third party service providers; and criminal acts including sexual harassment, torts or other negligent acts by our personnel or third party service providers.

While such claims may not be directly related to our Company, these claims may result in negative publicity, adversely impact the reputation of our hotel and may also adversely affect operations of our hotel. We may also be affected in our operations by the acts of third parties, including sub-contractors and service providers. Any losses that we incur in this regard may have an adverse effect on our reputation, business, results of operations, financial condition and cash flows.

Our operations could also be adversely affected by strikes, work stoppages or increased wage demands by our employees or any other kind of disputes with our employees. We cannot assure you that we will not experience disruptions in work due to disputes or other problems with our work force. In the event our employee relationships deteriorate or we experience significant labour unrest, strikes and other labour action, work stoppages could occur and there could be an adverse impact on our operations. These actions are impossible for us to predict or control and any such event could adversely affect our business, results of operations, financial condition and cash flows.

48. We may be exposed to unknown or unforeseen environmental liabilities.

We are subject to various national and local laws, ordinances and regulations relating to the environment which may impose or create significant potential liabilities. Although we do not know of any material environmental claims pending or threatened against us, no assurance can be given that a material environmental claim will not be asserted against us, and ultimately result in liability for us in the future. The cost of defending against, and

ultimately paying or settling, claims of liability or of remediating our hotel in case of contamination could have a material adverse effect on our financial conditions and results of operations.

49. *Our ability to pay dividends in the future may be affected by any material adverse effect on our future earnings, financial condition or cash flows.*

Our ability to pay dividends in future will depend on our earnings, financial condition and capital requirements. We are required to obtain consents from certain of our lenders prior to the declaration of dividend as per the terms of the agreements executed with them. We have not been able to pay dividends in the past due to halting of our business operations and we may be unable to pay dividends in the near or medium term, and our future dividend policy will depend on our capital requirements and financing arrangements in respect of our operations, financial condition and results of operations. For further details, please refer to the chapter titled “*Dividend Policy*” and the chapter titled “*Financial Indebtedness*” on pages 153 and 165 respectively, of this Draft Letter of Offer.

50. *Increased losses due to fraud, employee negligence, theft or similar incidents may have an adverse impact on us.*

Our business and the industry in which we operate are vulnerable to the problem of pilferage by employees, damage, misappropriation of cash and inventory management and logistical errors. An increase in product losses due to such factors at our place of operation may require us to install additional security and surveillance equipment and incur additional expenses towards inventory management and handling. We cannot assure you whether these measures will successfully prevent such losses. Further, there are inherent risks in cash management as part of our operations, which include theft and robbery, employee fraud and the risks involved in transferring cash to banks. Additionally, in case of losses due to theft, financial misappropriation, fire, breakage or damage caused by other casualties, we cannot assure you that we will be able to recover from our insurers the full amount of any such loss in a timely manner, or at all. In addition, if we file claims under an insurance policy it could lead to increases in the insurance premiums payable by us or the termination of coverage under the relevant policy.

51. *The deployment of funds is entirely at our discretion and as per the details mentioned in the chapter titled “Objects of the Issue”.*

As the issue size shall be less than ₹10,000 lakhs, under Regulation 41 of the SEBI ICDR Regulations it is not required that a monitoring agency be appointed by our Company, for overseeing the deployment and utilisation of funds raised through this Issue. Therefore, the deployment of the funds towards the Objects of this Issue is entirely at the discretion of our Board of Directors and is not subject to monitoring by external independent agency. Our Board of Directors along with the Audit Committee will monitor the utilisation of Issue proceeds and shall have the flexibility in applying the proceeds of this Issue. However, the management of our Company shall not have the power to alter the objects of this Issue except with the approval of the Shareholders of the Company given by way of a special resolution in a general meeting, in the manner specified in Section 27 of the Companies Act, 2013. Additionally, the dissenting shareholders being those shareholders who have not agreed to the proposal to vary the objects of this Issue, our Promoter shall provide them with an opportunity to exit at such price, and in such manner and conditions as may be specified by the SEBI, in respect to the same. For further details, please refer to the chapter titled — “*Objects of the Issue*” on page 83 of this Draft Letter of Offer.

52. *We have not commissioned an industry report for the disclosures made in the chapter titled “Industry Overview” and made disclosures on the basis of the data available in public domain and such data has not been independently verified by us.*

We have not commissioned an industry report for the disclosures which need to be made in the chapter titled “*Industry Overview*” of this Draft Letter of Offer. We have made disclosures in the said chapter on the basis of the relevant industry related data available in the public domain. We have not independently verified such data. We cannot assure you that any assumptions made are correct or will not change and, accordingly, our position in the market may differ from that presented in this Draft Letter of Offer. Further, the industry data mentioned

in this Draft Letter of Offer or sources from which the data has been collected are not recommendations to invest in our Company. Accordingly, investors should read the industry related disclosure in this Draft Letter of Offer in this context.

ISSUE SPECIFIC RISKS

- 53. *We will not distribute the Letter of Offer, the Abridged Letter of Offer, Application Form and Rights Entitlement Letter to overseas Shareholders who have not provided an address in India for service of documents.***

In accordance with the SEBI ICDR Regulations and SEBI Rights Issue Circulars our Company will send, only through email, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, Application Form and other issue material to the email addresses of all the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares permitted under laws of such jurisdictions and in each case who make a request in this regard. The Issue Materials will not be distributed to addresses outside India on account of restrictions that apply to circulation of such materials in overseas jurisdictions. However, the Companies Act, 2013 requires companies to serve documents at any address which may be provided by the members as well as through e-mail. Presently, there is lack of clarity under the Companies Act, 2013 and the rules made thereunder with respect to distribution of Issue Materials in overseas jurisdictions where such distribution may be prohibited under the applicable laws of such jurisdictions. While we have requested all the shareholders to provide an address in India for the purposes of distribution of Issue Materials, we cannot assure you that the regulator or authorities would not adopt a different view with respect to compliance with the Companies Act, 2013 and may subject us to fines or penalties.

- 54. *SEBI has recently, by way of circulars dated January 22, 2020 and May 6, 2020, streamlined the process of rights issues. You should follow the instructions carefully, as stated in such SEBI circulars, and in this Draft Letter of Offer.***

The concept of crediting Rights Entitlements into the demat accounts of the Eligible Equity Shareholders has recently been introduced by the SEBI. Accordingly, the process for such Rights Entitlements has been recently devised by capital market intermediaries. Eligible Equity Shareholders are encouraged to exercise caution, carefully follow the requirements as stated in the SEBI circulars dated January 22, 2020 and May 6, 2020, and ensure completion of all necessary steps in relation to providing/updating their demat account details in a timely manner. For details, see “*Terms of the Issue*” on page 154.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account (namely, “ARUNA HOTELS LIMITED”) opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company or with the Registrar on the Record Date; or (d) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (e) credit of the Rights Entitlements returned/reversed/failed; or (f) the ownership of the Equity Shares currently under dispute, including any court proceedings.

- 55. *The R-WAP payment mechanism facility proposed to be used for this Issue may be exposed to risks, including risks associated with payment gateways.***

In accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020, a separate web based application platform, i.e., the R-WAP facility (accessible at <https://rights.cameoindia.com/Aruna>), has been instituted for making an Application in this Issue by resident Investors. Further, R-WAP is only an

additional option and not a replacement of the ASBA process. On R-WAP, the resident Investors can access and fill the Application Form in electronic mode and make online payment using the internet banking or UPI facility from their own bank account thereat. For details, see “*Terms of the Issue – Procedure for Application through the R-WAP*” on page 204. Such payment gateways and mechanisms are faced with risks such as:

- keeping information technology systems aligned and up to date with the rapidly evolving technology in the payment services industries;
- scaling up technology infrastructure to meet requirements of growing volumes;
- applying risk management policy effectively to such payment mechanisms;
- keeping users’ data safe and free from security breaches; and
- effectively managing payment solutions logistics and technology infrastructure.

Further, R-WAP is a new facility which has been instituted due to challenges arising out of COVID-19 pandemic. We cannot assure you that R-WAP facility will not suffer from any unanticipated system failure or breakdown or delay, including failure on part of the payment gateway, and therefore, your Application may not be completed or rejected. These risks are indicative and any failure to manage them effectively can impair the efficacy and functioning of the payment mechanism for this Issue. Since Application process through R-WAP is different from the ASBA process, there can be no assurance that investors will not find difficulties in accessing and using the RWAP facility.

56. The entitlement of Rights Equity Shares to be allotted to investors applying for Allotment in physical form, will be kept in abeyance.

In accordance with the SEBI ICDR Regulations, the option to receive the Rights Equity Shares in physical form will not be available after a period of six months from the date of coming into force of the SEBI ICDR Regulations, i.e., May 10, 2019. Since, the Rights Equity Shares offered pursuant to this Issue will be Allotted only after May 10, 2019, the entitlement of Rights Equity Shares to be Allotted to the Applicants who have applied for Allotment of the Rights Equity Shares in physical form will be kept in abeyance in electronic mode by our Company until the Applicants provide details of their demat account particulars to the Registrar. Pursuant to a press release dated December 3, 2018 issued by the SEBI, with effect from April 1, 2019, a transfer of listed Equity Shares cannot be processed unless the Equity Shares are held in dematerialized form (except in case of transmission or transposition of Equity Shares).

57. Any future issuance of Equity Shares, or convertible securities or other equity-linked securities by our Company may dilute your shareholding and any sale of Equity Shares by our Promoter or members of our Promoter Group may adversely affect the trading price of the Equity Shares.

Any future issuance of the Equity Shares, convertible securities or securities linked to the Equity Shares by our Company may dilute your shareholding in our Company; adversely affect the trading price of the Equity Shares and our ability to raise capital through an issue of our securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares. We cannot assure you that we will not issue additional Equity Shares. The disposal of Equity Shares by any of our Promoter and Promoter Group, or the perception that such sales may occur may significantly affect the trading price of the Equity Shares. We cannot assure you that our Promoter and Promoter Group will not dispose of, pledge or encumber their Equity Shares in the future.

58. You may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares of an Indian company are generally taxable in India. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. Capital gains arising from the sale of the Equity Shares may be partially or completely exempt from taxation in India in cases where such exemption is provided under a treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit

India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on gains made upon the sale of the Equity Shares.

- 59. *You may not receive the Equity Shares that you subscribe in the Issue until fifteen days after the date on which this Issue closes, which will subject you to market risk.***

The Equity Shares that you subscribe in the Issue may not be credited to your demat account with the depository participants until approximately 15 days from the Issue Closing Date. You can start trading such Equity Shares only after receipt of the listing and trading approval in respect thereof. There can be no assurance that the Equity Shares allocated to you will be credited to your demat account, or that trading in the Equity Shares will commence within the specified time period, subjecting you to market risk for such period.

- 60. *Holders of Equity Shares could be restricted in their ability to exercise pre-emptive rights under Indian law and could thereby suffer future dilution of their ownership position.***

Under the Companies Act, any company incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the shares voted on such resolution, unless our Company has obtained government approval to issue without such rights. However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without us filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless we make such a filing. We may elect not to file a registration statement in relation to pre-emptive rights otherwise available by Indian law to you. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, your proportional interests in us would be reduced.

- 61. *Fluctuation in the exchange rate between the Indian Rupee and foreign currencies may adversely affect the value of our Equity Shares, independent of our operating results.***

On listing, our Equity Shares will be quoted in Indian Rupees on the Stock Exchanges. Any dividends in respect of our Equity Shares will also be paid in Indian Rupees and subsequently converted into the relevant foreign currency for repatriation, if required. Any adverse movement in currency exchange rates during the time that it takes to undertake such conversion may reduce the net dividend to foreign investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating outside India the proceeds from a sale of Equity Shares, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares may reduce the proceeds received by equity shareholders. For example, the exchange rate between the Rupee and the U.S. dollar has fluctuated substantially in recent years and may continue to fluctuate substantially in the future, which may adversely affect the trading price of our Equity Shares and returns on our Equity Shares, independent of our operating results.

- 62. *Sale of Equity Shares by our Promoter or other significant shareholder(s) may adversely affect the trading price of the Equity Shares.***

Any instance of disinvestments of equity shares by our Promoter or by other significant shareholder(s) may significantly affect the trading price of our Equity Shares. Further, our market price may also be adversely affected even if there is a perception or belief that such sales of Equity Shares might occur.

- 63. *Rights of shareholders under Indian laws may be more limited than under the laws of other jurisdictions.***

Indian legal principles related to corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights including in relation to class actions, under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as shareholder in an Indian company than as shareholder of a corporation in another jurisdiction.

EXTERNAL RISK FACTORS

64. *The outbreak of Novel Coronavirus, or outbreak of any other severe communicable disease could have a potential impact on our business, financial condition and results of operations.*

The outbreak, or threatened outbreak, of any severe epidemic caused due to viruses (particularly the Novel Coronavirus) could materially adversely affect overall business sentiment and environment, particularly if such outbreak is inadequately controlled. The spread of any severe communicable disease may also adversely affect the operations of our customers and suppliers, which could adversely affect our business, financial condition and results of operations. The outbreak of Novel Coronavirus has resulted in authorities implementing several measures such as travel bans and restrictions, quarantines, shelter in place orders, and shutdowns. These measures have impacted and may further impact our workforce and operations, the operations of our customers, and those of our respective vendors and suppliers. There is currently substantial medical uncertainty regarding Novel Coronavirus and no government-certified treatment or vaccine is available. A rapid increase in severe cases and deaths where measures taken by governments fail or are lifted prematurely, may cause significant economic disruption in India and in the rest of the world. The scope, duration and frequency of such measures and the adverse effects of Novel Coronavirus remain uncertain and could be severe. Our ability to meet our ongoing disclosure obligations might be adversely affected, despite our best efforts. If any of our employees were suspected of contracting Novel Coronavirus or any other epidemic disease, this could require us to quarantine some or all of these employees or disinfect the facilities used for our operations. In addition, our revenue and profitability could be impacted to the extent that a natural disaster, health epidemic or other outbreak harms the Indian and global economy in general.

The outbreak has significantly increased economic uncertainty. It is likely that the current outbreak or continued spread of Novel Coronavirus will cause an economic slowdown and it is possible that it could cause a global recession. The spread of Novel Coronavirus has caused us to modify our business practices (including employee travel, employee work locations, and cancellation of physical participation in meetings, events and conferences), and we may take further actions as may be required by government authorities or that we determine are in the best interests of our employees, customers, partners, and suppliers. There is no certainty that such measures will be sufficient to mitigate the risks posed by the outbreak, and our ability to perform critical functions could be harmed.

The extent to which the Novel Coronavirus further impacts our results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions taken globally to contain the coronavirus or treat its impact, among others. Existing insurance coverage may not provide protection for all costs that may arise from all such possible events. We are still assessing our business operations and system supports and the impact Novel Coronavirus may have on our results and financial condition, but there can be no assurance that this analysis will enable us to avoid part or all of any impact from the spread of Novel Coronavirus or its consequences, including downturns in business sentiment generally or in our sector in particular. The degree to which Novel Coronavirus impacts our results will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to, the duration and spread of the outbreak, its severity, the actions taken to contain the outbreak or treat its impact, and how quickly and to what extent normal economic and operating conditions can resume. The above risks can threaten the safe operation of our facilities and cause disruption of operational activities, environmental harm, loss of life, injuries and impact the wellbeing of our people.

Further in case the lockdown is extended, it could result in muted economic growth or give rise to a recessionary economic scenario, in India and globally, which could adversely affect the business, prospects, results of operations and financial condition of our Company.

65. *Significant differences exist between Ind AS, Indian GAAP and other accounting principles, such as US GAAP and International Financial Reporting Standards (“IFRS”), which investors may be more familiar with and consider material to their assessment of our financial condition.*

Our restated summary statements of assets and liabilities as at March 31, 2020 and restated summary statements of profit and loss (including other comprehensive income), cash flows and changes in equity for the

Fiscals 2020 have been prepared in accordance with the Indian Accounting Standards notified under Section 133 of the Companies Act, 2013, read with the Ind AS Rules and restated in accordance with the SEBI ICDR Regulations, the SEBI Circular and the Prospectus Guidance Note.

We have not attempted to quantify the impact of US GAAP, IFRS or any other system of accounting principles on the financial data included in this Draft Letter of Offer, nor do we provide a reconciliation of our financial statements to those of US GAAP, IFRS or any other accounting principles. US GAAP and IFRS differ in significant respects from Ind AS and Indian GAAP. Accordingly, the degree to which the Restated Financial Information included in this Draft Letter of Offer will provide meaningful information is entirely dependent on the reader's level of familiarity with Ind AS, Indian GAAP and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Letter of Offer should accordingly be limited.

66. *Political, economic or other factors that are beyond our control may have adversely affect our business and results of operations.*

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt, in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general. Any of these factors could depress economic activity and restrict our access to capital, which could have an adverse effect on our business, financial condition and results of operations and reduce the price of our Equity Shares. Any financial disruption could have an adverse effect on our business, future financial performance, shareholders' equity and the price of our Equity Shares.

We are dependent on domestic, regional and global economic and market conditions. Our performance, growth and market price of our Equity Shares are and will be dependent to a large extent on the health of the economy in which we operate. There have been periods of slowdown in the economic growth of India. Demand for our products or services may be adversely affected by an economic downturn in domestic, regional and global economies.

Economic growth is affected by various factors including domestic consumption and savings, balance of trade movements, namely export demand and movements in key imports, global economic uncertainty and liquidity crisis, volatility in exchange currency rates, and annual rainfall which affects agricultural production.

Consequently, any future slowdown in the Indian economy could harm our business, results of operations and financial condition. Also, a change in the government or a change in the economic and deregulation policies could adversely affect economic conditions prevalent in the areas in which we operate in general and our business in particular and high rates of inflation in India could increase our costs without proportionately increasing our revenues, and as such decrease our operating margins.

67. *A slowdown in economic growth in India could cause our business to suffer.*

We are incorporated in India, and all of our assets and employees are located in India. As a result, we are highly dependent on prevailing economic conditions in India and our results of operations are significantly affected by factors influencing the Indian economy. A slowdown in the Indian economy could adversely affect our business, including our ability to grow our assets, the quality of our assets, and our ability to implement our strategy.

Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- any increase in Indian interest rates or inflation;
- any scarcity of credit or other financing in India;
- prevailing income conditions among Indian consumers and Indian corporations;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;

- variations in exchange rates;
- changes in India's tax, trade, fiscal or monetary policies;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighboring countries;
- prevailing regional or global economic conditions; and
- other significant regulatory or economic developments in or affecting India

Any slowdown in the Indian economy or in the growth of the sectors we participate in or future volatility in global commodity prices could adversely affect our borrowers and contractual counterparties. This in turn could adversely affect our business and financial performance and the price of our Equity Shares.

68. *Changing laws, rules and regulations and legal uncertainties, including adverse application of corporate and tax laws, may adversely affect our business, prospects and results of operations.*

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes, including the instances mentioned below, may adversely affect our business, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy.

The Government of India has issued a notification dated September 29, 2016 notifying Income Computation and Disclosure Standards (“**ICDS**”), thereby creating a new framework for the computation of taxable income. The ICDS became applicable from the assessment year for Fiscal 2018 and subsequent years. The adoption of ICDS is expected to significantly alter the way companies compute their taxable income, as ICDS deviates from several concepts that are followed under general accounting standards, including Indian GAAP and Ind AS. In addition, ICDS shall be applicable for the computation of income for tax purposes but shall not be applicable for the computation of income for minimum alternate tax. There can be no assurance that the adoption of ICDS will not adversely affect our business, results of operations and financial condition.

- the General Anti Avoidance Rules (“**GAAR**”) have been made effective from April 1, 2017. The tax consequences of the GAAR provisions being applied to an arrangement could result in denial of tax benefit amongst other consequences. In the absence of any precedents on the subject, the application of these provisions is uncertain. If the GAAR provisions are made applicable to our Company, it may have an adverse tax impact on us.
- a comprehensive national GST regime that combines taxes and levies by the Central and State Governments into a unified rate structure, which came into effect from July 1, 2017. We cannot provide any assurance as to any aspect of the tax regime following implementation of the GST. Any future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. If, as a result of a particular tax risk materializing, the tax costs associated with certain transactions are greater than anticipated, it could affect the profitability of such transactions.

In addition, unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations including foreign investment laws governing our business, operations and group structure could result in us being deemed to be in contravention of such laws or may require us to apply for additional approvals. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may affect the viability of our current business or restrict our ability to grow our business in the future.

Any increase in taxes and levies, or the imposition of new taxes and levies in the future, could increase the cost of production and operating expenses. Taxes and other levies imposed by the central or state governments in India that affect our industry include customs duties, excise duties, sales tax, income tax and other taxes, duties or surcharges introduced on a permanent or temporary basis from time to time. The central and state tax

scheme in India is extensive and subject to change from time to time. Any adverse changes in any of the taxes levied by the central or state governments may adversely affect our competitive position and profitability.

69. *Financial instability in both Indian and international financial markets could adversely affect our results of operations and financial condition.*

The Indian financial market and the Indian economy are influenced by economic and market conditions in other countries, particularly in emerging market in Asian countries. Financial turmoil in Asia, Europe, the United States and elsewhere in the world in recent years has affected the Indian economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have an adverse effect on the securities of companies in other countries, including India. A loss in investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any global financial instability, including further deterioration of credit conditions in the U.S. market, could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our results of operations and financial condition.

The Indian economy is also influenced by economic and market conditions in other countries. This includes, but is not limited to, the conditions in the United States, Europe and certain economies in Asia. Financial turmoil in Asia and elsewhere in the world in recent years has affected the Indian economy. Any worldwide financial instability may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector and its business.

Although economic conditions vary across markets, loss of investor confidence in one emerging economy may cause increased volatility across other economies, including India. Financial instability in other parts of the world could have a global influence and thereby impact the Indian economy. Financial disruptions in the future could adversely affect our business, prospects, financial condition and results of operations. The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections.

These could include further falls in Stock Exchange indices and greater volatility of markets in general due to the increased uncertainty. These and other related events could have a significant impact on the global credit and financial markets as a whole, and could result in reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in the global credit and financial markets. There are also concerns that a tightening of monetary policy in emerging markets and some developed markets will lead to a moderation in global growth. In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, have implemented a number of policy measures designed to add stability to the financial markets. However, the overall long-term impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have had the intended stabilizing effects. Any significant financial disruption in the future could have an adverse effect on our cost of funding, loan portfolio, business, future financial performance and the trading price of the Equity Shares.

70. *Inflation in India could have an adverse effect on our profitability and if significant, on our financial condition.*

Inflation rates in India have been volatile in recent years, and such volatility may continue in the future. India has experienced high inflation in the recent past. Increased inflation can contribute to an increase in interest rates and increased costs to our business, including increased costs of salaries, and other expenses relevant to our business.

High fluctuations in inflation rates may make it more difficult for us to accurately estimate or control our costs. Any increase in inflation in India can increase our expenses, which we may not be able to pass on to our customers, whether entirely or in part, and the same may adversely affect our business and financial condition. In particular, we might not be able to reduce our costs or increase our rates to pass the increase in costs on to our customers. In such case, our business, results of operations, cash flows and financial condition may be adversely affected.

Further, the GoI has previously initiated economic measures to combat high inflation rates, and it is unclear whether these measures will remain in effect. There can be no assurance that Indian inflation levels will not worsen in the future.

71. *Foreign investors are subject to foreign investment restrictions under Indian law that limits our ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.*

As an Indian Company, we are subject to exchange controls that regulate borrowing in foreign currencies, including those specified under FEMA. Such regulatory restrictions limit our financing sources for our projects under development and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted to us without onerous conditions, or at all. Limitations on foreign debt may adversely affect our business growth, results of operations and financial condition.

Further, under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or fall under any of the exceptions referred to above, then the prior approval of the RBI will be required. Additionally, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no objection/ tax clearance certificate from the income tax authority. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

72. *Any downgrading of India's debt rating by an independent agency may harm our ability to raise financing.*

Any adverse revisions to India's credit ratings international debt by international rating agencies may adversely affect our ability to raise additional overseas financing and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our ability to fund our growth on favourable terms or at all, and consequently adversely affect our business and financial performance and the price of our Equity Shares.

73. *Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws, may adversely affect our business, prospects and results of operations.*

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes may adversely affect our business, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy. For example, the Government of India implemented a comprehensive national goods and services tax ("GST") regime with effect from July 1, 2017, that combined multiple taxes and levies by the Central and State Governments into a unified tax structure. Our business and financial performance could be adversely affected by any unexpected or onerous requirements or regulations resulting from the introduction of GST or any changes in laws or interpretation of existing laws, or the promulgation of new laws, rules and regulations relating to GST, as it is implemented. The Government has enacted the GAAR which have come into effect from April 1, 2017.

The Government of India has announced the union budget for Fiscal 2021 and the Ministry of Finance has notified the Finance Act, 2020 ("**Finance Act**") on March 27, 2020, pursuant to assent received from the President, and the Finance Act will come into operation with effect from July 1, 2020 There is no certainty on the impact that the Finance Act may have on our business and operations or on the industry in which we operate. We cannot predict whether any amendments made pursuant to the Finance Act would have a material adverse effect on our business, financial condition and results of operations. Unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment and stamp duty laws governing our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals. For instance, the Supreme Court of India has, in a decision clarified the components of basic wages, which need to be considered by companies while making provident fund payments. Our Company has not made relevant provisions for the

same, as on date. Any such decisions in future or any further changes in interpretation of laws may have an impact on our results of operations. Further, a draft of the Personal Data Protection Bill, 2019 (“**Bill**”) has been introduced before the Lok Sabha on December 11, 2019, which is currently being referred to a joint parliamentary committee by the Parliament. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current businesses or restrict our ability to grow our businesses in the future.

74. *The occurrence of natural or man-made disasters could adversely affect our results of operations, cash flows and financial condition. Hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect the financial markets and our business.*

The occurrence of natural disasters, including cyclones, storms, floods, earthquakes, tsunamis, tornadoes, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, could adversely affect our results of operations, cash flows or financial condition. Terrorist attacks and other acts of violence or war may adversely affect the Indian securities markets. In addition, any deterioration in international relations, especially between India and its neighbouring countries, may result in investor concern regarding regional stability which could adversely affect the price of the Equity Shares. In addition, India has witnessed local civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse effect on our business.

Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the market price of the Equity Shares.

75. *We are subject to regulatory, economic, social and political uncertainties and other factors beyond our control.*

We are incorporated in India and we conduct our corporate affairs and our business in India. Our Equity Shares are listed on BSE and NSE. Consequently, our business, operations, financial performance and the market price of our Equity Shares will be affected by interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India.

Factors that may adversely affect the Indian economy, and hence our results of operations may include:

- any exchange rate fluctuations, the imposition of currency controls and restrictions on the right to convert or repatriate currency or export assets;
- any scarcity of credit or other financing in India, resulting in an adverse effect on economic conditions in India and scarcity of financing for our expansions;
- prevailing income conditions among Indian customers and Indian corporations;
- epidemic or any other public health in India or in countries in the region or globally, including in India’s various neighbouring countries;
- hostile or war like situations with the neighboring countries;
- macroeconomic factors and central bank regulation, including in relation to interest rates movements which may in turn adversely impact our access to capital and increase our borrowing costs;
- volatility in, and actual or perceived trends in trading activity on, India’s principal stock exchanges;
- decline in India’s foreign exchange reserves which may affect liquidity in the Indian economy;
- downgrading of India’s sovereign debt rating by rating agencies; and
- difficulty in developing any necessary partnerships with local businesses on commercially acceptable terms and/or a timely basis.
- Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy or certain regions in India, could adversely affect our business, results of operations and financial condition and the price of the Equity Shares. For example, our manufacturing facilities are located in western India, hence

any significant disruption, including due to social, political or economic factors or natural calamities or civil disruptions, impacting this region may adversely affect our operations.

76. *Financial instability in other countries may cause increased volatility in Indian financial markets.*

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our business, our future financial performance and the prices of the Equity Shares.

The recent outbreak of Novel Coronavirus has significantly affected financial markets around the world. Any other global economic developments or the perception that any of them could occur may continue to have an adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Any of these factors could depress economic activity and restrict our access to capital, which could have an adverse effect on our business, financial condition and results of operations and reduce the price of our Equity Shares. Any financial disruption could have an adverse effect on our business, future financial performance, shareholders' equity and the price of our Equity Shares.

SECTION III – INTRODUCTION

THE ISSUE

This Issue has been authorised through a resolution passed by our Board at its meeting held on August 05, 2020 pursuant to Section 62(1)(a) of the Companies Act. The following is a summary of this Issue, and should be read in conjunction with and is qualified entirely by, the information detailed in the chapter titled “*Terms of the Issue*” on page 194 of this Draft Letter of Offer.

Particulars	Details of Equity Shares
Equity Shares proposed to be issued	Upto [●] Equity Shares
Rights Entitlement	Upto [●] Equity Share(s) for every [●] fully paid-up Equity Share(s) held on the Record Date
Fractional Entitlement	For Equity Shares being offered on a rights basis under the Issue, if the shareholding of any of the Eligible Equity Shareholders is less than [●] Equity Shares or is not in multiples of [●], the fractional entitlement of such Eligible Equity Shareholders shall be ignored for computation of the Rights Entitlement. However, Eligible Equity Shareholders whose fractional entitlements are being ignored earlier will be given preference in the Allotment of one additional Equity Share each, if such Eligible Equity Shareholders have applied for additional Equity Shares over and above their Rights Entitlement, if any.
Record Date	[●]
Face value per Equity Shares	₹ 10/-
Issue Price per Rights Equity Shares	₹ [●]/-
Issue Size	Upto ₹ [●] Equity Shares of face value of ₹ 10 each for cash at a price of ₹ [●] (Including a premium of ₹ [●]) per Rights Equity Share not exceeding an amount of ₹ 2,490 lakhs.
Voting Rights and Dividend	The Equity Shares issued pursuant to this Issue shall rank <i>pari passu</i> in all respects with the Equity Shares of our Company.
Equity Shares issued, subscribed and paid up prior to the Issue	90,00,000 Equity Shares
Equity Shares subscribed and paid-up after the Issue (assuming full subscription for and allotment of the Rights Entitlement)	Upto [●] Equity Shares
Equity Shares outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement)	[●]
Scrip Details	ISIN: INE957C01019 BSE: 500016
Use of Issue Proceeds	For details please refer to the chapter titled “ <i>Objects of the Issue</i> ” on page 83 of this Draft Letter of Offer.
Terms of the Issue	For details please refer to the chapter titled “ <i>Terms of the Issue</i> ” on page 194 of this Draft Letter of Offer.
Terms of Payment	The full amount of the Issue Price being ₹ [●] will be payable on application.

Issue Schedule

The subscription will open upon the commencement of the banking hours and will close upon the close of banking hours on the dates mentioned below:

Event	Indicative Date
Issue Opening Date	[●]
Last Date for On Market Renunciation of Rights	[●]
Issue Closing Date*	[●]

*The Board of Directors or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that the Issue will not remain open in excess of 30 (thirty) days from the Issue Opening Date.

SUMMARY OF FINANCIAL INFORMATION

The following tables provide the summary financial information of our Company derived from the Restated Financial Information as at and for the Fiscals 2020, 2019 and 2018. The Restated Financial Information referred to above is presented under the section titled “Financial Information” on page 154. The summary financial information presented below should be read in conjunction with the Restated Financial Information, the notes thereto and the sections titled “Financial Information” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 154 and 155, respectively.

(The remainder of this page is intentionally left blank)

I. RESTATED STATEMENT OF ASSETS AND LIABILITIES

(₹ in lakhs)

Particulars	Note No. of Annexure VII	As at March 31, 2020 (Audited)	As at March 31, 2019 (Audited)	As at March 31, 2018 (Audited)
ASSETS				
Non-current Assets				
(a) Property, plant and equipment	1	1,785.71	1,865.30	1,945.41
(b) Capital work-in-progress	1	2,847.39	1,193.96	388.91
(c) Financial assets				
(i) Security Deposits	2	14.15	14.15	14.15
(d) Other non-current assets	4	360.69	360.69	-
		5,007.93	3,434.10	2,348.47
Current Assets				
(a) Financial assets				
(i) Trade receivables	5	-	-	-
(ii) Cash and cash equivalents	5	34.32	231.16	12.91
(c) Other current assets	6	343.78	153.93	33.69
		378.11	385.09	46.60
Total Assets		5,386.04	3,819.18	2,395.07
EQUITY AND LIABILITIES				
Equity				
(a) Share capital	7	1,210.00	1,210.00	1,210.00
(b) Other equity	Annexure IV	(7,735.01)	(6,946.40)	(5,964.30)
Total Equity		(6,525.01)	(5,736.40)	(4,754.30)
Liabilities				
Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	8	9,228.85	7,753.85	1,443.05
(b) Deferred tax liabilities	3	1,120.99	978.82	829.09
		10,349.84	8,732.67	2,272.14
Current liabilities				
(a) Financial liabilities				
(i) Trade payables	9	68.11	31.38	15.77
(ii) Other current financial liabilities	9	583.33	250.00	4,752.46
(iii) Interest accrued yet to be paid	9	807.75	173.55	-

Particulars	Note No. of Annexure VII	As at March 31, 2020 (Audited)	As at March 31, 2019 (Audited)	As at March 31, 2018 (Audited)
(b) Other current liabilities	10	102.01	367.98	109.01
		1,561.21	822.91	4,877.24
Total Liabilities		11,911.05	9,555.58	7,149.38
Total Equity and Liabilities		5,386.04	3,819.18	2,395.07

II. RESTATED STATEMENT OF PROFIT AND LOSS

(₹ in Lakhs)

Particulars	Note No. of Annexure VII	Year ended March 31, 2020 (Audited)	Year ended March 31, 2019 (Audited)	Year ended March 31, 2018 (Audited)
INCOME				
Revenue from operations	11	-	-	-
Other Income				
Rental Income		5.79	7.71	8.09
Creditors/Liability written Back		1.27	63.05	1.56
Other Income		3.44	11.84	7.14
Total Income		10.48	82.60	16.79
EXPENSES				
Employee benefits expense	12	37.23	26.25	21.12
Depreciation & amortization expense	13	79.60	80.11	80.63
Other expenses	14	137.01	361.53	770.16
Finance costs	15	403.06	444.29	28.47
Total expenses		656.89	912.18	900.39
Profit before tax		(646.40)	(829.58)	(883.60)
Tax Expense:				
(1) Current tax		-	-	-
(2) Deffered tax	3	142.17	149.73	156.02
Total tax		142.17	149.73	156.02
Profit for the year		(788.57)	(979.31)	(1,039.62)
Other Comprehensive Income				
A (i) Items that will be reclassified to profit or loss				
(ii) Income tax relating to items that will be reclassified to				

Particulars	Note No. of Annexure VII	Year ended March 31, 2020 (Audited)	Year ended March 31, 2019 (Audited)	Year ended March 31, 2018 (Audited)
profit or loss				
Other Comprehensive Income for the year, net of tax		-	-	-
Total Comprehensive Income for the year (Comprising Profit and Other Comprehensive Income for the year)		(788.57)	(979.31)	(1,039.62)
Earnings per equity share				
(1) Basic		(8.76)	(10.88)	(11.55)
(2) Diluted		(8.76)	(10.88)	(11.55)

III. RESTATED STATEMENT OF CASH FLOW

(₹ in Lakhs)

Particulars	Year ended March 31, 2020 (Audited)	Year ended March 31, 2019 (Audited)	Year ended March 31, 2018 (Audited)
Profit before taxation	(646.40)	(829.58)	(883.60)
Adjustments for:			
Depreciation	79.60	80.11	80.63
IT Refund interest adjusted against earlier demand			21.99
Loss/(Gain) on sale of assets			507.03
Interest received	(3.44)	(9.05)	(0.43)
Interest expense	403.06	444.29	28.47
Operating cash flow before changes in working capital	(167.18)	(314.23)	(245.90)
Adjustments for changes in:			
Other current assets	(189.85)	(120.23)	(4.64)
Provision			(17.62)
Other current liabilities	(265.97)	257.21	16.52
Trade payables	36.73	14.33	(21.78)
Cash generated from operations	(586.27)	(162.93)	(273.42)
Income taxes paid			-
Net cash from operating activities-A	(586.27)	(162.94)	(273.42)
Cash flows from investing activities			
Proceeds from sale of assets			93.22
Change in Capital work in progress	(1,653.43)	(805.05)	(323.69)
Sale of non-current investments		-	-
Interest received	3.44	9.05	0.43
Net cash used in investing activities-B	(1,650.00)	(796.01)	(230.04)
Cash flows from financing activities			
Proceeds from share application money			(4,757.67)

Particulars	Year ended March 31, 2020 (Audited)	Year ended March 31, 2019 (Audited)	Year ended March 31, 2018 (Audited)
Proceeds from calls in arrears			2.13
Proceeds/(Repayment) from long term borrowings	1,475.00	6,310.80	529.32
Increase/(Decrease) in other current financial liability	967.54	423.56	
(Increase)/ Decrease in non-current assets	-	(360.69)	0.91
Interest paid	(403.06)	(444.02)	(28.47)
Net cash used in financing activities-C	2,039.48	5,929.66	(4,253.78)
Net increase in cash and cash equivalents - (A+B+C)	(196.79)	4,970.70	(4,757.24)
Cash and cash equivalents at the beginning of year	231.16	(4,739.55)	17.69
Cash and cash equivalents at the end of year	34.32	231.16	(4,739.55)
Cash and cash equivalents consists of:			
Cash in hand and Balances with banks*	34.32	231.16	(4,739.55)
	34.32	231.16	(4,739.55)

*Negative bank balance in FY 17-18 due to cheques issued but not presented is part of cash and cash equivalent

GENERAL INFORMATION

Our Company was originally incorporated as ‘Aruna Sugars Limited’ on September 09, 1960 as a public limited company under the provision of Companies Act, 1956 with the Registrar of Companies, Madras. The name of our Company was changed to ‘Aruna Sugars & Enterprises Limited’ and the Registrar of Companies, Tamil Nadu issued a fresh certificate of incorporation dated July 03, 1986. Thereafter, pursuant to a special resolution of our Shareholders passed in the annual general meeting dated September 28, 2000 the name of our Company was changed to ‘Aruna Sunrise Hotels Limited’ and a fresh certificate of incorporation dated October 25, 2000 was issued to our Company by the Registrar of Companies, Chennai at Tamil Nadu. Subsequently, pursuant to the special resolution of our Shareholders passed in the annual general meeting dated September 30, 2002, the name of our Company was changed to ‘Aruna Hotels Limited’ and a fresh certificate of incorporation dated January 14, 2003 was issued to our Company by the Assistant Registrar of Companies, Chennai at Tamil Nadu. The corporate identification number of our Company is L15421TN1960PLC004255. For details of changes in the name and registered office of our Company, see “History and Certain Corporate Matters” on page 119 of this Draft Letter of Offer.

Registered Office, Corporate Identity Number and Registration Number

Aruna Hotels Limited

Aruna Centre, 145, Sterling Road,
Nungambakkam, Chennai – 600034,
Tamil Nadu, India.

Telephone: +91 44 2530 3404

Facsimile: Not available

E-mail: cs@ahlchennai.com

Website: www.arunahotels.com

Corporate Identity Number: L15421TN1960PLC004255

Registration Number: 004255

Address of the RoC:

Our Company is registered with the Registrar of Companies, Chennai at Tamil Nadu, which is situated at the following address:

Registrar of Companies, Chennai

Block No. 6, B Wing 2nd Floor
Shastri Bhavan 26
Haddows Road, Chennai-600034
Telephone: 044-28270071
Facsimile: 044-28234298

Board of Directors:

As on the date of filing of this Draft Letter of Offer the Board of Directors of our Company comprises the following Directors:

Name	Designation	DIN	Address
Muralidharan Ramasamy	Chairman and Non-Executive Director	07092976	No. 16/19, Annapoorna Apartments, Andavar Nagar, 5 th Street, Kodambakkam, Chennai - 600 024, Tamil Nadu, India.
David Susainadar	Managing Director	08539011	C/o B1, R C Princess Royal Apartments, 44-45, Siruvallur High Road, Perambur, Chennai – 600 011, Tamil Nadu, India.
Rajakumar Kumaravelayatha Nadar	Non-Executive Director	05187894	No. 29-A, 3 rd Street, Thangam Colony, Anna Nagar (west), Chennai – 600 040,

Name	Designation	DIN	Address
			Tamil Nadu, India.
Suyambu Narayanan	Independent Director	07718798	9A, Vallalar Street, Near Rettai Pillaiyar Koil, Velacheri, Chennai - 600 042, Tamil Nadu, India.
Freeda Gnanaselvam Kanagiah	Independent Director	07350172	New Number 18/33E, Venkatesapuram, Salem – 636 007, Chennai, Tami Nadu.

For detailed profile of the Directors of our Company, please see the chapter titled “*Our Management*” on page 128 of this Draft Letter of Offer.

Chief Financial Officer

Nagaraj Ponnusamy, is the Chief Financial Officer of our Company. His contact details are set forth hereunder.

Aruna Centre, 145, Sterling Road,
Nungambakkam, Chennai – 600 034,
Tamil Nadu, India

Telephone: +91 44 2530 3404

E-mail: ngrajan@ahlchennai.com

Company Secretary and Compliance Officer:

Lakshmi Kumar, is the Company Secretary and Compliance Officer of our Company. Her contact details are set forth hereunder.

Lakshmi Kumar

Aruna Centre, 145, Sterling Road,
Nungambakkam, Chennai – 600 034,
Tamil Nadu, India

Telephone: +91 44 2530 3404

E-mail: cs@ahlchennai.com

Details of Key Intermediaries pertaining to this Issue of our Company:

Lead Manager to the Issue

Saffron Capital Advisors Private Limited

605, Centre Point, 6th floor,
Andheri Kurla Road, J.B. Nagar,
Andheri (East), Mumbai - 400 059,
Maharashtra, India.

Telephone: +91 22 4082 0914/0906

Facsimile: +91 22 4082 0999

E-mail: rights.issue@saffronadvisor.com

Website: www.saffronadvisor.com

Investor grievance: investorgrievance@saffronadvisor.com

Contact Person: Amit Wagle/Gaurav Khandelwal

SEBI Registration Number: INM 000011211

Registrar to the Issue

Cameo Corporate Services Limited

Subramanian Building,

No. 01, Club House Road,
Chennai- 600 002,
Tamil Nadu, India.
Telephone: +91044 4002 0700/ 0710/ 2846 0390
Facsimile: N.A.
E-mail: cameo@cameoindia.com
Website: www.cameoindia.com
Investor Grievance e-mail: investor@cameoindia.com
Contact Person: Sreepriya K.
SEBI Registration No.: INR000003753

Legal Advisor to the Issue

M/s. Crawford Bayley & Co.
4th Floor, State Bank Buildings
N.G.N. Vaidya Marg, Fort
Mumbai 400 023
Maharashtra, India
Telephone: +91 22 2266 3353
Facsimile: +91 22 2266 3978
Email: sanjay.asher@crawfordbayley.com
Contact Person: Sanjay Asher

Statutory and Peer Review Auditor of our Company

M/s. Bala & Co., Chartered Accountants
No. 21, Srinivasa Nagar,
Kandanchavadi, Old Mahabalipuram Road,
Chennai- 600 096, Tamil Nadu, India
Telephone: + 91 44 2446 8687
Facsimile: Not available
Email: contact@balacoca.net
Contact Person: Sriram Visvanathan
Membership No.: 216203
Firm Registration Number: 000318S
Peer Review Number: 008882

Banker to our Company:

HDFC Bank Limited
Address: No. 115, Dr. R.K. Salai, Mylapore,
Chennai - 600 004, Tamil Nadu, India
Telephone: 044 2847 7169
Facsimile: 044 2847 7088
E-mail: Prakash.rangaraj@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: Mr. R. Prakash
CIN: L65920MH1994PLC080618

Banker to the Issue & Refund Banker to the Issue

The Banker to the Issue/ the Refund Bank shall be appointed prior to filing of the Letter of Offer.

Inter-se Allocation of Responsibilities

Saffron Capital Advisors Private Limited being the sole Lead Manager to the Issue and will be responsible for all the responsibilities related to co-ordination and other activities in relation to the Issue. Hence a statement of inter se allocation of responsibilities is not required.

Investor grievances

Investors may contact the Company Secretary and Compliance Officer for any pre-Issue/ post-Issue related matters such as non-receipt of Letters of Allotment/ share certificates/ demat credit/ Refund Orders, etc.

Investors are advised to contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre- Issue or post-Issue related problems such as non-receipt of Abridged Letter of Offer/ Application Form and Rights Entitlement Letter/ Letter of Allotment, Split Application Forms, Share Certificate(s) or Refund Orders, etc. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSBs, giving full details such as name, address of the applicant, ASBA Account number and the Designated Branch of the SCSBs, number of Equity Shares applied for, amount blocked, where the Application Form or the plain paper application, in case of Eligible Equity Shareholder, was submitted by the ASBA Investors through ASBA process or R-WAP.

Designated Intermediaries

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process is available on the website of the SEBI at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>, updated from time to time, or at such other website as may be prescribed by SEBI from time to time. Details relating to Designated Branches of SCSBs collecting the Application Forms are available at the above mentioned link. On Allotment, the amount will be unblocked and the account will be debited only to the extent required to pay for the Rights Equity Shares Allotted.

Expert

Except as stated below, our Company has not obtained any expert opinions:

M/s. Bala & Co., Chartered Accountants, have given their consent to include their name as Statutory Auditors of the Company in this Draft letter of Offer and as an “expert” defined under section 2(38) of the Companies Act in respect of (i) the examination report dated September 14, 2020 on the Restated Financial Information, included in this Draft Letter of Offer and (ii) their report dated September 14, 2020 on Statement of special tax benefits available to our Company and its shareholders, which have been included in this Draft Letter of Offer, and such consent has not been withdrawn as on the date of this Draft Letter of Offer. However, the term “expert” and consent thereof does not represent an “expert” within the meaning under the Securities Act.

Issue Schedule

The subscription will open upon the commencement of the banking hours and will close upon the close of banking hours on the dates mentioned below:

Event	Indicative Date
Issue Opening Date	[●]
Last Date for request for Application Forms	[●]
Issue Closing Date*	[●]
Date of Allotment (on or about)	[●]
Date of credit (on or about)	[●]
Date of listing (on or about)	[●]

**The Board of Directors or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that the Issue will not remain open in excess of 30 (thirty) days from the Issue Opening Date.*

Book Building Process

As this is a Rights Issue, the Issue will not be made through the book building process.

Credit Rating

As this is an Issue of Equity Shares, appointment of credit rating agencies and obtaining credit rating is not required.

Grading of the Issue

As this is a Rights Issue, grading of the Issue is not required to be obtained.

Debenture Trustees

As the proposed Issue is of Equity Shares, the appointment of Debenture trustees is not required.

Monitoring Agency

As the net proceeds of the Issue will be less than ₹10,000 lakhs, under the SEBI ICDR Regulations, it is not required that a monitoring agency be appointed by our Company.

Appraising Entity

None of the objects for which the Net Proceeds are proposed to be utilized have been financially appraised by any banks or financial institution or any other independent agency.

Filing

SEBI vide its circular bearing number SEBI/HO/CFD/CIR/CFD/DIL/67/2020 dated April 21, 2020 has granted certain relaxations with respect to rights issues under the SEBI ICDR Regulations. One of those relaxations is the increase of threshold of the rights issue size for filing of the Draft Letter of Offer with SEBI. The threshold of the rights issue size under Regulation 3 of the SEBI ICDR Regulations has been increased from ₹ 1,000 lakhs to ₹ 2,500 lakhs. Since the size of this Issue falls under the threshold, the Draft Letter of Offer will be filed with the Stock Exchange and will not be filed with SEBI. However, the Letter of Offer will be submitted with SEBI for information and dissemination and will be filed with the Stock Exchange.

Changes in Auditors during the last three years

There has been no change in the statutory auditors of our Company during the three years immediately preceding the date of this Draft Letter of Offer.

Green Shoe Option

No Green Shoe Option is applicable for this Issue.

Listing on the Stock Exchange

The Equity Shares of our Company are listed on the BSE. We have received an in-principle approval for listing of the Rights Equity Shares from the BSE by a letter dated [●]. We will make applications to the BSE for final listing and trading approvals in respect of the Rights Equity Shares offered in terms of the Draft Letter of Offer.

Underwriting Agreement

This Issue is not underwritten and our Company has not entered into any underwriting arrangement.

Minimum Subscription

In accordance with Regulation 86 of the SEBI ICDR Regulations, for this Issue the minimum subscription which is required to be achieved is of at least 90% of the Issue. However, SEBI vide its circular dated April 21, 2020 bearing number SEBI/HO/CFD/CIR/CFD/DIL/67/2020 has relaxed the requirement of minimum subscription and has reduced the threshold of subscription from 90% to 75% of the Issue. Further, as per the said circular if the Issue is subscribed between 75% to 90%, Issue will be considered successful subject to the condition that out of the funds raised at least 75% of the Issue size shall be utilized for the objects of the Issue other than general corporate purpose. The relaxation is subject to the condition that this Issue opens before March 31, 2021.

If our Company does not receive the minimum subscription of at least 75% of the Issue, or the subscription level falls below 75%, after the Issue Closing Date on account of cheques being returned unpaid or withdrawal of applications, our Company shall refund the entire subscription amount received within 15 days from the Issue Closing Date. If there is delay in making refunds beyond such period as prescribed by applicable laws, our Company will pay interest for the delayed period at rates prescribed under applicable laws. The above is subject to the terms mentioned under “*Issue Related Information*” on page 194.

Subscription by our Promoter and Promoter Group

Our Promoter and the members forming part of our Promoter Group, may subscribe to the their Rights Entitlement in the Rights Issue and may apply for Additional Rights Equity Shares, in addition to their Rights Entitlement so as to ensure subscription to the extent of at least 75% of the Issue is achieved, subject to aggregate shareholding of the Promoter and Promoter Group not exceeding 75% of the post Issue capital of our Company. Such acquisition by our Promoter and Promoter Group shall not result in a change of control of the management of our Company in accordance with provisions of the SEBI Takeover Regulations and shall be exempt in terms of Regulation 10 (4) (b) of the SEBI Takeover Regulations.

CAPITAL STRUCTURE

The share capital of our Company as on the date of this Draft Letter of Offer and after the Issue is set forth below:

S. No.	Particulars	Amount (in ₹ Lakhs, except share data)	
		Aggregate value at nominal value	Aggregate value at Issue Price
A. Authorised Share Capital			
	6,70,00,000 Equity Shares of face value of ₹10/- each	6,700	
	8,00,000 Preference Shares of face value of ₹100/- each	800	
B. Issued, Subscribed and Paid-Up Share Capital before the Issue			
<i>Equity Shares</i>			
	90,00,000 Equity Shares of face value of ₹10/- each	900	
<i>Preference Shares</i>			
	60,000 14% Redeemable Cumulative Taxable Preference Shares of ₹ 100/- each	60	
	50,000 17.5% Redeemable Cumulative Taxable Preference Shares of ₹ 100/- each	50	
	2,00,000 16.5% Redeemable Cumulative Taxable Preference Shares of ₹ 100/- each	200	
C. Present Issue in terms of this Draft Letter of Offer			
	Up to [●] Equity Shares of ₹ 10/- each	[●]	[●]
E. Securities Premium Account			
	Before the Issue	1,652.16	
	After the Issue ⁽²⁾	[●]	

(1) The present Issue has been authorised by the Board of Directors vide a resolution passed at its meeting held on August 05, 2020.

(2) The Equity Share Capital after the Issue includes the full value of the Rights Equity Shares allotted in the Issue.

Changes in the Authorized Share Capital

Set out below are the changes to the authorized equity share capital of our Company since incorporation:

Date of Shareholder's Meeting	Particulars of Change		AGM/EGM
	From	To	
Not available*	₹ 90,00,000 consisting of 8,00,000 Equity Shares of ₹ 10 each and ₹ 10,00,000 consisting of 10,000 Cumulative Redeemable Preference Shares of ₹ 100 each	₹ 2,00,00,000 consisting of 15,00,000 Equity Shares of ₹ 10 each and ₹ 5,00,000 consisting of 50,000 Cumulative Redeemable Preference Shares of ₹ 100 each.	-
March 25, 1987#	₹ 2,00,00,000 consisting of 15,00,000 Equity Shares of ₹ 10 each and ₹ 5,00,000 consisting of 50,000 Cumulative Redeemable Preference Shares of ₹ 100 each.	₹ 5,00,00,000 consisting of 40,00,000 Equity Shares of ₹ 10 each and ₹ 1,00,00,000 consisting of 1,00,000 Cumulative Redeemable Preference Shares of ₹ 100 each.	AGM
November 21, 1991 [®]	₹ 5,00,00,000 consisting of 40,00,000 Equity Shares of ₹ 10 each and ₹ 1,00,00,000 consisting of 1,00,000 Cumulative Redeemable Preference	₹ 12,00,00,000 consisting of 90,00,000 Equity Shares of ₹ 10 each and ₹ 3,00,00,000 consisting of 3,00,000 Cumulative	-

Date of Meeting	Shareholder's	Particulars of Change		AGM/EGM
		From	To	
		Shares of ₹ 100 each.	Redeemable Preference Shares of ₹ 100 each.	
March 15, 1995 [@]		₹ 12,00,00,000 consisting of 90,00,000 Equity Shares of ₹ 10 each and ₹ 3,00,00,000 consisting of 3,00,000 Cumulative Redeemable Preference Shares of ₹ 100 each.	₹ 32,00,00,000 consisting of 2,40,00,000 Equity Shares of ₹ 10 each and ₹ 8,00,00,000 consisting of 8,00,000 Cumulative Redeemable Preference Shares of ₹ 100 each.	-
September 28, 2017		₹ 32,00,00,000 consisting of 2,40,00,000 Equity Shares of ₹ 10 each and ₹ 8,00,00,000 consisting of 8,00,000 Cumulative Redeemable Preference Shares of ₹ 100 each.	₹ 75,00,00,000 consisting of 6,70,00,000 Equity Shares of ₹ 10 each and ₹ 8,00,00,000 consisting of 8,00,000 Cumulative Redeemable Preference Shares of ₹ 100 each.	AGM

* Our Company is unable to locate the relevant records prior to year 1986, since Form 5 for the relevant change is not present in the records of our Company and is not found in the records of the RoC, therefore we will not be able to disclose the relevant details with respect to this increase in the Equity authorised share capital in this Draft Letter of Offer. For further information, please refer to "Risk Factor no. 25 – "Certain records of our Company are not traceable due to the nationwide lockdown imposed by the Central Government or due to such records dating back to the year 1986." under chapter titled "Risk Factors" beginning on page 39 of the Draft Letter of Offer.

#Since we are unable to trace the relevant records for the changes made in the authorised share capital of our Company, we have placed reliance on the disclosures made in the minutes of the meeting of the Board of Directors of our Company, to ascertain the details of the allotments of Equity Shares since Form 5 for the relevant change is not present in the records of our Company and is not found in the records of the RoC,. For further information, please refer to "Risk Factor no. 25 – "Certain records of our Company are not traceable due to the nationwide lockdown imposed by the Central Government or due to such records dating back to the year 1986." under chapter titled "Risk Factors" beginning on page 39 of the Draft Letter of Offer.

@Due to the on-going pandemic and the partial or complete lockdown imposed in the state of Tamil Nadu, we are unable to access the relevant documents pertaining to the changes made in the authorised Share Capital of our Company. However, once the lockdown is lifted, we may be able to provide the relevant details of these changes in the Letter of Offer which shall be filed by our Company with the Stock Exchange and SEBI. For further information, please refer to "Risk Factor no. 25 – "Certain records of our Company are not traceable due to the nationwide lockdown imposed by the Central Government or due to such records dating back to the year 1986." under chapter titled "Risk Factors" beginning on page 39 of the Draft Letter of Offer.

Notes to the Capital Structure

1. Share Capital History of our Company

- a. The history of the Paid-up Equity Share Capital of our Company is provided in the following table:

Date / Period of Allotment or Issue of Equity Shares	No. of Equity Shares Allotted	Face Value (₹)	Issue Price per Equity Share (₹)	Nature of Consideration	Nature of Transaction	Cumulative Number of Equity Shares	Cumulative Paid - up Equity Share Capital
On Incorporation#	3,190	10/-	10/-	Cash	On subscription to the Memorandum of Association of the Company ⁽¹⁾	3,190	31,900
December 06, 1960 [@]	1,50,000	10/-	-	Cash	Allotment ⁽²⁾	1,53,190	15,31,900

Date / Period of Allotment or Issue of Equity Shares	No. of Equity Shares Allotted	Face Value (₹)	Issue Price per Equity Share (₹)	Nature of Consideration	Nature of Transaction	Cumulative Number of Equity Shares	Cumulative Paid - up Equity Share Capital
August 27, 1963 [@]	8,00,000	10/-	-	Cash	Allotment ⁽²⁾	9,53,190	95,31,900
February 29, 1964 [@]	3,00,000	10/-	-	Cash	Allotment ⁽²⁾	12,53,190	1,25,31,900
July 31, 1969 [@]	1,50,000	10/-	-	Cash	Allotment ⁽²⁾	14,03,190	1,40,31,900
March 30, 1970 [@]	44,817	10/-	-	Cash	Allotment ⁽²⁾	14,48,007	1,44,80,070
April 15, 1970 [@]	16,975	10/-	-	Cash	Allotment ⁽²⁾	14,64,982	1,46,49,820
May 25, 1970 [@]	18,362	10/-	-	Cash	Allotment ⁽²⁾	14,83,344	1,48,33,440
May 18, 1974 [@]	3,00,000	10/-	NIL	Consideration Other than Cash	Bonus Issue ^(2a)	17,83,344	1,78,33,440
August 22, 1975 [@]	3,00,000	10/-	-	Cash	Allotment ⁽²⁾	20,83,344	2,08,33,440
November 18, 1975 [@]	3,00,000	10/-	-	Cash	Rights Issue ⁽²⁾	23,83,344	2,38,33,440
November 18, 1975 ^{@ %}	50,000	10/-	-	Consideration other than Cash	Allotment pursuant to conversion of loan into Equity Shares ⁽³⁾	24,33,344	2,43,33,440
January 12, 1976 [@]	3,00,000	10/-	-	Cash	Allotment ⁽⁴⁾	27,33,344	2,73,33,440
August 06, 1976 [@]	2,00,000	10/-	-	Cash	Allotment ⁽⁴⁾	29,33,344	2,93,33,440
November 21, 1977 [@]	40,000	10/-	-	Cash	Public Issue ⁽⁴⁾	29,73,344	2,97,33,440
February 16, 1981 [@]	40,010	10/-	-	Cash	Allotment ⁽⁵⁾	30,13,354	3,01,33,540
November 23, 1981 [@]	40,017	10/-	-	Cash	Allotment ⁽⁶⁾	30,53,371	3,05,33,710

Date / Period of Allotment or Issue of Equity Shares	No. of Equity Shares Allotted	Face Value (₹)	Issue Price per Equity Share (₹)	Nature of Consideration	Nature of Transaction	Cumulative Number of Equity Shares	Cumulative Paid - up Equity Share Capital
Not available*	3,04,629	10/-	Not available	Not available	Not available	33,58,000	3,35,80,000
February 21, 1991 [@]	6,90,000	10/-	NIL	Consideration Other than cash	Bonus Issue ⁽⁷⁾	40,48,000	4,04,80,000
December 16, 1993	28,26,800	10/-	25/-	Cash	Public Issue ⁽⁸⁾	68,74,800	6,87,48,000
January 28, 1994 ^{&}	20,24,000	10/-	20/-	Cash	Rights Issue ⁽⁹⁾	88,98,800	8,89,88,000
January 28, 1994 ^{&}	1,01,200	10/-	20/-	Cash	Rights Issue ⁽¹⁰⁾	90,00,000	9,00,00,000

#Date of incorporation of our Company is September 09, 1960

* Our Company is unable to locate the relevant records for the relevant allotments of 3,04,629 Equity Shares made by our Company from December 1981 until February 20, 1991 since Form 2 for the relevant allotments is not present in the records of our Company and is not found in the records of the RoC therefore, we will not be able to disclose the relevant details with respect to the said allotment in this Draft Letter of Offer. For further information, please refer to "Risk Factor no. 25 – "Certain records of our Company are not traceable due to the nationwide lockdown imposed by the Central Government or due to such records dating back to the year 1986." under chapter titled "Risk Factors" beginning on page 39 of the Draft Letter of Offer.

@Since we are unable to trace the relevant records for the allotments of Equity Shares made by our Company, we have placed reliance on the disclosures made in the minutes of the meeting of the Board of Directors of our Company, to ascertain the details of the allotments of Equity Shares since Form 2 for the relevant allotments is not present in the records of our Company and is not found in the records of the RoC. Since, the relevant records are not available with us, we shall be unable to disclose certain details such as nature of allotment, issue price, list of allottees, etc. for these allotments. For further information, please refer to "Risk Factor no. 25 – "Certain records of our Company are not traceable due to the nationwide lockdown imposed by the Central Government or due to such records dating back to the year 1986." under chapter titled "Risk Factors" beginning on page 39 of the Draft Letter of Offer.

&Due to the on-going pandemic and the partial or complete lockdown imposed in the state of Tamil Nadu, we are unable to access the relevant forms pertaining to the allotments of Equity Shares made by our Company. Therefore, we have placed reliance on the disclosures made in the minutes of the meeting of the Board of Directors of our Company, to ascertain the details of the allotments of Equity Shares. For further information, please refer to "Risk Factor no. 25 – "Certain records of our Company are not traceable due to the nationwide lockdown imposed by the Central Government or due to such records dating back to the year 1986." under chapter titled "Risk Factors" beginning on page 39 of the Draft Letter of Offer.

%The Equity Shares were allotted as fully paid in consideration of the reduction of the outstanding loan by ₹ 6 lakhs by Industrial Credit and Investment Corporation of India.

(1) Subscription of to the MOA for the total of 3190 shares by C.S. Loganathan (500), P. Maruthai Pillai P (500), J.H. Tarapore (500), P. Sharfuddin (580), K.E. Arunachalam (500), P. Gavindasami (500), M. Subramaniam (60) and M. Muthus (50)

(2) For the period starting from December 02, 1960 until November 18, 1975 the details of the amount of share premium charged on each Equity Share and the list of allottees is not available with our Company or with the Registrar of Companies.

(2a) Bonus Issue of 3,00,000 Equity shares in the ratio of one Equity Share for every three Equity Shares held. List of allottees is not available with our Company or with the Registrar of Companies.

(3) Allotment of 50,000 Equity Shares to Industrial Credit and Investment Corporation of India Limited.

(4) For the period starting from January 12, 1976 until November 23, 1981 the details of the amount of the premium charged on each Equity Share and the list of allottees is not available with our Company or with the Registrar of Companies.

- (5) Allotment of 40,010 Equity Shares to M/s. Soundararajan & Co.
(6) Allotment of 40,017 Equity Shares to M/s. Soundararajan & Co.
(7) Bonus Issue of 6,90,000 Equity shares in the ratio of three Equity Shares for every five Equity Shares held. List of allottees is not available with our Company or with the Registrar of Companies.
(8) Allotment of 28,26,800 Equity shares of face value of Rs. 10/- each has been made as per the details given below:

Sr. No.	Name of Allottees	No. of equity shares allotted
1.	Promoters/Promoter Group	7,06,700
2.	NRIs	9,00,000
3.	Mutual Funds	2,12,010
4.	Public	10,08,090

- (9) Rights Issue of 20,24,000 Equity shares of face value of Rs. 10/- per share to the existing shareholders of our Company. List of allottees is not available with our Company or with the Registrar of Companies.
(10) Rights Issue of 1,01,200 Equity shares of face value of Rs. 10/- each per share to the permanent employees of our Company. List of allottees is not available with our Company or with the Registrar of Companies.

b. Preference Share Capital History

Date of Allotment or Issue	No. of Preference Shares Allotted	Type of Preference Shares	Face Value (in ₹)	Issue Price (in ₹)	Nature of Consideration	Cumulative no. of Shares	Cumulative Paid-up Preference Share Capital
February 24, 1989	30,000 ⁽¹⁾	14% Redeemable Cumulative Preference Shares	100.00	100.00	Cash	30,000	30,00,000
March 29, 1989	5,000 ⁽²⁾	14% Redeemable Cumulative Preference Shares	100.00	100.00	Cash	35,000	35,00,000
November 01, 1991	25,000 ⁽³⁾	14% Redeemable Cumulative Preference Shares	100.00	100.00	Cash	60,000	60,00,000
July 01, 1993	35,000 ⁽⁴⁾	17.5% Redeemable Cumulative Preference Shares	100.00	100.00	Cash	95,000	95,00,000
August 13, 1993	15,000 ⁽⁵⁾	17.5% Redeemable Cumulative Preference Shares	100.00	100.00	Cash	1,10,000	1,10,00,000
December 08, 1995	2,00,000 ⁽⁶⁾	16.5% Redeemable Cumulative Preference Shares	100.00	100.00	Cash	3,10,000	3,10,00,000

Note: The abovementioned preference shares have not been redeemed as on date of this Draft Letter of Offer.

⁽¹⁾ 30,000 14% Redeemable Cumulative Preference Shares to General Insurance Corporation of India (6,000), The Oriental Insurance Company Limited (6,000), United India Insurance Company Limited (6,000), National Insurance Company Limited (6,000) and The New India Assurance Company Limited (6,000)

⁽²⁾ 5,000 14% Redeemable Cumulative Preference Shares were allotted to Industrial Credit & Investment Corporation of India Limited.

⁽³⁾ 25000 14% Redeemable Cumulative Preference Shares to General Insurance Corpn. of India (10,000), The Oriental Insurance Co. Ltd (5000), United India Insurance Co. Ltd. (10,000)

⁽⁴⁾ 35,000 17.5% Preference Shares to United India Insurance Company Limited (10,000) and National Insurance Company Limited (25,000)

⁽⁵⁾ 15,000 17.5% Preference Shares allotted to The Oriental Insurance Company Limited,

⁽⁶⁾ 2,00,000 16.5% Redeemable Cumulative Preference Shares allotted to PNB Capital Services Limited.

2. Issue of equity shares for consideration other than cash or out of revaluation reserves and through Bonus Issue:

As on date of this Draft Letter of Offer, our Company has not issued shares out of our revaluation reserve.

Except as set out below, our Company has not issued Equity Shares for consideration other than cash.

Date of allotment	Number of Equity Shares allotted	Face value (₹)	Issue Price	Nature of allotment	Benefit accrued to our Company	Source out of which Bonus Shares Issued
May 18, 1974 [@]	3,00,000	10	-	Bonus issue in the ratio of one (01) Equity Share for every three (03) Equity Shares held authorised by our Shareholders pursuant to a resolution passed at the EGM held on March 30, 1974. ⁽¹⁾	Strengthening the capital base of our Company and improvement in overall ratios	Bonus Issued out of General Reserves
November 18, 1975	50,000	10	-	Allotment pursuant to conversion of loan into Equity Shares. ⁽²⁾	The outstanding loan of our Company was reduced to the extent of ₹ 6 lakhs by Industrial Credit and Investment Corporation of India.	-
February 21, 1991 [@]	6,90,000	10	-	Bonus issue in the ratio of three (03) Equity Shares for every five (05) Equity Shares held authorised by our Shareholders pursuant to a resolution passed at the EGM held on September 21, 1990. ⁽³⁾	Strengthening the capital base of our Company and improvement in overall ratios	Bonus Issued out of General Reserves

(1) The list of allottees is not available with our Company or with the Registrar of Companies.

(2) Allotment of 50,000 Equity Shares to Industrial Credit and Investment Corporation of India Limited.

(3) The list of allottees is not available with our Company or with the Registrar of Companies.

@Since we are unable to trace the relevant records for the allotments of Equity Shares made by our Company, we have placed reliance on the disclosures made in the minutes of the meeting of the Board of Directors of our Company, to ascertain the details of the allotments of Equity Shares since Form 2 for the relevant allotments is not present in the records of our Company and is not found in the records of the RoC., Since, the relevant records are not available with us, we shall be unable to disclose certain details such as nature of allotment, issue price, list of allottees, etc. for these allotments. For further information, please refer to "Risk Factor no. 25 – "Certain records of our Company are not traceable due to the nationwide lockdown imposed by the Central Government or due to such records dating back to the year 1986." under chapter titled "Risk Factors" beginning on page 39 of the Draft Letter of Offer.

3. As on date of this Draft Letter of Offer, our Company has not allotted shares pursuant to any scheme approved under sections 391-394 of the Companies Act, 1956 and/or sections 230-232 of the Companies Act, 2013.
4. Our Company has not issued any Equity Shares at a price lower than the Issue Price during a period of the one year preceding the date of this Draft Letter of Offer.

5. Shareholding Pattern of our Company

The table below represents the shareholding pattern of our Company as on the date of this Draft Letter of Offer:

Category (I)	Category of Shareholder (II)	No. of Shareholders (III)	No. of fully paid-up Equity Shares held (IV)	No. of Partly paid-up Equity Shares held (V)	No. of shares underlying depository receipts (VI)	Total No. of shares held (VII) = (IV)+(V)+ (++VI)	Shareholding as a % of total no. of Equity Shares (calculated as per SCRR) (VIII) As a % of (A+B+C 2)	Number of Voting Rights held in each class of securities (IX)			No. of Shares underlying outstanding convertible securities (including warrants)	Shareholding as a % assuming full conversion of convertible securities No. (a)	No. of locked-in Equity Shares (XII)		Number of Equity Shares pledged or otherwise encumbered (XIII)		No. of Equity Shares held in dematerialized form (XIV)
								Class (Equity)	Total	Total as a % of (A+B+C)			No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)	
(A)	Promoter and Promoter Group	29	47,46,430	-	-	47,46,430	52.74	47,46,430	47,46,430	52.74	-	-	-	-	-	-	46,24,005
(B)	Public	24,177	42,53,570	-	-	42,53,570	47.26	42,53,570	42,53,570	47.26	-	-	-	-	-	-	14,28,744
(C)	Non Promoter-Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C1)	Shares underlying depository receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	Shares held by employee trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		24,206	90,00,000	-	-	90,00,000	100	90,00,000	90,00,000	100	-	-	-	-	-	-	60,52,749

6. Other details of shareholding of our Company:

- a) Particulars of the shareholders holding 1% or more of the paid-up share capital of our Company aggregating to 75% or more of the paid-up share capital and the number of shares held by them as on the date of filing of this Draft Letter of Offer:

Sr. No.	Name of the Shareholders	No. of Equity Shares	% of Pre-Issue Equity Share Capital
1.	Subasri Realty Private Limited	16,85,539	18.73
2.	Kamal Babbar	12,16,500	13.52
3.	Gay Travels Private Limited	5,91,506	6.57
4.	Yessir Holdings and Investments Private Limited	3,72,412	4.14
5.	Sovereign Media Marketing Private Limited	1,95,718	2.17
6.	Anita Kumaran	1,18,296	1.31
7.	Kaavya Sharath Jagannathan	1,18,236	1.31
8.	S Balasubramanian	1,03,296	1.15
9.	Euro American Holdings Limited	96,050	1.07
Total		44,97,553	49.97

- b) None of the shareholders of our Company holding 1% or more of the paid-up capital of the Company as on the date of the filing of the Draft Letter of Offer are entitled to any Equity Shares upon exercise of warrant, option or right to convert a debenture, loan or other instrument.

- c) Particulars of the shareholders holding 1% or more of the paid-up equity share capital of our Company and the number of shares held by them two (02) years prior to filing of this Draft Letter of Offer:

Sr. No.	Name of the Shareholders	No. of Equity Shares	% of Pre-Issue Equity Share Capital
1.	Subasri Realty Private Limited	14,64,123	16.27
2.	Kamal Babbar	12,16,500	13.52
3.	Gay Travels Private Limited	5,90,296	6.56
4.	Yessir Holdings and Investments Private Limited	3,72,412	4.14
5.	Balasubramania Sivanthi Adityan	3,09,888	3.44
6.	Sovereign Media Marketing Private Limited	1,95,718	2.17
7.	Euro American Holdings Limited	96,050	1.06
Total		42,44,987	47.16

- d) Particulars of the shareholders holding 1% or more of the paid-up equity share capital of our Company and the number of shares held by them one (01) year from the date of filing of this Draft Letter of Offer:

Sr. No.	Name of the Shareholders	No. of Equity Shares	% of Pre-Issue Equity Share Capital
1.	Subasri Realty Private Limited	16,85,539	18.73
2.	Kamal Babbar	12,16,500	13.52
3.	Gay Travels Private Limited	5,91,506	6.57
4.	Yessir Holdings and Investments Private Limited	3,72,412	4.14
5.	Sovereign Media Marketing Private Limited	1,95,718	2.17
6.	Anita Kumaran	1,18,296	1.31
7.	Kaavya Sharath Jagannathan	1,18,236	1.31
8.	S Balasubramanian	1,03,296	1.15

Sr. No.	Name of the Shareholders	No. of Equity Shares	% of Pre-Issue Equity Share Capital
9.	Euro American Holdings Limited	96,050	1.07
Total		44,97,553	49.97

- e) Particulars of the shareholders holding 1% or more of the paid-up equity share capital of our Company and the number of shares held by them ten days prior to the date of filing of this Draft Letter of Offer:

Sr. No.	Name of the Shareholders	No. of Equity Shares	% of Pre-Issue Equity Share Capital
1.	Subasri Realty Private Limited	16,85,539	18.73
2.	Kamal Babbar	12,16,500	13.52
3.	Gay Travels Private Limited	5,91,506	6.57
4.	Yessir Holdings and Investments Private Limited	3,72,412	4.14
5.	Sovereign Media Marketing Private Limited	1,95,718	2.17
6.	Anita Kumaran	1,18,296	1.31
7.	Kaavya Sharath Jagannathan	1,18,236	1.31
8.	S Balasubramanian	1,03,296	1.15
9.	Euro American Holdings Limited	96,050	1.07
Total		44,97,553	49.97

- f) Our Company has not made any initial public offer of its Equity Shares or any convertible securities during the preceding 02 (two) years from the date of this Draft Letter of Offer.
- g) Our Company does not have any intention or proposal to alter its capital structure within a period of six (06) months from the date of opening of the Issue by way of split/consolidation of the denomination of Equity Shares or further issue of Equity Shares whether preferential or bonus, rights or further public issue basis. However, our Company may further issue Equity Shares (including issue of securities convertible into Equity Shares) whether preferential or otherwise after the date of the opening of the Issue to finance an acquisition, merger or joint venture or for regulatory compliance or such other scheme of arrangement or any other purpose as the Board may deem fit, if an opportunity of such nature is determined by its Board of Directors to be in the interest of our Company.

7. Details of Build-up of our Promoter's shareholding:

As on the date of this Draft Letter of Offer, our Promoter, S. Balasubramanian Adityan holds 1,03,296 Equity Shares, equivalent to 1.15% of the Equity Share Capital.

Set forth below are the details of the build – up of our Promoter' shareholding in our Company since incorporation:

Date of Allotment / transfer and Date when made fully paid-up	Nature of transaction	No. of Equity Shares	Nature of consideration (cash / other than cash)	Face value per Equity Share (in ₹)	Issue/ transfer price per Equity Share (in ₹)	% of pre issue capital	% of post issue capital
November 22, 2018	Transmission from Late B. S Adityan	1,03,296	N.A.	10/-	N.A.	1.15	[●]

Total	1,03,296	1.15	[●]
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8. In terms of the SEBI ICDR Regulations the requirements of minimum promoters' contribution are not applicable to this Issue.

9. As on the date of the Draft Letter of Offer, our Company has twenty four thousand two hundred and six (24,206) members/shareholders.

10. Shareholding in our Company of our Promoter and Promoter Group :

Sr. No.	Name of Shareholder	Pre-Issue	
		No of Equity Shares	% of paid up capital
Promoter			
1.	S. Balasubramanian Adityan	1,03,296	1.15
Promoter Group			
1.	Subasri Realty Private Limited	16,85,539	18.73
2.	Gay Travels Private Limited	5,91,506	6.57
3.	Sovereign Media Marketing Private Limited	1,95,718	2.17
4.	Malar Publications Private Limited	100	Negligible
5.	Rani Printers Private Limited	61,093	0.68
6.	Sri Devi Agencies Private Limited	29,880	0.33
7.	Augustin D	19,200	0.21
8.	R Chandramohan	19,200	0.21
9.	Geetha Periasamy	17,180	0.19
10.	Anita Kumaran	1,18,296	1.31
11.	Kaavya Sharath Jagannathan	1,18,236	1.32
12.	Chandrakant	11,683	0.13
13.	V Chithan	68,350	0.76
14.	Jayanthi Natarajan	12,200	0.14
15.	Sivaram M	6,105	0.07
16.	Maruthai Pillai P	30,390	0.34
17.	Rukmani Sivaram	25,624	0.28
18.	Karthik P. Sivaram	2,662	0.03
19.	Yessir Holding & Investment Private Limited	3,72,412	4.14
20.	Arun Pillai M	11,844	0.13
21.	Vijayalakshmi Chandramohan	7,770	0.09
22.	Jayanthi S	6,514	0.07
23.	Senthilnathan M	5,530	0.06
24.	Sivabagyam M	3,700	0.04
25.	Chandramohan P	3,200	0.04
26.	Ravichandran C L	802	0.01
27.	Ganesan M	1,900	0.01
28.	Kamal Kumar Babbar	12,16,500	13.52
Total		47,46,430	52.74

11. As on date the Company, does not have any Employee Stock Option Schemes.

12. Our Company, our Promoter, our Directors and the LM have no existing buyback arrangements or any other similar arrangements for the purchase of Equity Shares being offered through the Issue.

13. The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares in existence as at the date of this Draft Letter of Offer. The Equity Shares to be issued pursuant to the Issue shall be partly paid-up at the time of Allotment and made fully paid up with the help of subsequent calls.

14. As on the date of this Draft Letter of Offer, the LM and their respective associates (as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992) do not hold any Equity Shares of our Company. The LM and their affiliates may engage in the transactions with and perform services for

our Company in the ordinary course of business or may in the future engage in commercial banking and investment banking transactions with our Company for which they may in the future receive customary compensation.

15. Our Company, its Directors and our Promoter shall not make any payments, direct or indirect, discounts, commissions, allowances or otherwise under this Issue.
16. The ex-rights price of the Equity Shares as per Regulation 10(4) (b) of the SEBI Takeover Regulations is Rs. [●] per Equity Share.
17. There have been no financing arrangements whereby the Promoter Group, Directors of our Company, the directors of our Promoter and their relatives have financed the purchase by any other person of securities of our Company, other than in the normal course of the business of the financing entity during a period of 6 months preceding the date of filing of the Draft Letter of Offer.
18. Except as mentioned below, the Promoter, Promoter Group, Directors of our Company and their relatives have not undertaken purchase or sale transactions in the Equity Shares of our Company, during a period of six (06) months preceding the date on which this Draft Letter of Offer is filed with the Stock Exchanges:

Name of the Promoter Group Entity	Date of transfer/acquisition	Nature of transaction	No. of Equity Shares	Nature of consideration (cash / other than cash)	Face value per Equity Share (in ₹)	Issue / transfer price per Equity Share (in ₹)	% of pre issue capital
Malar Publications Private Limited	September 04, 2020	Off-Market Purchase	100	Cash	10/-	10/-	Negligible

19. Our Company has not made any preferential allotment or bonus issue or qualified institutional placement of securities in the ten years preceding the date of this Draft Letter of Offer.
20. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law.
21. Our Company shall ensure that transactions in the Equity Shares by our Promoter between the date of filing of the Draft Letter of Offer and the date of closure of the Issue shall be intimated to the Stock Exchange within 24 hours of such transaction.
22. The Promoter of our Company currently holds 1,03,296 Equity Shares aggregating to 1.15 % of the pre-Issue share capital of our Company and has undertaken that he intend to subscribe to the full extent of his Rights Entitlement in the Issue and any under-subscription in the Issue, subject to aggregate shareholding of the Promoter and Promoter Group not exceeding 75.00% of the Equity Share Capital of our Company after the Issue. For further details of under subscription and allotment to the Promoter and Promoter Group, please refer to sub-chapter titled “*Basis of Allotment*” under the chapter titled “*Terms of the Issue*” beginning on page 216 of this Draft Letter of Offer.
23. The Issue will remain open for 15 days. However, the Board will have the right to extend the Issue period as it may determine from time to time provided that the same does not exceed 30 days in total including the Issue Opening Date.

OBJECTS OF THE ISSUE

The objects of the Issue are:

1. Part repayment or prepayment of unsecured loans availed by our Company from the Promoter Group; and
2. General corporate purposes.

(collectively, referred to hereinafter as the “**Objects**”)

We intend to utilize the gross proceeds raised through the Issue (the “**Issue Proceeds**”) after deducting the Issue related expenses (“**Net Proceeds**”) for the abovementioned Objects.

The objects set out in the Memorandum of Association enable us to undertake our existing activities and the activities for which funds are being raised by us through the Issue and the activities for which the borrowings proposed to be prepaid in full or part from the Net Proceeds.

Details of objects of the Issue

The details of objects of the Issue are set forth in the following table:

(₹ in lakhs)	
Particulars	Amount
Gross Proceeds from the Issue	2,490
Less: Issue related expenses	[●]*
Net Proceeds from the Issue	[●]*

**To be determined on finalization of the Issue Price and updated in the Letter of Offer at the time of filing with the Stock Exchange.*

Requirement of Funds

The details of the Net Proceeds are set forth in the following table:

(₹ in lakhs)	
Particulars	Amount
Part repayment or prepayment of unsecured loans brought in by the Promoter and Promoter Group	2,050
General corporate purposes	[●]*
Issue related expenses	[●]*
Gross proceeds from the Issue	2,490

Means of Finance

Our Company proposes to meet the entire requirement of funds for the proposed objects of the Issue from the Net Proceeds. Accordingly, our Company confirms that there is no requirement to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Issue.

Utilization of Net Proceeds

Our Company intends to utilize the Net Proceeds for the following objects:

(₹ in lakhs)		
Sr. No.	Particulars	Estimated Amount to be utilized
1.	Part repayment or prepayment of unsecured loans brought in by the Promoter and Promoter Group	2,050
2.	General corporate purposes	[●]*
	TOTAL	[●]*

**To be determined on finalization of the Issue Price and updated in the Letter of Offer at the time of filing with the Stock Exchange.*

Schedule of Implementation and Deployment of Funds

Our Company proposes to deploy the entire Net Proceeds towards the Objects as described herein during Fiscal 2020-21.

The funds deployment described herein is based on management estimates and current circumstances of our business and operations. Given the dynamic nature of our business, we may have to revise our funding requirements and deployment on account of variety of factors such as our financial condition, business and strategy, including external factors which may not be within the control of our management. This may entail rescheduling and revising the planned funding requirements and deployment and increasing or decreasing the funding requirements from the planned funding requirements at the discretion of our management. Accordingly, the Net Proceeds of the Issue would be used to meet all or any of the purposes of the funds requirements described herein.

Details of the objects of the Issue

The details in relation to objects of the Issue are set forth herein below.

1. *Repayment/pre-payment, in full or part, of certain identified unsecured loans availed by our Company from members of the Promoter Group*

Our Company proposes to utilize an estimated amount of ₹ 2,050 lakhs from the Net Proceeds of the Issue towards repayment/prepayment, in full or in part, of certain identified unsecured loans availed by our Company from members of the Promoter Group.

Our Company, in order to renovate its Hotel premises and to meet expenses incurred in the ordinary course of business, was in need of finance. On account of difficulty in raising financial support from banks/financial institutions, our Company had raised finance by way of unsecured loans taken from the members of the Promoter Group. The following table provides details of the relevant terms of the unsecured loans that have been availed by our Company from the members of the Promoter Group, out of which we may repay/prepay, in full or in part, any or all of its respective loans/facilities, without any obligation to pay/repay any particular lender in priority to the other:

(₹ in lakhs)

Sr. No.	Name of the Lender	Amount Sanctioned (Rs.)	Principal Amount availed and outstanding as on March 31, 2020	Repayment Terms	Purpose of the Loan*
1.	Subasri Realty Private Limited ("SRPL")	2,000	1,486.00	The Company is liable to pay interest @12% p.a. till the date of settlement of the loan amount.	For renovation of Hotel, paying out the liabilities and for any other expenses and to establish modern facilities in the Hotel building and to develop business.
2.	Gay Travels Private Limited ("GTPL")	2,000	2,000	The Company is liable to pay interest @12% p.a. till the date of settlement of the loan amount.	For renovation of Hotel, paying out the liabilities and for any other expenses and to establish modern facilities in the Hotel building and to develop business.
3.	Gay Travels Private Limited ("GTPL")	500	500	The Company is liable to pay interest @12% p.a. till the date of settlement of the loan amount.	For renovation of Hotel, paying out the liabilities and for any other expenses and to establish modern facilities in the Hotel building and to

Sr. No.	Name of the Lender	Amount Sanctioned (Rs.)	Principal Amount availed and outstanding as on March 31, 2020	Repayment Terms	Purpose of the Loan*
					develop business.
4.	Gay Travels Private Limited ("GTPL")	1500	901.17	The Company is liable to pay interest @12% p.a. till the date of settlement of the loan amount.	For renovation of Hotel, paying out the liabilities and for any other expenses and to establish modern facilities in the Hotel building and to develop business.
5.	Rani Printers Private Limited ("RPPL")	500	500	The Company is liable to pay interest @12% p.a. till the date of settlement of the loan amount.	For renovation of Hotel, paying out the liabilities and for any other expenses and to establish modern facilities in the Hotel building and to develop business.
6.	Malar Publications Private Limited ("MPPL")	1,000	147.34	The Company is liable to pay interest @12% p.a. till the date of settlement of the loan amount.	For renovation of Hotel, paying out the liabilities and for any other expenses and to establish modern facilities in the Hotel building and to develop business.
7.	Malar Publications Private Limited ("MPPL")	1,000	1,000	The Company is liable to pay interest @12% p.a. till the date of settlement of the loan amount.	For renovation of Hotel, paying out the liabilities and for any other expenses and to establish modern facilities in the Hotel building and to develop business.
Total		8,500	6,534.51		

**Certified by M/s Bala & Co., Chartered Accountants, vide their certificate dated September 14, 2020. Further, M/s. Bala & Co., Chartered Accountants have certified that these borrowing have been utilized for the purposes for which they were availed, as provided in the relevant loan agreements.*

We believe that part or full repayment/prepayment of our unsecured loans shall result in an increase in the Net Worth of our Company. This would lead to strengthening of the balance sheet of our Company.

An total amount of ₹ 8,500 lakhs has been sanctioned as unsecured loans from our Promoter Group Companies mentioned in the table above of which an amount of ₹ 6,534.51 lakhs has been availed and remains outstanding as of March 31, 2020. Our Company intends to partly or fully repay or pre-pay ₹2,050 lakhs to these Promoter Group Companies through this Issue, as per the details mentioned in the above table, and the said amount is proposed to be adjusted against the application money to be received by our Company, for the subscription to the Rights Equity Shares to be allotted in this Issue, from the members of Promoter Group, to the extent of their entitlement, renunciation of entitlement in favour of the members of Promoter Group (if any) as well as Additional Rights Equity Shares to be applied for by the members of Promoter Group (in part or full, as the case may be) in the Issue. Consequently, no fresh Issue proceeds would be received by our Company to such an extent.

Our Promoter and our Promoter Group members have undertaken to: (a) subscribe, jointly and severally to the full extent of their Rights Entitlement and subscribe to the full extent of any Rights Entitlement renounced in their favour by any other Promoter or member of the Promoter Group; and (b) subscribe to, either individually or jointly, with the Promoter or member of the Promoter Group, for Additional Rights Equity Shares, including subscribing to unsubscribed portion (if any) in the Issue. Such subscription for Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding. Any such acquisition of Additional Rights Equity Shares (including any unsubscribed portion of the Issue) is exempted in terms of Regulation 10(4)(b) of the SEBI Takeover Regulations as conditions mentioned therein have been fulfilled and

shall not result in a change of control of the management of our Company in accordance with provisions of the SEBI Takeover Regulations. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue. The ex-rights price of the Rights Equity Shares as per Regulation 10(4)(b) of the SEBI Takeover Regulations is ₹ [●].

Interest of Promoter and Directors to the objects of the Issue

SRPL, GTPL, RPPL and MPPL have *vide* their letters even dated September 14, 2020, confirmed that an amount of ₹ 2,050 lakhs, which has been identified as the part of the unsecured loans which have to be repaid to our Promoter Group Companies through this Issue, shall be adjusted towards the application money to be received by the Company, for the subscription to the Rights Equity Shares to be allotted in this Issue, from SRPL, GTPL and RPPL and MPPL our Promoter Group Companies, to the extent of their entitlement, renunciation of entitlement in favour of the members of Promoter Group (if any) as well as Additional Rights Equity Shares to be applied for by our above-mentioned Promoter Group Companies for the unsubscribed portion, (in part or full, as the case may be) in the Issue. Consequently, no fresh Issue proceeds would be received by our Company to such an extent.

2. General Corporate Purposes

In terms of Regulation 4(4) of the SEBI ICDR Regulations, the extent of the Issue Proceeds proposed to be used for general corporate purposes is not exceeding 25% of the Gross proceeds of the Issue. Our Board will have flexibility in applying the balance amount towards general corporate purposes, including repayment of outstanding loans, meeting our working capital requirements, capital expenditure, funding our growth opportunities, including strategic initiatives, meeting expenses incurred in the ordinary course of business including salaries and wages, administration expenses, insurance related expenses, meeting of exigencies which our Company may face in course of business and any other purpose as may be approved by the Board or a duly appointed committee from time to time, subject to compliance with the necessary provisions of the Companies Act.

Our management will have flexibility in utilizing any amounts for general corporate purposes under the overall guidance and policies of our Board. The quantum of utilization of funds towards any of the purposes will be determined by the Board, based on the amount actually available under this head and the business requirements of our Company, from time to time.

3. Issue expenses

The Issue related expenses include, among others, fees to various advisors, printing and distribution expenses, advertisement expenses and registrar and depository fees. The estimated Issue related expenses are as follows:

Particulars	Amount* (₹ in lakhs)	As a percentage of total expenses*	As a percentage of Issue size*
Fees of the Lead Managers, Bankers to the Issue, Registrar to the Issue, Legal Advisor, Auditor's fees, including out of pocket expenses etc.	[●]	[●]	[●]
Expenses relating to advertising, printing, distribution, marketing and stationery expenses	[●]	[●]	[●]
Regulatory fees, filing fees, listing fees and other miscellaneous expenses	[●]	[●]	[●]
Total estimated Issue expenses	[●]	[●]	[●]

*Amount will be finalised at the time of filing of the Letter of Offer and determination of Issue Price and other details.

Interim use of funds

Our Company, in accordance with the policies established by our Board from time to time, will have the flexibility to deploy the Net Proceeds. Pending utilization for the purposes described above, our Company

intends to temporarily deposit the funds in the scheduled commercial banks included in the second schedule of Reserve Bank of India Act, 1934 as may be approved by our Board of Directors. Our Company confirms that pending utilization of the Net Proceeds for the Objects of the Issue, our Company shall not use the Net Proceeds for any investment in the equity markets.

Appraisal and Bridge Financing Facilities

Our Company has not raised any bridge loan from any bank or financial institution as on the date of the Draft Letter of Offer, which are proposed to be repaid from the Net Proceeds.

Monitoring of utilization of funds

Since the Issue is for an amount less than ₹ 10,000 lakhs, in terms of Regulation 16(1) of the SEBI ICDR Regulations, our Company is not required to appoint a monitoring agency for the purposes of the Issue. As required under the SEBI Listing Regulations, the Audit Committee appointed by the Board shall monitor the utilization of the proceeds of the Issue. We will disclose the details of the utilization of the Net Proceeds of the Issue, including interim use, under a separate head in our financial statements specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements.

As per the requirements of Regulations 18 of the SEBI Listing Regulations, we will disclose to the Audit Committee the uses/ applications of funds on a quarterly basis as part of our quarterly declaration of results. Further, on an annual basis, we shall prepare a statement of funds utilized for purposes other than those stated in the Draft Letter of Offer and place it before the Audit Committee. The said disclosure shall be made till such time that the Gross Proceeds raised through the Issue have been fully spent. The statement shall be certified by our Auditor.

Further, in terms of Regulation 32 of the SEBI Listing Regulations, we will furnish to the Stock Exchange on a quarterly basis, a statement indicating material deviations, if any, in the use of proceeds from the objects stated in the Draft Letter of Offer. Further, this information shall be furnished to the Stock Exchange along with the interim or annual financial results submitted under Regulations 33 of the SEBI Listing Regulations and be published in the newspapers simultaneously with the interim or annual financial results, after placing it before the Audit Committee in terms of Regulation 18 of the SEBI Listing Regulations.

Other Confirmations

No part of the Net Proceeds will be paid by our Company as consideration to our Promoter and Promoter Group, Directors, Key Managerial Personnel of our Company, except for the part of the Net Proceeds that will be utilized towards the repayment/prepayment of certain unsecured loans availed by our Company from the Promoter Group members and payments made in the ordinary course of business, there are no material existing or anticipated transaction.

BASIS FOR ISSUE PRICE

The Issue Price will be determined by our Company in consultation with the Lead Manager on the basis of an assessment of market demand for the issued Equity Shares and on the basis of the following qualitative and quantitative factors. The face value of the Equity Shares of our Company is ₹ 10 each and the Issue Price is ₹ [●]. Investors should also refer to “*Business Overview*”, “*Risk Factors*” and “*Financial Statements*” on pages 106, 25 and 154 respectively, to have an informed view before making an investment decision. The Issue Price is [●] times of the face value of Equity Shares.

Qualitative Factors

We believe the following are our key strengths and qualitative factors:

- Strategically located hotel within the city of Chennai;
- Independent brand having local recognition;
- Track record of more than 2 decades;

For further details, see “*Our Business – Our Strengths*” on page 107.

Quantitative Factors

Some of the information presented in this section relating to our Company is derived from the Restated Financial Statements prepared in accordance with Ind AS, the Companies Act and restated in accordance with the SEBI ICDR Regulations. For further details, see “*Financial Information*” beginning on page 154.

Some of the quantitative factors, which form the basis for computing the Issue Price, are as follows:

A. Basic and Diluted Earnings/Loss per Share (“EPS”) As per our Restated Financial Statements:

Year/Period	Basic EPS (in ₹)	Weight
March 31, 2020	(8.76)	3
March 31, 2019	(10.88)	2
March 31, 2018	(11.55)	1
Weighted Average	(9.93)	

Note:

1. *Weighted average = Aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. Total of (EPS x Weight) for each year/Total of weights.*
2. *Basic Earnings per Share (₹) = Restated net profit after tax and adjustments, attributable to equity shareholders/ Weighted average no. of equity shares outstanding during the year*
3. *Diluted Earnings per Share (₹) = Restated net profit after tax and adjustments, attributable for equity shareholders (after adjusting profit impact of dilutive potential equity shares, if any) / the aggregate of weighted average number of Equity shares outstanding during the year and the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares*
4. *Basic and diluted earnings per Equity Share are computed in accordance with Indian Accounting Standard 33 ‘Earnings per Share’, notified accounting standard by the Companies (Indian Accounting Standards) Rules of 2015 (as amended).*

B. Price Earnings (“P/E”) Ratio in relation to the issue price of ₹[●] per Equity Share of ₹ 10 each:

S. No.	Particulars	P/E at Issue Price (number of times) *
1.	Based on basic and diluted EPS as per our Restated Financial Statements for the Fiscal 2020	[●]
2.	Based on Weighted Average EPS as per our Restated Financial Statements for the Fiscal 2020	[●]

C. Return on Net Worth (“RoNW”)

As per Restated Financial Information:

Year/Period ended	RoNW (%)	Weight
March 31, 2020	(12.09%)	3
March 31, 2019	(17.07%)	2
March 31, 2018	(21.87%)	1
Weighted Average	(15.38%)	

Note:

1. Weighted average = Aggregate of year-wise weighted RoNW divided by the aggregate of weights i.e. total of (RoNW x Weight) for each year/Total of weights
2. Return on net worth (%) = Net Profit After Tax as restated, attributable to the equity shareholders of the Company *100 / Net worth as restated at the end of the year.
3. Net Worth = Equity Share Capital + Securities Premium Account + General Reserve + Surplus / (Deficit) in the statement of profit and loss + Reserves created out of profits but does not include revaluation reserve.

D. Net Asset Value (“NAV”) per Equity Share of face value of ₹ 10 each

NAV per Equity Share	Amount (in ₹)
As on March 31, 2020*	(72.50)
After the Issue	[●]

*derived from the Restated Financial Information Notes:

Net Asset Value per Equity Share = Net Worth as per the restated at the end of year/ Number of Equity Shares outstanding as at the end of year

E. Industry Peer Group P/E ratio

Based on the peer group information (excluding our Company) given below in this section highest P/E ratio is 35.39, the lowest P/E ratio is (25.06), the average P/E ratio is 5.17.

The highest and lowest Industry P/E shown above is based on the peer set provided below under “Comparison with listed industry peers”. The industry average has been calculated as the arithmetic average P/E of the peer set provided below. For further details, see “Basis of Issue Price - Comparison with listed industry peers” hereunder.

For Industry P/E, P/E figures for the peers are computed based on closing market price as on Last trading day of March 2020 at BSE, divided by Diluted EPS (on consolidated basis) based on the annual reports of such companies for the Fiscal 2020.

F. Comparison with listed industry peers

For Fiscal 2020								
Sr. No.	Name of Company	Face Value (₹)	Total income (₹ in Lacs)	Basic EPS (₹)	Diluted EPS (₹)	P/E (based on Diluted EPS)	RoNW (%)	NAV per share(₹)
1.	Aruna Hotels Limited	10	10.48	(8.76)	(8.76)	(0.60)	(12.09)	(72.50)
Peer Group*								
2.	Sterling Green	10	319.21	(0.27)	(0.27)	(25.06)	(6.43)	4.21
3.	Howard Hotels	10	984.41	(0.84)	(0.84)	(6.62)	(6.66)	12.59
4.	Phoenix Town	10	2045.18	0.27	0.27	35.39	2.16	12.45
5.	Royale Manor	10	2215.83	1.49	1.49	6.41	5.76	25.83

* Based on financial results for Fiscal 2020 from BSE website.

G. The Issue Price will be [●] times of the face value of the Equity Shares.

The Issue Price of ₹[●] has been determined by our Company in consultation with the Lead Manager and is justified based on the above accounting information.

Investors should read the above mentioned information along with “*Risk Factors*”, “*Our Business*”, “*Financial Statements*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 25, 106, 154 and 155, respectively, to have a more informed view. The trading price of the Equity Shares of our Company could decline due to the factors mentioned in “*Risk Factors*” on page 25 and you may lose all or part of your investments.

STATEMENT OF TAX BENEFITS

Statement of possible special tax benefits available to the Company and its Shareholders

The Board of Directors

Aruna Hotels Limited

Aruna Centre, 145, Sterling Road,
Nungambakkam, Chennai – 600 034,
Tamil Nadu, India

Dear Sirs,

Re: Proposed rights issue of equity shares of Rs. 10 each (the “Equity Shares”) of Aruna Hotels Limited (the “Company” and such offering, the “Offer”).

We report that the enclosed statement in the **Annexure**, states the possible special tax benefits under direct and indirect tax laws and Income tax Rules, 1962 including amendments made by the Finance Act, 2020 (hereinafter referred to as ‘**Income Tax Laws**’), the Central Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, Customs Act, 1962, Customs Tariff Act, 1975 as amended, the rules and regulations, circulars and notifications issued there under, Foreign Trade Policy presently in force in India, available to the Company and its shareholders. Several of these benefits are dependent on the Company, its shareholders as the case may be, fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company, its shareholders to derive the special tax benefits is dependent upon their fulfilling such conditions, which based on business imperatives the Company and its shareholders faces in the future, the Company, its shareholders may or may not choose to fulfill.

We confirm that while providing this certificate, we have complied with the Code of Ethics issued by the Institute of Chartered Accountants of India. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, ‘Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements,’ issued by the ICAI.

The benefits discussed in the enclosed Statement cover only special tax benefits available to the Company and to the shareholders of the Company and are not exhaustive and also do not cover any general tax benefits available to the Company. Further, any benefits available under any other laws within or outside India have not been examined and covered by this Statement

The benefits discussed in the enclosed **Annexure** are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Offer. Neither are we suggesting nor advising the investor to invest in the Offer based on this statement.

We do not express any opinion or provide any assurance as to whether:

- (i) the Company or its shareholders will continue to obtain these benefits in future; or
- (ii) the conditions prescribed for availing the benefits have been/would be met with.

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

We also consent to the references to us as “Experts” as defined under Section 2(38) of the Companies Act, 2013, read with Section 26(5) of the Companies Act, 2013 to the extent of the certification provided hereunder and included in the Letter of Offer and Letter of Offer “(**Offer Documents**)” of the Company or in any other documents in connection with the Offer.

We hereby give consent to include this statement of special tax benefits in the Offer Documents and in any other material used in connection with the Offer.

This certificate is issued for the sole purpose of the Offer, and can be used, in full or part, for inclusion in the Offer Documents and any other material used in connection with the Offer, and for the submission of this certificate as may be necessary, to any regulatory / statutory authority, recognized stock exchanges, any other authority as may be required and/or for the records to be maintained by the Lead Manager in connection with the Offer and in accordance with applicable law, and for the purpose of any defense the Lead Manager may wish to advance in any claim or proceeding in connection with the contents of the offer documents.

This certificate may be relied on by the Company, Lead Manager, their affiliates and the legal counsel in relation to the Offer.

We undertake to immediately update you, in writing, of any changes in the abovementioned information until the date the Equity Shares issued/transferred pursuant to the Offer commence trading on the recognized stock exchanges. In the absence of any such communication, you may assume that there is no change in respect of the matters covered in this certificate until the date the Equity Shares commence trading on the recognized stock exchanges.

Yours faithfully,

**For and on behalf of M/s. Bala & Co.
Chartered Accountants
Firm Registration Number: 000318S**

Name: Sriram Visvanathan
Partner
ICAI Membership Number: 216203
UDIN: 20216203AAAAFF3166
Date: September 14, 2020
Place: Chennai
Encl: As above

ANNEXURE

STATEMENT OF TAX BENEFITS

ANNEXURE TO THE STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE TAX LAWS IN INDIA

The information outlined below sets out the special tax benefits available to the Company and its shareholders in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of equity shares, under the direct tax laws in force in India (i.e. applicable for the Financial Year 2018-19 relevant to the assessment year 2019-20). Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives it faces in the future, it may or may not choose to fulfil.

I Special Tax Benefits available to the Company under the Income Tax Act 1961, (Act):

a) Carry forward and set off of losses

As per the provisions of Section 72(1) of the Act, if the net result of the computation of income from business is a loss to the Company, not being a loss sustained in a speculation business, such loss can be set off against any other income and the balance loss, if any, can be carried forward for eight consecutive assessment years immediately succeeding the assessment year for which the loss was first computed and shall be set off against business income.

II. Special Tax Benefits available to the Shareholders under the Act:

There is no special tax benefits available for the shareholders of the Company under the provisions of the Act.

Notes:

1. The above Statement of Special Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis;
2. The above Statement of Special Tax Benefits sets out the Special Tax Benefits available to the Company and its shareholders under the current tax laws presently in force in India;
3. This Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Offer;
4. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be subject to any benefits available under the Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile; and the above stated Special Tax Benefits will be available only to the sole/first named holder in case the shares are held by joint shareholders.
5. The Statement is prepared on the basis of information available with the Management of the Company and there is no assurance that:
 - Company or its shareholders will continue to obtain these benefits in future;
 - Conditions prescribed for availing the benefits have been/ would be met with;
 - The revenue authorities/courts will concur with the view expressed herein; and
 - The above views are based on the existing provisions of law and its interpretation, which are subject to change from time to time.

SECTION IV – ABOUT THE COMPANY

INDUSTRY OVERVIEW

The information in this section has been extracted from various websites and publicly available documents from various industry sources. The data may have been re-classified by us for the purpose of presentation. None of the Company and any other person connected with the Issue have independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projection forecasts and assumptions that may prove to be incorrect. Accordingly, investors should not place undue reliance on information.

GLOBAL OUTLOOK

The world has changed dramatically in the three months since our last World Economic Outlook update on the global economy. A pandemic scenario had been raised as a possibility in previous economic policy discussions, but none of us had a meaningful sense of what it would look like on the ground and what it would mean for the economy. We now encounter a grim reality, where exponential growth of contagion means 100 infected individuals become 10,000 in a matter of a few days. Tragically, many human lives are being lost and the virus continues to spread rapidly across the globe. We owe a huge debt of gratitude to the medical professionals and first responders who are working tirelessly to save lives. This crisis is like no other. First, the shock is large. The output loss associated with this health emergency and related containment measures likely dwarfs the losses that triggered the global financial crisis. Second, like in a war or a political crisis, there is continued severe uncertainty about the duration and intensity of the shock. Third, under current circumstances there is a very different role for economic policy.

In normal crises, policymakers try to encourage economic activity by stimulating aggregate demand as quickly as possible. This time, the crisis is to a large extent the consequence of needed containment measures. This makes stimulating activity more challenging and, at least for the most affected sectors, undesirable. The forecast for the global economy laid out in this report reflects our current understanding of the path of the pandemic and the public health measures required to slow the spread of the virus, protect lives, and allow health care systems to cope. In this regard, we have benefited from numerous conversations with epidemiologists, public health experts, and infectious disease specialists working on therapies for COVID19. However, there remains considerable uncertainty around the forecast, the pandemic itself, its macroeconomic fallout, and the associated stresses in financial and commodity markets. It is very likely that this year the global economy will experience its worst recession since the Great Depression, surpassing that seen during the global financial crisis a decade ago.

The Great Lockdown, as one might call it, is projected to shrink global growth dramatically. A partial recovery is projected for 2021, with above trend growth rates, but the level of GDP will remain below the pre-virus trend, with considerable uncertainty about the strength of the rebound. Much worse growth outcomes are possible and maybe even likely. This would follow if the pandemic and containment measures last longer, emerging and developing economies are even more severely hit, tight financial conditions persist, or if widespread scarring effects emerge due to firm closures and extended unemployment. This crisis will need to be dealt with in two phases: a phase of containment and stabilization followed by the recovery phase. In both phases public health and economic policies have crucial roles to play. Quarantines, lockdowns, and social distancing are all critical for slowing transmission, giving the health care system time to handle the surge in demand for its services and buying time for researchers to try to develop therapies and a vaccine. These measures can help avoid an even more severe and protracted slump in activity and set the stage for economic recovery. Increased health care spending is essential to ensure health care systems have adequate capacity and resources. Special dispensations for medical professionals—who are on the frontlines of combating the pandemic—should be considered, including, for example, education allowances for their families or generous survivor benefits. While the economy is shut down, policymakers will need to ensure that people are able to meet their needs and that businesses can pick up once the acute phases of the pandemic pass. This requires substantial targeted fiscal, monetary, and financial measures to maintain the economic ties between workers and firms and lenders and borrowers, keeping intact the economic and financial infrastructure of

society. For example, in emerging market and developing economies with large informal sectors, new digital technologies may be used to deliver targeted support.

The COVID-19 pandemic is inflicting high and rising human costs worldwide. Protecting lives and allowing health care systems to cope have required isolation, lockdowns, and widespread closures to slow the spread of the virus. The health crisis is therefore having a severe impact on economic activity. As a result of the pandemic, the global economy is projected to contract sharply by – 3 percent in 2020, much worse than during the 2008–09 financial crisis (Table 1.1). In a baseline scenario, which assumes that the pandemic fades in the second half of 2020 and containment efforts can be gradually unwound, the global economy is projected to grow by 5.8 percent in 2021 as economic activity normalizes, helped by policy support. There is extreme uncertainty around the global growth forecast. The economic fallout depends on factors that interact in ways that are hard to predict, including the pathway of the pandemic, the intensity and efficacy of containment efforts, the extent of supply disruptions, the repercussions of the dramatic tightening in global financial market conditions, shifts in spending patterns, behavioral changes (such as people avoiding shopping malls and public transportation), confidence effects, and volatile commodity prices. Many countries face a multi-layered crisis comprising a health shock, domestic economic disruptions, plummeting external demand, capital flow reversals, and a collapse in commodity prices. Risks of a worse outcome predominate. Effective policies are essential to forestall worse outcomes. Necessary measures to reduce contagion and protect lives will take a short-term toll on economic activity but should also be seen as an important investment in long-term human and economic health.

The immediate priority is to contain the fallout from the COVID-19 outbreak, especially by increasing health care expenditures to strengthen the capacity and resources of the health care sector while adopting measures that reduce contagion. Economic policies will also need to cushion the impact of the decline in activity on people, firms, and the financial system; reduce persistent scarring effects from the unavoidable severe slowdown; and ensure that the economic recovery can begin quickly once the pandemic fades. Because the economic fallout reflects particularly acute shocks in specific sectors, policymakers will need to implement substantial targeted fiscal, monetary, and financial market measures to support affected households and businesses.

Such actions will help maintain economic relationships throughout the shutdown and are essential to enable activity to gradually normalize once the pandemic abates and containment measures are lifted. The fiscal response in affected countries has been swift and sizable in many advanced economies (such as Australia, France, Germany, Italy, Japan, Spain, the United Kingdom, and the United States). Many emerging market and developing economies (such as China, Indonesia, and South Africa) have also begun providing or announcing significant fiscal support to heavily impacted sectors and workers. Fiscal measures will need to be scaled up if the stoppages to economic activity are persistent, or the pickup in activity as restrictions are lifted is too weak. Economies facing financing constraints to combat the pandemic and its effects may require external support. Broad-based fiscal stimulus can preempt a steeper decline in confidence, lift aggregate demand, and avert an even deeper downturn. But it would most likely be more effective once the outbreak fades and people are able to move about freely.

The significant actions of large central banks in recent weeks include monetary stimulus and liquidity facilities to reduce systemic stress. These actions have supported confidence and contribute to limiting the amplification of the shock, thus ensuring that the economy is better placed to recover. The synchronized actions can magnify their impact on individual economies and will also help generate the space for emerging market and developing economies to use monetary policy to respond to domestic cyclical conditions. Supervisors should also encourage banks to renegotiate loans to distressed households and firms while maintaining a transparent assessment of credit risk. Strong multilateral cooperation is essential to overcome the effects of the pandemic, including to help financially constrained countries facing twin health and funding shocks, and for channeling aid to countries with weak health care systems. Countries urgently need to work together to slow the spread of the virus and to develop a vaccine and therapies to counter the disease. Until such medical interventions become available, no country is safe from the pandemic (including a recurrence after the initial wave subsides) as long as transmission occurs elsewhere.

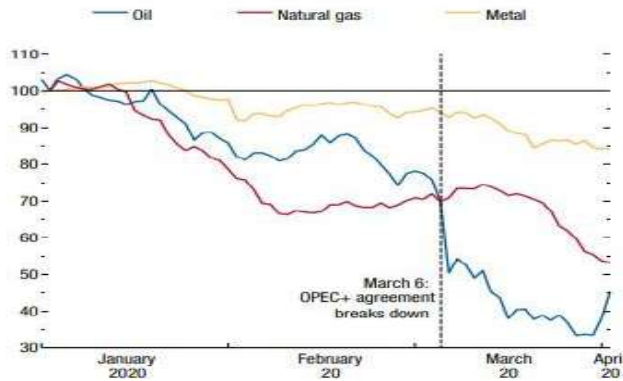
Global Financial Stability Report, financial conditions in advanced as well as emerging market economies are significantly tighter than at the time of the October 2019 World Economic Outlook (WEO) forecast. Equity markets have sold off dramatically; high-yield corporate and emerging market sovereign spreads have widened significantly (Figures 1.2 and 1.3); and portfolio flows to emerging market funds have reversed, particularly in the

case of hard currency bonds and equities. Signs of dollar funding shortages have emerged amid the general rebalancing of portfolios toward cash and safe assets.

Currency movements have generally reflected these shifts in risk sentiment. The currencies of commodity exporters with flexible exchange rates among emerging market and advanced economies have depreciated sharply since the beginning of the year, while the US dollar has appreciated by some 8½ percent in real effective terms as of April 3, the yen by about 5 percent, and the euro by some 3 percent (Figure 1.4).

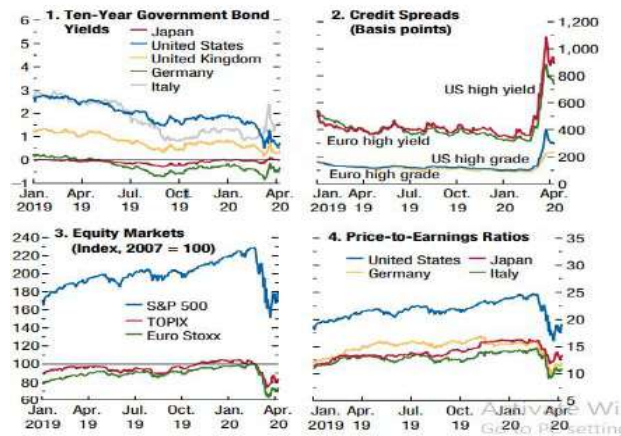
The rapidly worsening risk sentiment has prompted a series of central bank rate cuts, liquidity support actions, and, in a number of cases, large asset purchase programs, including from the US Federal Reserve, European Central Bank, Bank of England, Bank of Japan, Bank of Canada, and Reserve Bank of Australia, as well as from emerging market central banks in Brazil, China, India, Malaysia, Mexico, the Philippines, Saudi Arabia, South Africa, Thailand, and Turkey—which will help partially offset the tightening in financial conditions. Moreover, several central banks have activated bilateral swap lines to improve access to international liquidity across jurisdictions. Nonetheless, the significant tightening of financial conditions will further dampen economic activity in the near term, adding to the direct macroeconomic fallout of the health crisis.

Figure 1.1. Commodity Prices
(January 2, 2020 = 100)



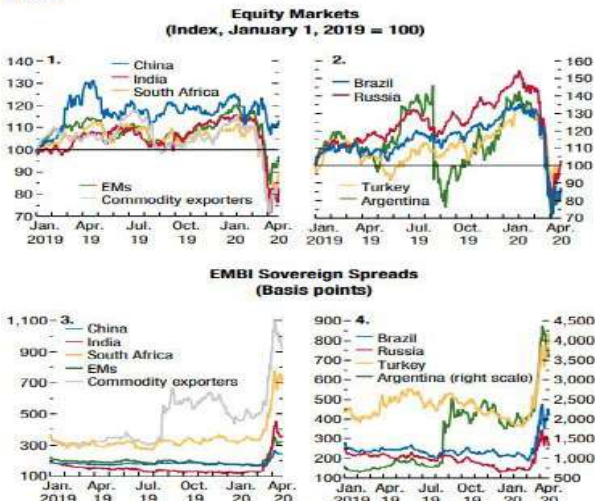
Sources: IMF, Primary Commodity Price System; and IMF staff calculations. Note: OPEC+ = Organization of the Petroleum Exporting Countries, including Russia.

Figure 1.2. Advanced Economies: Monetary and Financial Market Conditions
(Percent, unless noted otherwise)



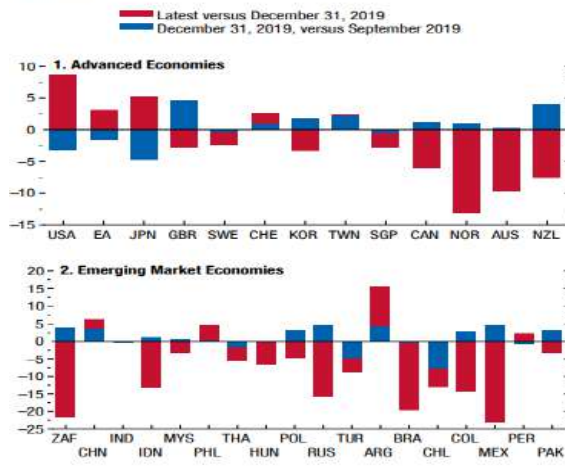
Wit
G20
P20
Letting

Figure 1.3. Emerging Market Economies: Equity Markets and Credit



Global Economy in Recession in 2020

Figure 1.4. Real Effective Exchange Rate Changes, September 2019–April 2020
(Percent)



Global growth is projected at –3.0 percent in 2020, an outcome far worse than during the 2009 global financial crisis. The growth forecast is marked down by more than 6 percentage points relative to the October 2019 WEO and January 2020 WEO Update projections—an extraordinary revision over such a short period of time.

Growth in the advanced economy group—where several economies are experiencing widespread outbreaks and deploying containment measures—is projected at –6.1 percent in 2020. Most economies in the group are forecast to contract this year, including the United States (–5.9 percent), Japan (–5.2 percent), the United Kingdom (–6.5 percent), Germany (–7.0 percent), France (–7.2 percent), Italy (–9.1 percent), and Spain (–8.0 percent). In parts of Europe, the outbreak has been as severe as in China’s Hubei province. Although essential to contain the virus, lockdowns and restrictions on mobility are extracting a sizable toll on economic activity. Adverse confidence effects are likely to further weigh on economic prospects.

Among emerging market and developing economies, all countries face a health crisis, severe external demand shock, dramatic tightening in global financial conditions, and a plunge in commodity prices, which will have a severe impact on economic activity in commodity exporters. Overall, the group of emerging market and developing economies is projected to contract by –1.0 percent in 2020; excluding China, the growth rate for the group is expected to be –2.2 percent. Even in countries not experiencing widespread detected outbreaks as of the end of March (and therefore not yet deploying containment measures of the kind seen in places with outbreaks) the significant downward revision to the 2020 growth projection reflects large anticipated domestic disruptions to economic activity from COVID-19. The 2020 growth rate for the group excluding China is marked down 5.8 percentage points relative to the January WEO projection. As discussed below, growth would be even lower if more stringent containment measures are necessitated by a wider spread of the virus among these countries. Emerging Asia is projected to be the only region with a positive growth rate in 2020 (1.0 percent), albeit more than 5 percentage points below its average in the previous decade. In China, indicators such as industrial production, retail sales, and fixed asset investment suggest that the contraction in economic activity in the first quarter could have been about 8 percent year over year. Even with a sharp rebound in the remainder of the year and sizable fiscal support, the economy is projected to grow at a subdued 1.2 percent in 2020. Several economies in the region are forecast to grow at modest rates, including India (1.9 percent) and Indonesia (0.5 percent), and others are forecast to experience large contractions (Thailand, –6.7 percent).

Other regions are projected to experience severe slowdowns or outright contractions in economic activity, including Latin America (–5.2 percent)—with Brazil’s growth forecast at –5.3 percent and Mexico’s at –6.6 percent; emerging and developing Europe (–5.2 percent)—with Russia’s economy projected to contract by –5.5 percent; the Middle East and Central Asia (–2.8 percent)—with Saudi Arabia’s growth forecast at –2.3 percent, with non-oil GDP contracting by 4 percent, and most economies, including Iran, expected to contract; and sub-Saharan Africa (–1.6 percent)—with growth in Nigeria and South Africa expected at –3.4 percent and –5.8 percent, respectively. Following the dramatic decline in oil prices since the beginning of the year, near-term prospects for oil-exporting countries have deteriorated significantly: the growth rate for the group is projected to drop to –4.4 percent in 2020.

Countries is expected to experience negative per capita income growth in 2020 than at the time of the 2009 financial crisis. These countries account for a broadly similar purchasing-power-parity share of the world economy compared with the group that experienced negative per capita income growth in 2009.

Even after the severe downgrade to global growth, risks to the outlook are on the downside. The pandemic could prove more persistent than assumed in the baseline. Moreover, the effects of the health crisis on economic activity and financial markets could turn out to be stronger and longer lasting, testing the limits of central banks to backstop the financial system and further raising the fiscal burden of the shock. Of course, if a therapy or a vaccine is found earlier than expected, social distancing measures can be removed and the rebound may occur faster than anticipated.

As of early April 2020 the path of the COVID-19 pandemic remains uncertain. Strong containment efforts in place to slow the spread of the virus may need to remain in force for longer than the first half of the year if the pandemic proves to be more persistent than assumed in the WEO baseline. Once containment efforts are lifted and people start moving about more freely, the virus could again spread rapidly from residual localized clusters. Moreover, places that successfully bring down domestic community spread could be vulnerable to renewed infections from imported cases. In such instances, public health measures will need to be ramped up again, leading to a longer

downturn than in the baseline forecast. And although the disease has been most concentrated in advanced economies, fresh outbreaks in large emerging market or developing economies could further hamper any recovery, and the staggered nature of outbreaks could imply longer-lasting disruptions to travel.

The recovery of the global economy could be weaker than expected after the spread of the virus has slowed for a host of other reasons. These include lingering uncertainty about contagion, confidence failing to improve, and establishment closures and structural shifts in firm and household behavior, leading to more lasting supply chain disruptions and weakness in aggregate demand. Scars left by reduced investment and bankruptcies may run more extensively through the economy (as occurred, for example, in previous deep downturns—see Chapter 4 of the October 2009 WEO and Chapter 2 of the October 2018 WEO). Depending on the duration, global business confidence could be severely affected, leading to weaker investment and growth than projected in the baseline. Related to the uncertainty around COVID-19, an extended risk-off episode in financial markets and tightening of financial conditions could cause deeper and longer-lasting downturns in a number of countries.

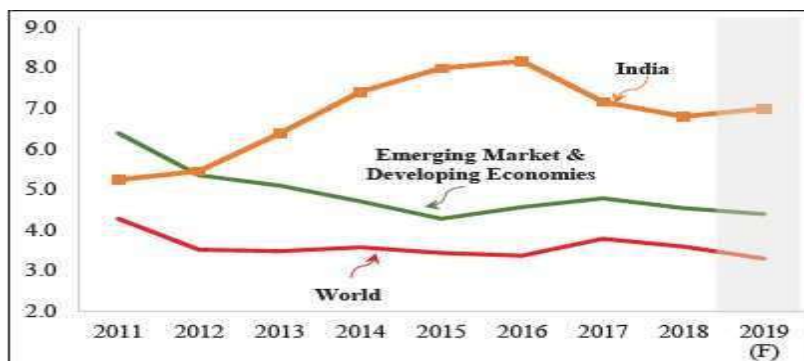
The Scenario Box later in this chapter provides illustrative examples that combine these aspects. Three alternative scenarios are considered. The first assumes a more protracted duration of the pandemic and necessary containment measures remaining in place for about 50 percent longer than in the baseline in all countries. The second features a recurrence of a milder outbreak in 2021. The third considers both a protracted pandemic and longer containment effort in 2020 as well as a recurrence in 2021. The scenarios depart from the baseline in several important aspects: the magnitude of the direct impact of measures to contain the spread of the virus, the tightening in financial conditions and the pace at which they ease, and the scarring resulting from the economic dislocation during the shutdown. As the Scenario Box shows, global GDP is estimated to deviate significantly from the baseline across the scenarios, ranging from 3 percent below baseline in 2020 in the first case (protracted pandemic in 2020) to 8 percent below baseline in 2021 in the third case (protracted pandemic in 2020 and recurrence in 2021). In all scenarios, output recovers only gradually and remains below the baseline throughout the medium term.

(Source - <https://www.imf.org/en/Publications/WEO/Issues/2020/04/14/weo-april-2020>)

INDIAN ECONOMY OVERVIEW

India continues to remain the fastest growing major economy in the world in 2018-19, despite a slight moderation in its GDP growth from 7.2 per cent in 2017-18 to 6.8 per cent in 2018-19. On the other hand, the world output growth declined from 3.8 per cent in 2017 to 3.6 per cent in 2018. The slowdown in the world economy and Emerging Market and Developing Economies (EMDEs) in 2018 followed the escalation of US China trade tensions, tighter credit policies in China, and financial tightening alongside the normalization of monetary policy in the larger advanced economies. In 2019, when the world economy and EMDEs are projected to slow down by 0.3 and 0.1 percentage points respectively, growth of Indian economy is forecast to increase.

Growth rate of real GDP (per cent)

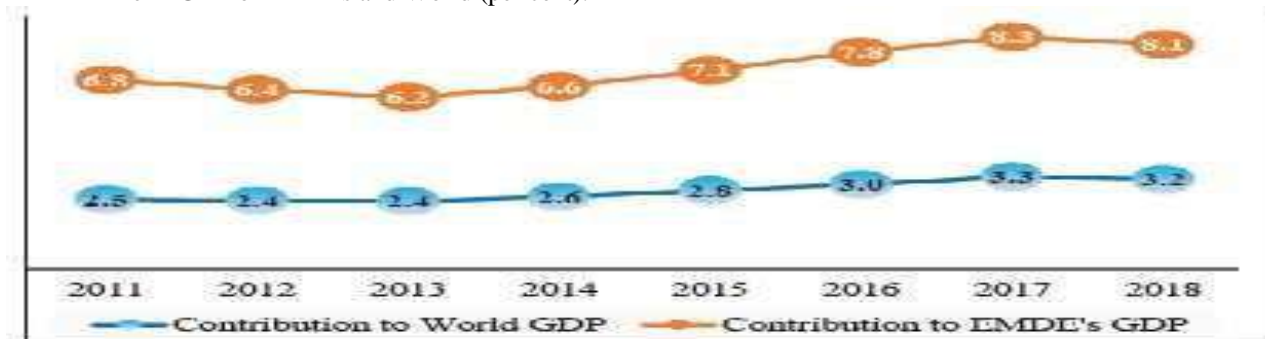


India is the seventh largest economy in terms of Gross Domestic Product (GDP) in current US\$ and has emerged as the fastest growing major economy. The average growth rate of India was not only higher than China's during 2014-15 to 2017-18 but much higher than that of other top major economies (measured in terms of GDP at current

US\$ terms) as well. With Purchasing Power Parity (PPP) adjustments, India's GDP at current international dollar, ranks third in the world.

The contribution of the Indian economy to the GDP of EMDEs and world economy has increased consistently over the years. In a span of less than a decade, India's contribution to EMDEs GDP has increased by around 1.3 percentage points and to the world economy by around 0.7 percentage points. India's share in GDP of EMDEs stood at 8 per cent in 2018. As per the WEO, April 2019 of IMF, going forward, the growth of world economy will be bolstered mainly by growth in China and India and their increasing weights in world income. In EMDEs group, India and China are the major drivers of growth. The global economy—in particular the global growth powerhouse, China—is rebalancing, leading to an increasing role for India. Hence, India's contribution has become much more valuable to the global economy.

India's share in GDP of EMDEs and World (per cent):



(Source:-https://www.indiabudget.gov.in/economicsurvey/doc/vol2chapter/echap01_vol2.pdf)

The economic impact of the 2019–20 coronavirus pandemic in India has been hugely disruptive. World Bank and credit rating agencies have downgraded India's growth for fiscal year 2021 with the lowest figures India has seen in three decades since India's economic liberalization in the 1990s. However, the International Monetary Fund projection for India for the financial year 2021-22 of 1.9% GDP growth is the highest among G-20 nations. The Indian economy is expected to lose over ₹32,000 crore (US\$4.5 billion) every day during the first 21-days of lockdown which was declared following the coronavirus outbreak. Up to 53% of businesses in the country will be affected. Supply chains have been put under stress with the lockdown restrictions in place; initially there was a lack of clarity in streamlining what is an "essential" and what isn't. Those in the informal sectors and daily wage groups are the most at risk. A large number of farmers around the country who grow perishables are also facing uncertainty. Various businesses such as hotels and airlines are cutting salaries and laying off employees. The live events industry has seen an estimated loss of ₹3,000 crore (US\$420 million).

Major companies in India such as Larsen and Toubro, Bharat Forge, UltraTech Cement, Grasim Industries, Aditya Birla Group, Tata Motors and Thermax have temporarily suspended or significantly reduced operations. iPhone producing companies in India have also suspended a majority of operations. Young startups have been impacted as funding has fallen. In the third week of March, Amazon and Walmart-owned Flipkart announced that it would stop sale of non-essential items in India so that it could focus on essential deliveries. Other fast-moving consumer goods companies in the country have significantly reduced operations and are focusing on essentials. Stock markets in India posted their worst loses in history on 23 March 2020. However, on 25 March, one day after a complete 21-day lockdown was announced by the Prime Minister, SENSEX and NIFTY posted their biggest gains in 11 years, adding a value of ₹4.7 lakh crore (US\$66 billion) crore to investor wealth.

The Government of India has announced a variety of measures to tackle the situation, from food security and extra funds for healthcare, to sector related incentives and tax deadline extensions. On 27 March, the Reserve Bank of India also announced a number of measures which would make available ₹374,000 crore (US\$52 billion) to the country's financial system. On 29 March, the government allowed the movement of all essential as well as non-essential goods during the lockdown. On 1 April, World Bank approved \$1 bn in support to India to tackle the coronavirus pandemic. On 3 April, the central government released more funds to the states for tackling the

coronavirus totaling to ₹28,379 crore (US\$4.0 billion). On 6 April, a 30% salary cut for one year was announced for the President, Prime Minister and Members of Parliament.

On April 14, 2020, the Prime Minister of India extended the lockdown to 3 May. A new set of guidelines for the calibrated opening of the economy and relaxation of the lockdown were also set in place which will take effect from 20 April. On 17 April, the RBI Governor announced more measures to counter the economic impact of the pandemic including ₹50,000 crore (US\$7.0 billion) special finance to NABARD, SIDBI, and NHB.

https://en.wikipedia.org/wiki/Economic_impact_of_the_2019%E2%80%9320_coronavirus_pandemic_in_India

Real GDP in 2019-20 is estimated to grow at 5.0 per cent (second advance estimates), lower than 6.1 per cent in 2018-19 (first revised estimates). The real Gross Value Added (GVA) is estimated to grow at 4.9 per cent in 2019-20 (second advance estimates) as compared to 6.0 per cent in 2018-19 (first revised estimates). The share of total final consumption (private and public consumption) in GDP at current prices in 2019-20 is estimated at 72.0 per cent, as compared to 70.4 per cent in 2018-19. Merchandise exports and imports (in US\$ terms) declined by 1.9 per cent and 8.1 per cent respectively in April-January 2019-20. Oil imports declined by 9.2 per cent and non-oil imports declined by 7.7 per cent in April-January 2019-20. During April-January 2019-20, merchandise trade deficit was US\$ 133.3 billion, lower as compared to US\$ 163.3 billion in April-January 2018-19. The fixed investment rate (ratio of gross fixed capital formation to GDP) is estimated at 27.5 per cent in 2019-20, as compared to 29.0 per cent in 2018-19. The growth in real fixed investment is estimated to decline at 0.6 per cent in 2019-20, as compared to 9.8 per cent in 2018-19. IIP registered a growth of 0.5 per cent in April-December 2019, as compared to 4.7 per cent during April-December 2018. In January 2020, the production of eight core industries grew by 2.2 per cent, as compared to a growth of 1.5 per cent recorded in January 2018. Production of eight core industries grew by 0.6 per cent in April-January 2019 as compared to a growth of 4.4 per cent in the corresponding period of previous year.

Some Other Infrastructure Indicators: The number of telephone subscribers in India declined from 1175.9 million at end November 2019 to 1172.4 million at end December 2019. The overall tele-density in India was 88.6 at end December 2019; the urban tele-density was 156.3 and rural tele-density was 56.7 at end December 2019. The traffic handled at major ports grew by 1.1 per cent to 585.7 million tonnes in April-January 2019-20, from 579.1 million tonnes in the corresponding period of the previous year. As per the Central Electricity Authority, electricity generation grew by 2.0 per cent in January 2020 (YoY basis). The total installed capacity for electricity generation was 3,68,690 MW at the end of January 2020, of which the share of thermal, hydro, renewable and nuclear sources was 62.4 per cent, 12.3 per cent, 23.4 per cent and 1.8 per cent respectively. Growth of bank credit was 7.1 per cent (YoY basis) as on January 31, 2020, as compared to 14.5 per cent in the corresponding fortnight end of the previous year. The Budget Estimates of the fiscal deficit as per centage of GDP for 2019-20 have been set at 3.3 per cent, as compared to 3.4 per cent in 2018-19 (Provisional Actual (PA)). The Rupee exchange rate (Re/US\$) stood at 71.3138 at the end of January 2020, compared to 71.2328 at the end of December 2019.

India's current account deficit (CAD) was 0.9 per cent of GDP (US\$ 6.3 billion) in Q2 of 2019-20, as compared to 2.9 per cent of GDP (US\$ 19 billion) in Q2 of 2018-19. Net foreign direct investment was US\$ 7.4 billion in Q2 of 2019-20, almost same level as compared to Q2 of 2018-19. The external debt stood at US\$ 557.5 billion at end-September 2019, recording an increase of 0.5 per cent over the level at end-June 2019. Long-term debt was US\$ 448.4 billion at end September 2019, while the remaining US\$ 109.1 billion was short-term debt. Foreign exchange reserves stood at US\$ 476.1 billion as on February 21, 2020, as compared to US\$ 447.8 billion at end-March 2019. WPI inflation increased to 3.1 per cent in January 2020 as compared to 2.6 per cent in December 2019. Consumer Price Index (CPI) – Combined inflation was 4.5 per cent in April-January 2019-20 as compared to 3.6 per cent in April-January 2019. Growth of money supply (M3) (on year on year basis) as on January 31, 2020 stood at 10.2 per cent, as compared to a growth rate of 10.4 per cent as recorded in the corresponding fortnight end in the previous year.

Note: Conversion rate used as on January 2020, Rs 1 = US\$ 0.014022531

<https://www.ibef.org/economy/monthly-economic-report>

INDUSTRY OVERVIEW - TOURISM & HOSPITALITY INDUSTRY IN INDIA

Introduction

India is a large market for travel and tourism. It offers a diverse portfolio of niche tourism products - cruises, adventure, medical, wellness, sports, MICE, eco-tourism, film, rural and religious tourism. India has been recognized as a destination for spiritual tourism for domestic and international tourists. In his Independence speech from Red Fort, Prime Minister Narendra Modi urged people to visit 15 domestic tourist destinations in India by 2022 to promote tourism.

Total contribution by travel and tourism sector to India's GDP is expected to increase from Rs 15.24 lakh crore (US\$ 234.03 billion) in 2017 to Rs 32.05 lakh crore (US\$ 492.21 billion) in 2028. Total earning from the sector in India is targeted to reach US\$ 50 billion by 2022.

The Indian tourism and hospitality industry has emerged as one of the key drivers of growth among the services sector in India. Tourism in India has significant potential considering the rich cultural and historical heritage, variety in ecology, terrains and places of natural beauty spread across the country.

Tourism is also a potentially large employment generator besides being a significant source of foreign exchange for the country. As of 2019, 4.2 crore jobs were created in the tourism sector in India, which was 8.1 per cent of the total employment in the country. The number is expected to rise by two per cent annum to 52.3 million jobs by 2028.

According to WTTC, India ranked third among 185 countries in terms of travel and tourism's total contribution to GDP in 2018. India ranked 34 in the Travel and Tourism Competitiveness Report 2019 published by the World Economic Forum.

Under the Swadesh Darshan scheme, 77 projects have been sanctioned of worth Rs 6,035.70 crore (US\$ 863.60 million). In Union Budget 2020-21, the Government has allotted Rs 1,200 crore (US\$ 171.70 million) for the development of tourist circuits under Swadesh Darshan for Northeast.

The launch of several branding and marketing initiatives by the Government of India such as 'Incredible India!' and 'Athiti Devo Bhava' has provided a focused impetus to growth. The Indian Government has also released a fresh category of visa - the medical visa or M-visa, to encourage medical tourism in the country. The Government is working to achieve one per cent share in world's international tourist arrivals by 2020 and two per cent share by 2025.

SEGMENTS OF TOURISM AND HOSPITALITY

Accommodation and catering

Accommodation could be hotels and motels, apartments, camps, guest houses, lodge, bed and breakfast establishments, house boats, resorts, cabins and hostels. In addition, tourists also require catering facilities, which includes hotels, local restaurants, roadside joints, cafeterias and retail outlets serving food and beverages.

Transportation

Transportation comprises of airline companies, cruise services, railways, car rentals and more. A tourist's choice of transport would depend on the travel budget, destination, time, purpose of the tour and convenience to the point of destination.

Attractions

Another major component of the travel and tourism industry is 'attractions' such as theme parks and natural attractions including scenic locations, cultural and educational attractions, monuments, events and medical, social or professional causes.

Travel agents

This is a fragmented sector with a number of independent travel agents and many online businesses. They also sell associated products such as insurance, car hire and currency exchange. Business travel agencies specialise in making travel and accommodation arrangements for business travellers and promoting conference trades.

Tour operators

Offer customised tours, including travel, accommodation and sightseeing.

EVOLUTION OF THE INDIAN TOURISM AND HOSPITALITY SECTOR

The National Tourism Policy was announced in 1982. The government formulated a comprehensive plan in 1988 to promote tourism. Various states in India declared tourism as an industry. The government stressed on private-public partnership in the sector. Government policies give a fillip to the hotel industry. A national policy on tourism was announced in 2002, focusing on developing a robust infrastructure. Online travel portals & low-cost carrier airlines gave a boost to domestic tourism. The government has undertaken various marketing initiatives to attract tourists. E-tourist Visa launched – 4 million tourists arrived in India in 2018 through this facility. Travel and tourism sector accounted for 8.1 per cent of total employment opportunities in India in 2019. In November 2018, India attained third position in world tourism sector after China and US.

NOTABLE TRENDS IN THE TOURISM INDUSTRY IN INDIA

Online travel operators

- Over 70 percent of air tickets are now being booked online in the country.
- Several online travel & tour operators have emerged in India and are customized options to consumers

Wellness tourism

- The wide spread practice of Ayurveda, yoga, siddha and naturopathy complemented with nation's spiritual philosophy makes India a famous wellness destination.

Cruises

- Government of India has estimated that India would emerge with a market size of 1.2 million cruise visitors by 2030-31. The Government is planning to setup five cruise terminals in the country and increase cruise ships to 1,000.
- Zen cruises launched its premiere cruiseline, Jalesh Cruises, and started its cruise service in India in April 2019.
- In November 2019, Chipsan Aviation introduced helicopter services from Willingdon Island, Cochin Port.

Adventure

- Adventure tourism is one of the most popular segments of tourism industry. Owing to India's enormous geo-physical diversity, it has progressed well over the years. Moreover, the Government has recognized Adventure tourism as a niche tourism product to attract tourists with specific interest.
- Part of India's tourism policy, almost every state has definite programme to identify & promote Adventure tourism.

Camping sites

- Promotion of camping sites have been encouraged with adequate acknowledgement of its adverse effects on the environment.
- Besides providing unique rewarding experiences, responsible conduct of camping can be a major source of economic opportunity in remote areas as well as an instrument of conservation.

MARKET SIZE

India is the most digitally advanced traveller nation in terms of digital tools being used for planning, booking, and experiencing a journey. India's rising middle class and increasing disposable income has supported the growth of domestic and outbound tourism.

During 2019, foreign tourist arrivals (FTAs) in India stood at 10.89 million, achieving a growth rate of 3.20 per cent y-o-y. During 2019, FEEs from tourism increased 4.8 per cent y-o-y to Rs 1,94,881 crore (US\$ 29.96 billion). In 2019, arrivals through e-Tourist Visa increased by 23.6 per cent y-o-y to 2.9 million.

International hotel chains are increasing their presence in the country, and it will account for around 47 per cent share in the tourism and hospitality sector of India by 2020 and 50 per cent by 2022

INVESTMENTS

- India was globally the third largest in terms of investment in travel and tourism with an inflow of US\$ 45.7 billion in 2018, accounting for 5.9 per cent of the total investment in the country.
- Hotel and Tourism sector received cumulative FDI inflow of US\$ 15.28 billion between April 2000 and March 2020.

GOVERNMENT INITIATIVES

The Indian Government has realised the country's potential in the tourism industry and has taken several steps to make India a global tourism hub.

Swadesh Darshan

- Based on specific themes, Government has identified 15 circuits which include Krishna Circuit, Buddhist Circuit, Himalayan Circuit, Northeast Circuit, Coastal Circuit, wild life circuit and tribal circuit.
- So far, 77 projects for an amount Rs 6,035.70 crore (US \$ 836.60 million) have been sanctioned under the Swadesh Darshan Scheme since FY15.
- Under Budget 2020-21, the Government has allotted Rs 1,200 crore (US \$ 171.70 million) for the development of tourist circuits under Swadesh Darshan for entire Northeast.

Pilgrimage Rejuvenation and Spiritual, Heritage Augmentation Drive (PRASHAD)

- National Mission on Pilgrimage Rejuvenation & Spiritual Augmentation was implemented by the Ministry for enhancing the facilities and infrastructure provided at pilgrimage centres across the country.
- Under Budget 2020-21, the Government has allocated Rs 207.55 crore (US \$ 29.70 million) for the development of tourist circuits under PRASHAD.
- As of now, a total of 28 projects have been sanctioned for an amount of Rs 840.02 crore (US \$ 120.19 million) under this scheme.

National Tourism Policy 2015

- Formulation of National Tourism Policy 2015 was initiated to encourage Indian citizens to explore their own country as well as position the country as a 'Must See' destination for global travellers.
- Under Union Budget 2020-21, Rs 590 crore (US \$ 84.42 million) has been allocated for promotion and publicity of various programmes and schemes of the Tourism Ministry.

Statue of Unity

- Statue of Sardar Vallabh bhai Patel, also known as 'State of Unity', was inaugurated in October 2018.

- It is the highest standing statue in the world at a height of 182 metres.
- It is expected to boost the tourism sector in the country and put India on the world tourism map. In February 2019, the visiting hours were increased by additional two hours and the place was equipped with E-bike tours.
- Over 29 lakh tourists visited the Statue of Unity since it was inaugurated, resulting in a revenue of Rs 82.51 crore (US \$ 11.81 million).

Special Boards

The Ministry has setup Hospitality Development & Promotion Board to monitor and facilitate hotel project clearances/approvals.

Tourist Police

- In March 2018, Ministry of Tourism initiated State Governments / Union Territory (UT) administrations of India to deploy tourist police.
- In November 2019, Nagaland deployed a separate tourist police.

Tax Incentives

- An investment – linked deduction under Section 35AD of the Income Tax Act is in place for establishing new hotels under 2-star category and above across India, thus permitting a 100 percent deduction in respect of the whole or any expenditure of capital nature.
- In 2019, the Government reduced GST on hotel rooms with tariffs of Rs 1,001 (US \$ 14.32) to Rs 7,500 (US \$ 107.31) per night to 12 percent and those above Rs 7,501 (US \$ 107.32) to 18 percent to increase India's competitiveness as a tourism destination.

Safety and Security Initiatives

- Ministry of Tourism launched a 24x7 toll free multilingual tourist information helpline in 12 languages to provide information related to travel in India.
- Ministry of Tourism issued guidelines on Safety and Security for States/UTs along with tips for travelers.
- Launched social media awareness campaign in the spirit of 'Atithi devo Bhava' to develop importance of good conduct and behavior towards tourists.
- Initiative to conduct constant dialogue with States/UTs for drawing ideas for development and promote tourism.

Incentives from Ministry of Tourism

- Assistance in large revenue-generating projects.
- Support to public private partnerships (PPP) in infrastructure development such as viability gap funding.
- Under budget 2019-20, Government introduced a Tax Refund for Tourists (TRT) scheme similar to countries like Singapore to encourage tourists to spend more in India and boost tourism.

Project Mausam

Under 'Project Mausam', the Government proposed to establish cross cultural linkages and revive historic maritime cultural and economic ties with 39 Indian Ocean countries. In 2015, the Government linked China Silk Road project with Project Mausam.

E-tourist Visa

- The number of tourists arriving on e-Tourist Visa grew 23.6 percent y-o-y to 2.36 million in 2019.
- Foreigners travelling to India on e-Tourist Visa will receive a pre-activated BSNL SIM card loaded

with talk-time and data.

India Tourism Mart 2019

- In September 2019, the second session of India Tourism Mart (ITM 2019) was organised. It was a three-day event organized by FAITH (Federation of Associations in Indian Tourism and Hospitality) and the Ministry of Tourism, Government of India.
- 160 exhibitors from across the country came together to interact and transact business.

Achievements

Following are the achievements of the Government during 2019-20:

- During 2019-20, an additional fund Rs 1,854.67 crore (US\$ 269.22 million) was sanctioned for new projects under the Swadesh Darshan scheme.
- Ministry of Tourism sanctioned 18 projects covering all the North Eastern States for Rs 1,456 crore (US\$ 211.35 million) to develop and promote of tourism in the region under Swadesh Darshan and PRASHAD schemes.
- Statue of Sardar Vallabhbhai Patel, also known as 'State of Unity', was inaugurated in October 2018 and the total revenue generated till November 2019 stood at Rs 82.51 crore (US\$ 11.81 million).

ROAD AHEAD

The Government is also making serious efforts to boost investment in the tourism sector. In the hotel and tourism sector, 100 per cent FDI (Foreign Direct Investment) is allowed through the automatic route. A five-year tax holiday has been offered for 2-, 3- and 4-star category hotels located around UNESCO World Heritage sites (except Delhi and Mumbai).

Hotel and Tourism sector received cumulative FDI inflow of US\$ 15.28 billion between April 2000 and March 2020. In Union Budget 2019-20, the Government introduced a Tax Refund for Tourists (TRT) scheme in line with countries like Singapore to encourage tourists to spend more in India and boost tourism. The Government of India also announced to develop 17 iconic tourist sites in India into world-class destinations as per Union Budget 2019-20.

India's travel and tourism industry has huge growth potential. The industry is also looking forward to the expansion of e-Visa scheme, which is expected to double the tourist inflow in India. India's travel and tourism industry has the potential to expand by 2.5 per cent on the back of higher budgetary allocation and low-cost healthcare facility according to a joint study conducted by Assocham and Yes Bank.

Note: *in US\$ terms

Note: Conversion rate used in April 2020, Rs 1 = US\$ 0.013123

References: Media Reports, Ministry of Tourism, Press Releases, Department for Promotion of Industry and Internal Trade (DPIIT), Press Information Bureau (PIB), Union Budget 2020-21

OUR BUSINESS

Some of the information in this section, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. Before deciding to invest in the Equity Shares, Shareholders should read this entire Draft Letter of Offer. An investment in the Equity Shares involves a high degree of risk. For a discussion of certain risks in connection with investment in the Equity Shares, you should read "Risk Factors" on page 25, for a discussion of the risks and uncertainties related to those statements, as well as "Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 154 and 155, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Unless otherwise stated, the financial information used in this section is derived from our Restated Financial Statements.

Our Company was incorporated on September 09, 1960 as a public limited company under the Companies Act, 1956 with the Registrar of Companies, Madras. The name of our Company was changed to 'Aruna Sugars & Enterprises Limited' and a fresh certificate of incorporation dated July 3, 1986 was issued to our Company by the Registrar of Companies, Madras, Tamil Nadu. The name of our Company was changed to 'Aruna Sunrise Hotels Limited' and a fresh certificate of incorporation dated October 25, 2000 was issued to our Company by the Registrar of Companies, Chennai, Tamil Nadu, the name of our Company was changed to The name of our Company was changed to 'Aruna Hotels Limited' and a fresh certificate of incorporation dated January 14, 2003 was issued to our Company by the Asst. Registrar of Companies, Chennai, Tamil Nadu. The Corporate Identification Number of our Company is L15421TN1960PLC004255.

Our Company had initially set up a sugar plant at Pennadam, South Arcot District, Tamil Nadu with a crushing capacity of 1,250 TCD. Through a series of modernisation and expansion programmes, the capacity was expanded to 5000 TCD in and around 1993. In 1986, the Company diversified its activities by taking over the assets then owned by SAS Chemicals (Madras) Pvt. Ltd., a sick unit at Ranipet, North Arcot District, Tamil Nadu auctioned by TIICL, which had facilities for manufacture of 30 TPD ferric alum.

In 1987, the Company further diversified its activities by taking over the assets of 'Geetha Flour Mills Ltd.', at Tiruvalla, Kerala with a milling capacity of 100 TPD of wheat. Around 1994-95 the Company discontinued its flour mill division.

In and around 1971 the Company as part of diversification also set up a distillery project at Panruti, Tamil Nadu. In the early 1990s, our Company as part of further diversification took up the project to set up a business class hotel comprising of about 90 rooms in the heart of Chennai City and since then the Company is in the business of developing, owning, acquiring, renovating, operating, managing and promoting hotels, restaurants, etc.

In the mid 1990's, the Sugar and Distillery Divisions of our Company were under performing which resulted in erosion of the profits of the Company. Consequently, in and around 1998-99, the Company disposed of the Sugar and Distillery division as a going concern. Thereafter around 2002-2003, our Company divested its Alum Unit, considering the bleak future of the unit as it was continuing to face stiff competition from small scale units situated in different parts of Tamil Nadu.

Our Company presently owns a hotel by the name of 'Aruna Hotel' – Chennai situated at 144, 145, Sterling Road, Nungambakkam, Chennai – 600034, Tamil Nadu, India. In the financial year 2014-15, our Company stopped its hotel operations and is presently in the process of renovating the Hotel premises. For this purpose, our Company has entered into a Memorandum of Agreement for Architect Cum Project Management Consultancy Services dated December 01, 2017 with M/s. Transform, proprietorship concern, to act as the Architect cum Project Management Consultant for the renovation and development of the Hotel building. The renovation process is expected to be completed in the financial year 2020-21.

Post completion of the renovation process, our Hotel shall comprise of around 80 well designed rooms which are expected to be equipped with modern amenities/facilities.

For the Fiscals 2020, 2019 and 2018, our revenue from operations was NIL. Also, our profit after tax for the Fiscals 2020, 2019 and 2018 was Rs. (788.57) lakhs, Rs. (979.31) lakhs and Rs. (1,039.62) lakhs respectively.

Our Competitive Strengths

Prior to undergoing renovation, our Hotel offered attractive stay packages to its customers and expects to continue offering the same in future once it becomes operational. Our Hotel is strategically located and is built on a spacious area of more than an acre.

Prior to commencement of the renovation work, our Hotel comprised of two towers and 91 well designed rooms and was equipped with amenities such as restaurants, swimming pool, banquet halls, gymnasium and business centre. The Hotel had a restaurant and café by the name of 'Columbia' which offered multiple cuisine and had a pool side lounge/bar by the name of 'Marina'. The business centre of the Hotel provided business facilities and was well equipped with modern facilities to cater to the needs of the business guests and also provided facilities to conduct events such as like weddings, receptions, and other social functions.

Locational Advantage

The Company owns a hotel named 'Aruna Hotel' - Chennai built on a spacious area of more than an acre. The hotel is situated at iconic Sterling Road with close proximity to high end commercial and residential area and can be easily reached with the help of local transport. The Airport is about 15 kms away and the Chennai Central Railway Station is just 7 kms away from the Hotel. Consulates, business district and various popular commercial establishments are located in close proximity to the Hotel.

Business Strategies

We intend to pursue the following principal strategies to leverage our competitive strengths and grow our business:

Continue to focus on enhancing our operational performance and the competitiveness of our hotel property

We intend to continue to focus on enhancing our operational performance and profitability by maintaining high standards of service and quality as well as implementing the initiatives set out below to enhance our brand image and encourage customer loyalty, which will in turn lead to revenue optimization.

- a. continue to enhance customer relationships, particularly with our corporate and MICE customers, as well as tour operators, travel agents, conference organizers, wedding planners and organizers of sports and other events;
- b. strengthen our position in markets where we have an established presence and leveraging our presence to expand our market share;
- c. implement technology to enable use of customer information such as customer recognition and experience at our hotels in order to respond effectively to changing customer preferences;
- d. focus on effective use of our online distribution channels (including our website) and increase direct bookings through such distribution channels; and
- e. increase the use of social media and other advertising methods to increase our engagement with existing as well as potential customers and to market our properties and services, particularly our Banqueting Services and F&B Services.

Continue to improve operating efficiencies

Post commencement of our Hotel operations, we intend to manage our operating costs through the following measures, among others:

- a. rationalize sourcing costs through centralized planning of our sourcing requirements of consumables utilized by our Hotel and develop, wherever possible, long-term relationships with our vendors, which will enable us to negotiate competitive rates with our vendors;
- b. undertake local procurement of operating supplies and raw materials, which enables efficient logistics management and accordingly, reduces costs for certain items;
- c. improve staff productivity and efficiency to reduce employee costs per room through the effective use of technology, workforce management systems, comprehensive training and performance-linked compensation;
- d. implement energy saving initiatives that are cost-efficient and environment friendly; and
- e. maintain optimum levels for other overheads such as head office operations, sales and marketing, loyalty program expenses, among others, commensurate with the expansion of our hotel.

Brand expansion through management contracts

Post commencement of our Hotel operations, we intend to leverage our brand, sales and marketing network and expertise in operating and managing hospitality operations in Chennai to evaluate opportunities, from time to time, to operate and manage our Hotel property. We may selectively enter into such contracts in circumstances where it is economically and strategically prudent to do so and to further expand our brand in key geographies where we are not present. We may partner with other property management and hospitality companies that will own and/or design and build hotels and will agree to assign the rights to manage and operate these hotels to us. Since management agreements require lower upfront financial investment compared to development of new hotels on owned, leased or licensed land, we believe this strategy will enable us to reduce our capital expenditure, distribute fixed costs, further diversify our sources of revenue, efficiently utilize capital for achieving future growth.

Subsisting collaborations, any performance guarantee or assistance in marketing by the collaborators, infrastructure facilities for raw materials and utilities like water, electricity, etc.

NIL

Sales and Marketing

Post commencement of our Hotel operations, we intend to conduct marketing promotions with certain brands in India as well as on ground promotions supported by telemarketing.

Collaborations

As on the date of this Draft Letter of Offer we have not entered into any technical or other collaboration arrangements.

Competition

Competition in the industry in which we operate, is primarily based on factors such as quality of accommodation, price, level of service, brand recognition, facilities and supporting infrastructure, convenience of location and the quality of lobby areas, F&B facilities and other amenities. We intend to compete with hotel chains in the luxury and mid-market hotel segments in India. Some of our competitors are large companies with access to greater financial, technical and marketing resources and may, in certain circumstances, have greater room inventory resulting in benefits from economies of scale. Some of our competitors may be present across all or several business segments in the Indian hotel industry (i.e., budget, mid-market, luxury and heritage) and may have operations spread across geographies. While other competitors may also benefit from greater experience in the Indian hospitality industry. As we expand our operations, we will face competition from the Indian and international hotel chains having significant brand awareness.

Capacity and Capacity Utilization

We are engaged in hospitality business and do not have any manufacturing facility. Hence any specific data relating to capacity and capacity utilization does not exist.

Intellectual Property

Our Company owns the following trademark:

Sr. No.	Description	Registration Number	Valid up to
1.	ARUNA HOTELS [word mark]	4025264	December 13, 2028

Land and Property

The detail of our freehold property is provided below:

Sr. No.	Particulars of the Property	Usage
1.	Aruna Centre, 144, 145, Sterling Road, Nungambakkam, Chennai 600034, Tamil Nadu	Hotel premises for carrying out our business operations.

KEY INDUSTRIAL REGULATIONS AND POLICIES

The following description is a summary of certain specific laws, regulations and policies as prescribed by the Government of India and other regulatory bodies that are applicable to our Company. The information detailed in this chapter is based on current provisions of Indian laws which are subject to amendments, changes and modifications by subsequent legislative, regulatory, administrative or judicial decisions. The information stated below is based on information gathered from the public domain. The list of laws, rules and regulations set out below may not be exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice and investors are advised to seek independent professional legal advice.. The Company may be required to obtain licenses and approvals depending upon the prevailing laws and regulations as applicable. For details of such approvals, please see chapter on “Government and Other Approvals” on page no. 180 of this Draft Letter of Offer.

A. Industry related Regulations:

Hotel Classification Guidelines

With the aim of providing contemporary standards of facilities and services available in the hotels, the Ministry of Tourism, Government of India (Tourism Ministry) has issued guidelines dated January 19, 2018 for project approval and classification/re-classification of hotels.

The Hotel and Restaurant Approval and Classification Committee inspects and assesses the hotels based on various facilities and services offered by it. Hotel projects are approved at implementation stage and hotels are classified under Star Category Hotels or Heritage Category Hotels once they are operational. Star Category Hotels include the following sub-categories: 5 Star Deluxe, 5 Star (with or without alcohol services), 4 Star (with or without alcohol services), 3 Star, 2 Star and 1 Star hotels.

Pursuant to the Tourism Ministry’s guidelines for classification of heritage hotels, hotels running in palaces, castles, forts, havelies, hunting lodges or residences which were built prior to the year 1950 can seek classification in a heritage category.

The classification into the sub-categories, Heritage, Heritage Classic or Heritage Grand, is based on the features and amenities of the hotel, including number of rooms, conformity of the general features and ambience to the overall concept of heritage and architectural distinctiveness, availability of sporting facilities, type of cuisine offered, quality of service and years of experience of the owner/staff.

The Tourism Ministry has also issued separate guidelines for approval and classification/reclassification of apartment hotels.

The Food Safety and Standards Act, 2006, (“FSS Act”)

The FSS Act was enacted on August 23, 2006 with a view to consolidate the laws relating to food and to establish the Food Safety and Standards Authority of India (“FSSAI”), for laying down science based standards for articles of food and to regulate their manufacture, storage, distribution, sale and import, and to ensure availability of safe and wholesome food for human consumption. The FSS Act also sets out requirements for licensing and registration of food businesses, general principles of food safety, and responsibilities of the food business operator and liability of manufacturers and sellers, and adjudication by Food Safety Appellate Tribunal. For enforcement, the FSS Act the ‘commissioner of food safety’, ‘food safety officer’ and ‘food analyst’ have been granted with detailed powers of seizure, sampling, taking extracts and analysis. Further, The Food Safety and Standards Rules, 2011 (“FSSR”) which have been operative since August 5, 2011, provide the procedure for registration and licensing process for food business and lay down detailed standards for various food products. The standards include specifications for ingredients, limit of quantities of contaminants, tolerance limits of pesticide drugs residue, biological hazards and labels. The FSSAI has also framed *inter alia* the following food safety and standards regulations in relation to various food products and additives:

- Food Safety and Standards (Licensing and Registration of Food Businesses) Regulations, 2011;
- Food Safety and Standards (Packaging and Labelling) Regulations, 2011;
- Food Safety and Standards (Food Product Standards and Food Additives) Regulations, 2011;
- Food Safety and Standards (Prohibition and Restriction on Sales) Regulations, 2011;
- Food Safety and Standards (Contaminates, Toxins and Residues) Regulations, 2011; and
- Food Safety and Standards (Laboratory and Sampling Analysis) Regulations, 2011.

Tourism Policy of Government of India

In order to develop tourism in India in a systematic manner, position it as a major engine of economic growth and harness its direct and multiplier effects for employment and poverty eradication in an environmentally sustainable manner, the National Tourism Policy was formulated in the year 2002 (the “***Tourism Policy***”). Broadly, the Tourism Policy attempts to:

- i. Position tourism as a major engine of economic growth;
- ii. Harness the direct and multiplier effects of tourism for employment generation, economic development and providing impetus to rural tourism;
- iii. Focus on domestic tourism as a major driver of tourism growth;
- iv. Position India as a global brand to take advantage of the burgeoning global travel trade and the vast untapped potential of India as a destination;
- v. Acknowledge the critical role of the private sector with the government working as a pro- active facilitator and catalyst;
- vi. Create and develop integrated tourism circuits based on India’s unique civilization, heritage, and culture in partnership with the state governments, private sector and other agencies; and
- vii. Ensure that the tourist to India gets physically invigorated, mentally rejuvenated, culturally enriched, spiritually elevated and —feels India from within.

Fire Safety Permit

A fire safety certificate or permit is required to be obtained from the Fire Department. It is a must for operating a hotel business. Fire safety certificate is usually provided if the building has incorporated proper fire prevention and fire safety measures as required under the relevant fire safety rules and regulations.

Police License for Hotel

Hotels are public places that are monitored closely by the Police Department. Therefore, all hotels must maintain proper log of all guests who have stayed at the hotel, follow relevant regulations and maintain a valid permit from the Police Department. Police license for hotels usually falls under the power of licensing of Places of Public Entertainment held by Commissioner or Additional Commissioner of Police. Permission for special events in the hotel is required to be obtained from the police department having proper jurisdiction. Hotels are required to maintain the foreign national registration on a day to day basis.

Health Trade License or Trade License

A health trade license is usually required to be obtained from the local Health Department for purpose of carrying on restaurant and hotel business. Health trade licenses are usually issued by the Municipal Corporation. The health trade license is required for businesses that have a direct impact on public health. Compliance with the relevant hygiene and safety norms, which are important for public health is a prerequisite for issuance of a health trade license.

As per the Schedule V, the hotels are required to obtain the license to carry out the hotel business in the premises therefore, the trade license is applicable to us.

Bar License

If the hotel operates a bar or serves alcohol in the restaurants or hotels, a Bar license will be required from the relevant authorities. Bar license is usually provided by departments operating under the State Government. Hence, the requirement for bar license varies from state to state. Also, the Bar license for foreign liquor is to be obtained for the selling/ distributing the same from the relevant authority.

For a hotel to obtain bar license in Tamil Nadu or Chennai, the hotel must conform to the following specifications laid out in the Tamil Nadu Liquor (License and Permit) Rules, 1981. The hotel must satisfy the following conditions and be certified as such by the Director of Tourism of the State Government:

- i. Hotel must have twenty lettable bedrooms and forty beds with attached bathrooms;
- ii. Hotel must have separate dining room and restaurant;
- iii. Hotel must have good quality cuisines, both Indian and Continental;
- iv. Hotel must have a clean kitchen and washing facilities;
- v. Hotel must have well trained staff with uniform;
- vi. Hotel must have special facilities like conference hall, recreation facilities (indoor games);
- vii. Hotel must have adequate parking space.

The bar license requirement is applicable to our Hotel.

Consumer Protection Act, 2019

The Consumer Protection Act, 2019 (“**COPRA**”) will repeal the existing Consumer Protection Act, 1986, and shall come into force on such date as the Central Government may, by notification, appoint. The Consumer Protection Act, 1986 provides a mechanism for the consumer to file a complaint against a service provider in cases of unfair trade practices, restrictive trade practices, deficiency in services, price charged being unlawful and food served being hazardous to life. It also places product liability on a manufacturer or product service provider or product seller, to compensate for injury or damage caused by defective product or deficiency in services. It provides for a three tier consumer grievance redressal mechanism at the national, state and district levels. Non-compliance of the orders of the redressal commissions attracts criminal penalties. The COPRA will, inter alia, introduce a Central Consumer Protection Council to promote, protect and enforce the rights of consumers executive agency to provide relief to a class of consumers. The COPRA will bring e-commerce entities and their customers under its purview including providers of technologies or processes for advertising or selling, online market place or online auction sites. The COPRA will also provide for mediation cells for early settlement of the disputes between the parties.

Information Technology Act, 2000

The Information Technology Act, 2000 (the “**IT Act**”) creates a liability on a body corporate which is negligent in implementing and maintaining reasonable security practices and procedures, and thereby causing wrongful loss or wrongful gain to any person, while possessing, dealing with, or handling any sensitive personal data or information in a computer resource owned, controlled or operated by it but affords protection to intermediaries with respect to third party information liability. The IT Act also provides for civil and criminal liability including compensation, fines, and imprisonment for various computer related offences. These include offences relating to unauthorised disclosure of confidential information and committing of fraudulent acts through computers, tampering with source code, unauthorised access, publication or transmission of obscene material etc. The IT Act empowers the Government of India to formulate rules with respect to reasonable security practices and procedures and sensitive personal data. Additionally, the IT Act empowers the Government of India to direct any of its agencies to intercept, monitor or decrypt any information in the interest of sovereignty, integrity, defence and security of India, among other things. In April 2011, the Department of Information Technology under the Ministry of Communications and Information Technology notified the Information Technology (Reasonable Security Practices and Procedures and Sensitive Personal Data or Information) Rules 2011 under Section 43A of

the IT Act and the Information Technology (Intermediaries Guidelines) Rules, 2011 under Section 79(2) of the IT Act.

B. Labour related Regulations:

The various labour and employment related legislation that may apply to our operations, from the perspective of protecting the workers' rights and specifying registration, reporting and other compliances, and the requirements that may apply to us as an employer, would include the following:

- The Child Labour (Prohibition and Regulation) Act, 1986;
- The Contract Labour (Regulation and Abolition) Act, 1970;
- The Employee's Compensation Act, 1923;
- The Employees State Insurance Act, 1948;
- The Employee's Provident Fund and Miscellaneous Provisions Act, 1952 ("EPF Act");
- The Equal Remuneration Act, 1976;
- The Maternity Benefit Act, 1961;
- The Minimum Wages Act, 1948;
- The Payment of Gratuity Act, 1972;
- The Payment of Bonus Act, 1965;
- The Payment of Wages Act, 1936;
- The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and
- The Workmen's Compensation Act, 1923

C. Tax related Legislations:

The following is an indicative list of tax related laws that are applicable to our Company:

Finance Act, 2020

The Finance Act, 2020 received the assent of the President on March 27, 2020 and came into force on April 01, 2020 to give effect to the financial proposals of the Central Government for the financial year 2020-21. This Act contains necessary amendments in direct and indirect taxes signifying the policy decisions of the Union Government for the year 2020-21.

Income Tax Act, 1961

Income Tax Act, 1961 is applicable to every Domestic / Foreign Company whose income is taxable under the provisions of this Act or Rules made under it depending upon its residential status and type of income involved. Under Section 139(1) every Company is required to file its Income Tax Return for every Previous Year by 30th September of the Assessment Year. Other compliances like those relating to Tax Deduction at Source, Fringe Benefit Tax, Advance Tax, Minimum Alternative Tax and like are also required to be complied by every Company.

The Central Goods and Service Tax Act, 2017

Goods and Services Tax (GST) is a comprehensive indirect tax on manufacture, sale and consumption of goods and services throughout India to replace taxes levied by the central and state governments. It was introduced as The Constitution (One Hundred and First Amendment) Act 2016, following the passage of Constitution 101st Amendment Bill. GST-registered businesses are allowed to claim tax credit to the value of GST they paid on purchase of goods or services as part of their normal commercial activity. Administrative responsibility rests with a single authority to levy tax on goods and services. Exports would be considered as zero-rated supply and imports would be levied the same taxes as domestic goods and services adhering to the destination principle in addition to the Customs Duty which will not be subsumed in the GST.

Introduction of Goods and Services Tax (GST) is a significant step in the reform of indirect taxation in India. Amalgamating several Central and State taxes into a single tax mitigates cascading or double taxation, facilitating a common national market. The simplicity of the tax leads to easier administration and enforcement.

Professional Tax

The professional tax slabs in India are applicable to those citizens of India who are either involved in any profession or trade. The State Government of each State is empowered with the responsibility of structuring as well as formulating the respective professional tax criteria and is also required to collect funds through professional tax. The professional taxes are charged on the incomes of individuals, profits of business or gains in vocations. The professional tax is charged as per the List II of the Constitution. The professional taxes are classified under various tax slabs in India. The tax payable under the State Acts by any person earning a salary or wage shall be deducted by his employer from the salary or wages payable to such person before such salary or wages is paid to him, and such employer shall, irrespective of whether such deduction has been made or not when the salary and wage is paid to such persons, be liable to pay tax on behalf of such person and employer has to obtain the registration from the assessing authority in the prescribed manner. Every person liable to pay tax under these Acts (other than a person earning salary or wages, in respect of whom the tax is payable by the employer), shall obtain a certificate of enrolment from the assessing authority.

The Tamil Nadu Tax on Professions, Trades, Callings and Employments Act, 1992 is applicable to our Company.

D. Applicable state Legislations:

Tamil Nadu Goods and Services Tax Act, 2017

Tamil Nadu Goods and Services Tax Act, 2017 provides for the levy of GST on intra-state supply of goods or services or both. It was introduced as The Constitution (One Hundred and First Amendment) Act 2016, following the passage of Constitution 101st Amendment Bill. GST-registered businesses are allowed to claim tax credit to the value of GST they paid on purchase of goods or services as part of their normal commercial activity. Administrative responsibility rests with a single authority to levy tax on goods and services.

Tamil Nadu Shops and Establishments Act, 1947

The legislation regulates the working and employment conditions of the workers employed in shops and establishments including commercial establishments and provide for fixation of working hours, rest intervals, overtime, holidays, leave, termination of service, maintenance of shops and establishments and other rights and obligations of the employers and employees.

E. Environmental related Regulations:

Environment (Protection) Act, 1986 ("***Environment Act***") and the Environment (Protection) Rules, 1986 ("***Environment Rules***"). The Environment Act is an umbrella legislation designed to provide a framework for the Central Government to coordinate activities of various state and central authorities established under previous environmental laws. The Environment Act specifies that no person carrying on any industry, operation or process shall discharge or emit or permit to be discharged or emitted any environment pollutants in excess of such standards as may be prescribed.

The Environment Act empowers the Central Government to make rules for various purposes viz., to prescribe:

- the standards of quality of air, water or soil for various areas;
- the maximum allowable limits of concentration of various environmental pollutants for different areas;
- the procedures and safeguards for the prevention of accidents which may cause environmental pollution

- and remedial measures for such accidents;
- the procedures and safeguards for extracting and utilizing ground water.

Further, pursuant to Environment Rules, every person who carries on an industry, operation or process requiring consent under Water (Prevention and Control of Pollution) Act, 1974 (“**Water Act**”) or Air (Prevention and Control of Pollution) Act, 1981 (“**Air Act**”) or shall submit to the concerned Pollution Control Board (“**PCB**”) an environmental statement for that financial year in the prescribed form.

The Noise Pollution (Regulation & Control) Rules, 2000 (“The Noise Regulation Rules”)

The Noise Regulation Rules regulate noise levels in industrial (75 decibels), commercial (65 decibels) and residential zones (55 decibels). The Noise Regulation Rules also establish zones of silence of not less than 100 meters near schools, courts, hospitals, etc. The Rules also assign regulatory authority for these standards to the local district courts. Penalty for non-compliance with the Noise Regulation Rules shall be under the provisions of the Environment (Protection) Act, 1986.

Air (Prevention and Control of Pollution) Act, 1981

The Air Act stipulates that no person shall, without prior written consent of the relevant state pollution control board, establish or operate any industrial plant which emits air pollutants in an air pollution control area, as notified by the state pollution control board. The pollution control board is required to grant, or refuse, the consent within four months of receipt of the application. The consent may contain conditions relating to specifications of pollution control equipment to be installed.

Water (Prevention and Control of Pollution) Act, 1974

The Water Act aims to prevent and control water pollution and to maintain or restore water purity. Under the provisions of the Water Act, any individual, industry or institution discharging industrial or domestic wastewater or establishing any treatment or disposal system or the using of any new or altered outlet for the discharge of sewage is required to obtain the consent of the applicable state pollution control board, which is empowered to establish standards and conditions that are required to be complied with. The consent to operate is granted for a specific period after which the conditions stipulated at the time of granting consent are reviewed by the state pollution control board. Even before the expiry of the consent period, the state pollution control board is authorized to carry out random checks on any industry to verify if the standards prescribed are being complied with by the industry. In the event of non-compliance, the state pollution control board after serving notice to the concerned industry may, among other measures, close the premises, withdraw water supply to the premises or cause magistrates to pass injunctions to restrain such polluters.

Hazardous and Other Wastes (Management, Handling and Transboundary Movement) Rules, 2016 (“Hazardous Waste Rules”)

The Hazardous Waste Rules regulate the management, treatment, storage and disposal of hazardous waste by imposing an obligation on every occupier and operator of a facility generating hazardous waste to obtain an approval from the relevant state pollution control board and to dispose of such waste without harming the environment.

F. Property related Laws:

The Company is required to comply with central and state laws in respect of property. Central Laws that may be applicable to our Company's operations include the Land Acquisition Act, 1894, the Transfer of Property Act, 1882, Registration Act, 1908, Indian Stamp Act, 1899, and Indian Easements Act, 1882.

In addition, regulations relating to classification of land may be applicable. Usually, land is broadly classified under one or more categories such as residential, commercial or agricultural. Land classified under a specified category is permitted to be used only for such specified purpose. Where the land is originally classified as agricultural land, in order to use the land for any other purpose the classification of the land is required to be converted into commercial or industrial purpose, by making an application to the relevant municipal or town and country planning authorities. In addition, some State Governments have imposed various restrictions, which vary from state to state, on the transfer of property within such states. Land use planning and its regulation including the formulation of regulations for building construction, form a vital part of the urban planning process.

Various enactments, rules and regulations have been made by the Central Government, concerned State Governments and other authorized agencies and bodies such as the Ministry of Urban Development, State land development and/or planning boards, local municipal or village authorities, which deal with the acquisition, ownership, possession, development, zoning, planning of land and real estate. Each state and city has its own set of laws, which govern planned development and rules for construction (such as floor area ratio or floor space index limits). The various authorities that govern building activities in states are the town and country planning department, municipal corporations and the urban arts commission.

The Transfer of Property Act, 1882 (the “TP Act”)

The TP Act establishes the general principles relating to transfer of property in India. It deals with the various methods in which transfer of property including transfer of immovable property or any interest in relation to that property, between individuals, firms and companies takes place. The TP Act stipulates the general principles relating to the transfer of property including among other things identifying the categories of property that are capable of being transferred, the persons competent to transfer property, the validity of restrictions and conditions imposed on the transfer and the creation of contingent and vested interest in the property. The TP Act also provides for the rights and liabilities of the vendor and purchaser, and the lessor and lessee in a transaction of sale or lease of land, as the case may be. The TP Act also covers provisions with respect to mortgage of property.

The Indian Registration Act, 1908

The Indian Registration Act, 1908 (the “Registration Act”) details the formalities for registering an instrument. Section 17 of the Registration Act identifies documents for which registration is compulsory and includes, inter alia, any non-testamentary instrument which purports or operates to create, declare, assign, limit or extinguish, whether in the present or in future, any right, title or interest, whether vested or contingent, in immovable property of the value of Rs.100/- or more, and a lease of immovable property for any term exceeding one year or reserving a yearly rent. The Registration Act also stipulates the time for registration, the place for registration and the persons who may present documents for registration. Any document which is required to be compulsorily registered but is not registered will not affect the subject property, nor be received as evidence of any transaction affecting such property (except as evidence of a contract in a suit for specific performance or as evidence of part performance of a contract under the TP Act or as evidence of any collateral transaction not required to be effected by registered instrument), unless it has been registered.

Indian Stamp Act, 1899

Stamp duty is payable on all instruments/ documents evidencing a transfer or creation or extinguishment of any right, title or interest in immovable property. The Stamp Act provides for the imposition of stamp duty at the specified rates on instruments listed in Schedule I of the Stamp Act. However, under the Constitution of India, the states are also empowered to prescribe or alter the stamp duty payable on such documents executed within the state. Instruments chargeable to duty under the Stamp Act but which have not been duly stamped, are incapable of being admitted in court as evidence of the transaction contained therein. The Stamp Act also provides for impounding of instruments by certain specified authorities and bodies and imposition of penalties, for instruments which are not sufficiently stamped or not stamped at all. Instruments which have not been properly stamped instruments can be validated by paying a penalty of up to 10 times of the total duty payable on such instruments.

G. Foreign investment Laws and Regulations:

Foreign Exchange Management Act, 1999

Foreign investment in India is governed by the provisions of Foreign Exchange Management Act, 1999 (“**FEMA**”) along with the rules, regulations and notifications made by the Reserve Bank of India thereunder. The act aims at amending the law relating to foreign exchange with facilitation of external trade and payments for promoting orderly developments and maintenance of foreign exchange market in India. It applies to all branches, offices and agencies outside India owned or controlled by a person resident in India and also to any contravention there under committed outside India by any person to whom this Act applies. Every exporter of goods is required to a) furnish to the Reserve Bank or to such other authority a declaration in such form and in such manner as may be specified, containing true and correct material particulars, including the amount representing the full export value or, if the full export value of the goods is not ascertainable at the time of export, the value which the exporter, having regard to the prevailing market conditions, expects to receive on the sale of the goods in a market outside India; b) furnish to the Reserve Bank such other information as may be required by the Reserve Bank for the purpose of ensuring the realization of the export proceeds by such exporter. The Reserve Bank may, for the purpose of ensuring that the full export value of the goods or such reduced value of the goods as the Reserve Bank determines, having regard to the prevailing market conditions, is received without any delay, direct any exporter to comply with such requirements as it deems fit. Every exporter of services shall furnish to the Reserve Bank or to such other authorities a declaration in such form and in such manner as may be specified, containing the true and correct material particulars in relation to payment for such services.

FEMA Regulations

As laid down by the FEMA Transfer Regulations, no prior consents and approvals are required from the Reserve Bank of India, for Foreign Direct Investment under the automatic route within the specified sectoral caps. In respect of all industries not specified as FDI under the automatic route, and in respect of investment in excess of the specified sectoral limits under the automatic route, approval may be required from the FIPB and/or the RBI. The RBI, in exercise of its power under the FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 (“**FEMA Transfer Regulations**”) to prohibit, restrict or regulate, transfer by or issue security to a person resident outside India. Foreign investment in India is governed primarily by the provisions of the FEMA which relates to regulation primarily by the RBI and the rules, regulations and notifications there under, and the policy prescribed by the Department of Industrial Policy and Promotion, Ministry of Commerce & Industry, Government of India.

The Foreign Direct Investment

The Government of India, from time to time, has made policy pronouncements on Foreign Direct Investment (“FDI”) through press notes and press releases. The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India (“DIPP”), has issued consolidated FDI Policy Circular of 2017 (“FDI Policy 2017”), which with effect from August 28, 2017, consolidates and supersedes all previous press notes, press releases and clarifications on FDI Policy issued by the DIPP that were in force. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Policy 2017 will be valid until the DIPP issues an updated circular. The Reserve Bank of India (“RBI”) also issues Master Circular on Foreign Investment in India every year. Presently, FDI in India is being governed by Master Circular on Foreign Investment dated July 01, 2015 as updated from time to time by RBI. In terms of the Master Circular, an Indian company may issue fresh shares to people resident outside India (who is eligible to make investments in India, for which eligibility criteria are as prescribed). Such fresh issue of shares shall be subject to inter-alia, the pricing guidelines prescribed under the Master Circular. The Indian company making such fresh issue of shares would be subject to the reporting requirements, inter-alia with respect to consideration for issue of shares and also subject to making certain filings including filing of Form FC-GPR. Under the current FDI Policy of 2017, foreign direct investment in micro and small enterprises is subject to sectoral caps, entry routes and other sectoral regulations. At

present 100 % foreign direct investment through automatic route is permitted in the sector in which our Company operates. Therefore, applicable foreign investment up to 100% is permitted in our company under automatic route.

H. Intellectual Property Laws:

The Trademarks Act, 1999 (“Trademarks Act”)

Under the Trademarks Act, a trademark is a mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from those of others used in relation to goods and services to indicate a connection in the course of trade between the goods and some person having the right as proprietor to use the mark. A ‘mark’ may consist of a device, brand, heading, label, ticket, name signature, word, letter, numeral, shape of goods, packaging or combination of colors or any combination thereof. Section 18 of the Trademarks Act requires that any person claiming to be the proprietor of a trade mark used or proposed to be used by him, must apply for registration in writing to the registrar of trademarks. The trademark, once applied for and which is accepted by the Registrar of Trademarks (“the Registrar”), is to be advertised in the trademarks journal by the Registrar. Oppositions, if any, are invited and, after satisfactory adjudications of the same, a certificate of registration is issued by the Registrar. The right to use the mark can be exercised either by the registered proprietor or a registered user. The present term of registration of a trademark is 10 (ten) years, which may be renewed for similar periods on payment of a prescribed renewal fee.

The Copyright Act, 1957

It is a Central legislation to protect rights relating to literary, dramatic, musical, artistic, architectural works etc. Copyright is a right given by the law to creators of literary, dramatic, musical and artistic works and producers of cinematograph films and sound recordings. In fact, it is a bundle of rights including, inter alia, rights of reproduction, communication to the public, adaptation and translation of the work. There could be slight variations in the composition of the rights depending on the work.

Subject to the Copyright Act of 1957, it is mandatory for all those who play pre-recorded music in the form of Gramophone Records, Music cassettes or CDs or Radio or TV or Audio-visual etc. for non-private purpose or in public places and/or commercial establishments and/or non-commercial establishments, to take prior license from the Copyright Society for Sound Recordings namely Phonographic Performance Limited (PPL). It is mandatory to obtain license to play music published by any music company registered with this body. Playing of sound or music records in public places such as hotels, restaurants, pubs, discotheques, lounge bars, etc. requires a mandatory license from, and payment of copyright license fees to the copyright owner.

Our hotel provides facilities to conduct informal functions like wedding, receptions, birthday parties and other social functions in the hall. Consequently, license under Copyright Act, 1977 may possibly be required to obtain from the aforementioned authority wherever it is necessary, to organize play, musical shows, parties, social functions or any event in hotel.

I. Other Laws:

Apart from the above list of laws – which is inclusive in nature and not exhaustive - general laws like the Indian Contract Act 1872, Specific Relief Act 1963, Negotiable Instrument Act 1881 and Sale of Goods Act 1930 are also applicable to the company.

HISTORY AND CERTAIN CORPORATE MATTERS

History and Background

Our Company was originally incorporated as “*Aruna Sugars Limited*” on September 09, 1960 as a public limited company under the provision of Companies Act, 1956 with the Registrar of Companies, Madras. The name of our Company was changed to “*Aruna Sugars & Enterprises Limited*” and the Registrar of Companies, Tamil Nadu issued a fresh certificate of incorporation dated July 03, 1986. Thereafter, pursuant to a special resolution of our Shareholders passed in the annual general meeting dated September 28, 2000 the name of our Company was changed to “*Aruna Sunrise Hotels Limited*” and a fresh certificate of incorporation dated October 25, 2000 was issued to our Company by the Registrar of Companies, Chennai at Tamil Nadu. Subsequently, pursuant to the special resolution of our Shareholders passed in the annual general meeting dated September 30, 2002, the name of our Company was changed to “*Aruna Hotels Limited*” and a fresh certificate of incorporation dated January 14, 2003 was issued to our Company by the Assistant Registrar of Companies, Chennai at Tamil Nadu. The corporate identification number of our Company is L15421TN1960PLC004255.

Changes in Registered Office

The registered office of our Company was originally situated at Dhun Building, 175/1 Mount Road, Madras – 600 002, Tamil Nadu, India. Thereafter, the registered office of our Company was changed to the following address:

Date of change	New Address	Reason for change in registered office
March 15, 1972*	5 th floor, Meco House, 11A/1, Mount Road, Madras – 600 002, Tamil Nadu, India.	Administrative convenience
April 30, 1976*	Aruna Centre, 26, Sterling Road, Nungambakkam, Madras 600 034, Tamil Nadu, India.	Administrative convenience
August 03, 1978*	Aruna Centre, 145, Sterling Road, Nungambakkam Madras - 600 034, Tamil Nadu, India.	Administrative convenience

**Since we are unable to trace the relevant records for the change in the registered office of our Company, we have placed reliance on the disclosures made in the minutes of the meeting of the Board of Directors of our Company, to ascertain the details of the changes made since, Form 18 is not present in the records of our Company and is not found in the records of the RoC. For further information, please refer to “Risk Factor no. 25 – “Certain records of our Company are not traceable due to the nationwide lockdown imposed by the Central Government or due to such records dating back to the year 1986.” under chapter titled “Risk Factors” on page 39 of the Draft Letter of Offer.*

Corporate profile of our Company

Details regarding the description of our Company’s activities, services, products, market, growth, technology, managerial competence, standing with reference to prominent competitors, major suppliers, distributors and customers, segment, capacity/facility creation, capacity built-up, location of manufacturing facilities, marketing and competition, please refer to the chapters titled “*Our Business*”, “*Our Management*” and “*Management’s Discussion and Analysis of Financial Position and Results of Operations*” on pages 106, 128 and 155 respectively, of this Draft Letter of Offer.

Major events in the history of our Company

The following table sets forth the key events in the history of our Company, since incorporation:

Year	Major Events
1960	Incorporation of our Company as a public limited company in the name of ‘Aruna Sugars Limited’.
1964	The Equity Shares of our Company were listed on BSE Limited.
1986	Our Company set up a sugar plant with a crushing capacity of 1250 TPD at Pennadam, South Arcot District, Tamil Nadu.

Year	Major Events
	Our Company diversified its activities by taking over the assets of SAS Chemicals (Madras) Private Limited, a sick unit of Ranipet, North Arcot District, Tamil Nadu, through an auction.
	The name of our Company was changed to 'Aruna Sugars & Enterprises Limited' pursuant to a fresh certificate of incorporation dated July 03, 1986 issued by the Registrar of Companies, Tamil Nadu.
1988	Our Company further diversified its activities by taking over the assets of Geetha Flour Mills Limited situated at Tiruvalla, Kerala, with a milling capacity of 100 TPD of wheat.
2000	The name of our Company was changed to 'Aruna Sunrise Hotels Limited' pursuant to a fresh certificate of incorporation dated October 25, 2000 issued by the Registrar of Companies, Chennai at Tamil Nadu.
2003	The name of our Company was changed to 'Aruna Hotels Limited' pursuant to a fresh certificate of incorporation dated January 14, 2003 issued by the Assistant Registrar of Companies, Chennai at Tamil Nadu.
2004	BSE Limited suspended our Company from trading its Equity Shares on the Stock Exchange with effect from December 21, 2004 due to penal reasons.
2014	Our Company halted the business operation of our hotel with effect from April 01, 2014 due to perpetual losses.
2015	Order passed by Company Law Board, Chennai recording the terms of the compromise executed between our erstwhile Promoter and the members of our Promoter Group by executing a memorandum of compromise dated February 12, 2015 for amicably settling the dispute between them as per the mutually decided terms mentioned therein.
2018	BSE Limited vide its notice dated March 19, 2018 revoked the suspension in trading of equity shares of our Company with effect from March 27, 2018.

Time and Cost Overrun

Except as stated below, our Company has not experienced any significant time and cost overruns:

Due to the ongoing pandemic and the complete lockdown which was imposed by several State Governments and the Central Government, our Company was unable to timely start the business operation of our hotel post its renovation. Our Company had proposed to initiate the business operations of our hotel, however due to the lockdown, the completion of the renovation and refurbishment of our hotel premises suffered a delay. Due to the delay in the initiation of the business operations of our hotels, our Company suffered a time overrun. For further details with respect to the risks associated with the time overrun experienced by our Company, please refer to "Risk Factor No. 03– *“We are facing time overrun in commencing the business operations of our hotel, due to which our lender, HDFC Bank Limited has reclassified our loan account as “Standard Restructured Account” until we commence our business operations. We do not know if our hotel will become operational as scheduled, or at all, or operate as efficiently as planned. Further, we are relying on third parties for renovating and refurbishing our hotel, and factors affecting the performance of their obligations could adversely affect our hotel and commencement of our business operations. If we are unable to resume the business operations of our hotel in a timely manner or without time or cost overruns, it may adversely affect our business, results of operations and financial condition.”*” in the chapter titled “Risk Factors” on page 27 of this Draft Letter of Offer.

Defaults or rescheduling of borrowings with financial institutions/ banks and conversion of loans into equity

Our Company has availed a term loan from HDFC Bank Ltd (the “**Bank**”) for the purpose of renovation and refurbishment of our existing hotel premises. Due to the enhancement of the scope of the project for renovation of our hotel along with the ongoing pandemic and the lockdown imposed by the Central and State Governments, the date of commencement of business operations of our hotel was delayed. In view of the abovementioned delay, the Bank vide its email dated June 29, 2020 has informed our Company that, it has classified the account of our Company as “Standard Restructured Account”. It has been confirmed by the Bank that once we commence the business operations of our hotel, the Bank will reinstate the classification of our loan account as “Standard Account”. For further details, please see – “Risk Factor No. 03– *“We are facing time overrun in commencing the business operations of our hotel, due to which our lender, HDFC Bank Limited has reclassified our loan account as “Standard Restructured Account” until we commence our business operations. We do not know if our hotel will become operational as scheduled, or at all, or operate as efficiently as planned. Further, we are relying on third parties for renovating and refurbishing our hotel, and factors affecting the performance of their obligations could*”

adversely affect our hotel and commencement of our business operations. If we are unable to resume the business operations of our hotel in a timely manner or without time or cost overruns, it may adversely affect our business, results of operations and financial condition.” in the chapter titled “Risk Factors” on page 27 of this Draft Letter of Offer.

Details regarding acquisition of business/undertakings, mergers, amalgamation, revaluation of assets etc.

There have been no acquisitions, mergers, amalgamation, revaluation of assets etc. with respect to our Company in the last ten years from the date of filing of this Draft Letter of Offer.

Revaluation of assets

Our Company has neither revalued its assets nor has issued any Equity Shares (including bonus shares) by capitalizing any revaluation reserves in the last ten years.

Main Objects of our Company:

The main objects of our Company are as follows:

1. To carry on in the Union of India and elsewhere the business of sugar boilers, manufacturers and refiners and dealers in sugar of all varieties and kinds and its by-products, distilleries and spirit merchants in all their respective branches and any other business that may be capable of being conveniently combined with the aforesaid objects.
2. To purchase, manufacture, produce, boil, refine, prepare, import, export, sell and generally to deal in sugar and sugar candy, khandasari sugar, jaggery, sugar beet, sugarcanes, molasses, syrups, malada, alcohol, spirits and all sugar products such as confectionery, glucose, sugar candy, canned fruits, golden syrup, aerated water and/or by-products such as bagasse, boards, paper pulp, paper products, methyl alcohol, acetone, carbon dioxide, hydrogen, potash, cane-wax, fertilizers and food products generally and all products or by-products thereof and in connection therewith to acquire, construct and operate sugar or other refineries, buildings, mills, factories, distilleries and other works.
3. To buy, sell, exchange or otherwise deal with sugarcane, sugar beet, jaggery, sugar, sugar candy, khandasari sugar, molasses, syrups, alcohol, spirits and all other by-products resulting in the manufacture of sugar and other food products.
4. To plant, cultivate, produce and raise, or purchase sugarcane, maize, sorghum sugar beets and all food crops and to transact all such other work or business in connection therewith.
5. To acquire, carry on and transact the trade and business of planters, general merchants, exporters and importers of and dealers in sugar, wine, spirit, mixtures essence pharmaceutical and other chemical/ preparations, chemical fertilisers and any produce of manufacture which can be conveniently carried on in conjunction with any matters aforesaid or which may directly or indirectly enhance the value of or render profitable any of the Company's properties and rights.
6. To establish farms and cultivate the lands and the properties of the Company and develop resources of the same by trading, rearing, planting, pasturing or farming and, for the purpose aforesaid, to purchase from time to time such machinery and livestock and to sell or exchange the said machinery or livestock and when considered necessary.
7. To plant and maintain topaz of Palmyra, date, sago, coconuts and other farms and generally carry on all agricultural and horticultural operations necessary are useful for the industries of the company.
8. To carry on the business of manufacturers of and dealers in chemical products, dry salters, oil and colour men, importers exporters and manufacturers and dealers In heavy chemicals, alkalies, acids, drugs, tannins, essence,

pharmaceutical, photographic, sizing, medicinal, industrial and ether preparations and articles of any nature and kind whatsoever, mineral and ether waters, cements, oils, paints, pigments, varnishes, compounds, drugs, dyestuffs, organic or mineral intermediates, paint and colour grinders, makers of and dealers in electrical, chemical, photographic, surgical and scientific apparatus and materials.

9. To carry on the trade or business of canning, preserving refining preparing and dealing in dairy farm and gardens vegetable products of all kinds and in particular fruits, vegetables, cream, butter and cheese.
10. To carry on the trade of business of canning, preserving, refining, and preparing and dealing in fish and fish products, poultry, meat, etc.
- 10A. To carry all or any of the business of hotels, restaurants, cafes, taverns, refreshment rooms, lodging and/or boarding houses, motels, travellers inns, tourist bungalows, guest houses, conference and trade centres, dressing rooms and laundries, clubs, bars and beer houses, wine, beer and spirit merchants, licensed victuallers, purveyors and caterers for public amusement.
- 10B. To carry all or any of the business of manufacturers, producers, dealers, traders, imparters, exporters, agents, representatives, consultants in raw, semi-finished or finished hides and skins, hams, hide fleshing, imitation leather, industrial leather, synthetic leather and all kinds of leather and any products made thereof, including garments, cloth, goods, shoes, shack uppers, fang-wears, parts of font-wears, scraps and wastes and allied products such as of plastics, rexin, nylon, rayon, PVC, ail cleat foam, foam leather, foam rubber, linoleum, canvas, canvas shoes, tarpaulin, articles composed of any one or more of the above mentioned items, water proof article and materials, leather chemicals, tannery materials and equipment, leather and accessories.
- 10C. To carry on all or any of the business of real estates, construction engineers, contractors, architects, planners, builders, dealers and parameters of building, including multi-storied buildings, sites, colonies, quarters, flats, tenements, chawls and other real estate schemes including acquiring constructing, improving, maintaining, developing, selling, buying, leasing, renting out, taking an rent or lease, or otherwise dealing in vacant sites, houses, flats, buildings, estates, hill-resorts, colonies, residential/commercial and industrial premises and other properties., and to deal in construction material.
- 10D. To carry on all or any of the business of producers, manufacturers, wholesalers, retailers, distributors, dealers, expellers, imparters, sellers, buyers, and traders in processed foods, extruded foods, packed foods, instant foods, canned foods, Other foods and food products, wafers, breads, biscuits, cakes, pastry, processed fruits and products, salt drinks, beverages, concentrates, soda water, mineral water, medicated / herbal drinks, health drinks, alcoholic drinks including breweries, Wines, liquors, etc.
- 10E. To commence and carry on all or any of the businesses of flour millers, bakers, biscuit manufacturers, rice millers and oil millers, including the business of manufacturing, refining, polishing, grinding, pounding, crushing, importing, exporting, buying, sealing or otherwise dealing in wheat, paddy, rice, husk, corn, soya beans, rice bran and other cereals, vegetables, oilseeds, crops, pulses, grains, etc. and any products and by products thereof.
- 10F. To commence and carry on all or any of the businesses of producing, manufacturing, Purchasing, refining, smelting, preparing, imparting, exporting, selling, buying, moulding, casting, forging, fabricating, quarrying and otherwise dealing in all kinds of iron and steel, including galvanised iron, sprang iron, carbon steel, stainless steel, special steel, etc. metal scrap, iron ores, minerals, billets, corrugated sheets, wirenets, barbed wires, railed stool, steel rods, and any products and by-products made in any combination of the foregoing, including the business of foundrymen, steel/railed steel makers, converters, smelters, miners, oilers of ferrous and non-ferrous products, metallurgists, furnace & kiln owners, etc.
- 10G. To commence and carry on all or any of the businesses of planting, agriculture, farming, fisheries, cold-storage, poultry, dairy development and producers of coffee, tea, cardamom, spices, commercial crops, rubber

etc and owners of estates, plantations, forest, hills woods, trees, plants, groves buses, herbariums, aquarium, etc.

- 10H. To commence and carry on all or any of the businesses of buying, selling, owning, operating, hiring, leasing, taking an lease/ hire, maintaining, repairing, servicing, overhauling, exporting, imparting, and otherwise dealing in all kinds of transport vehicles, whether motorised or otherwise powered, including vans, lorries, trucks, tractors & trailers, automobiles, locomotives, coaches, ships, boats, cruises, trawlers, yachts, steamers ,including the business of fleet Owners, travel and cargo agents, couriers, operators of all modes of transport-surface-borne, water-borne, air borne & underground ship-chandlers, charterers, stevedores, stewards, clearing & forwarding agents, route licensees etc.
- 10I. Commence and carry on the businesses of financiers in all its branches and in particular, the business of financing industrial enterprises and acting as industrial consultants in all its branches and to subsidise, finance or assist in subsidising or financing the sale, purchase, and maintenance Of any goods, articles, or commodities of all and every kind of description upon any terms what so ever and to purchase or otherwise deal in all farms of immovable and movable properties including lands and buildings plant and machinery, equipment, ships, aircraft, automobiles, computers both hardware and software, computer programmes, and all consumer, commercial and industrial Items and to lease' or otherwise deal with them in any manner whatsoever including resale thereof, and perform financing services including financing of projects ,financing of exports and for imports, acceptance credit, invoice discounting, factoring invoices, debt collection, making of both short and long term loans, hire-purchase financing and all kinds of financing operations.
- 10J. To carry on the business of general electric power supply company in all the branches and to construct, lay dawn, establish , fix and carry out all necessary power stations, cables, wires, lines, accumulators, lamps and works and to generate, accumulate, distribute and supply electricity and to light cities, towns, streets, docks, markets, theatres, buildings and place, both public and private, Including the business of electrical engineers, electricians, engineers, contractors, manufactures, suppliers and dealers in electrical and other appliances. cables, wire lines, dry-cells, accumulators, lamps and works and to generate, accumulate, distribute and supply electricity for the purpose of light. heat, native power and for all other purpose for which electrical energy can be employed and to manufacture and deal in all apparatuses and things required for capable of being used in connection with the generation, distribution, supply, accumulation and employment of electricity.
11. To manufacture and sell toilet requisites, greenroom requisites, cosmetics, soaps, perfumes, fumigates and other chemical and pharmaceutical articles.
12. To manufacture or produce or cause to produce building materials, such as limestone, timber, tiles, bricks and all other accessories of building construction which the Company may think fit and utilise such materials in its own construction or dispose them off on such terms as the Company may think fit.
13. To carry on the business manufacturing, purchase, sale and deal in sugar machinery and other items of machinery.
14. To acquire all machineries, plants, stocks-in-trade, trademarks and other movable and immovable properties of any description.
15. To acquire by concession, grant, purchase, barer, lease, licence or otherwise lands, buildings and machinery, farms, water rights and other works, privileges, rights, and here determines either solely or jointly with others.
16. To erect-upon the lands belonging to the Company and upon any other-lands or property which may be taken on lease or licence by the Company, factories, building, houses and erections as may be required for carrying out the object of the Company and in particular equip their said buildings and/or factories with machinery for the production of sugar and ether products and for distilling and doing alcoholic liquors of oil kinds and to work, exercise, develop and turn them into account.

17. To construct, improve, maintain, develop, work, manage, carry out or control any road ways, tramways, railways, branches of sidings, bridges ,reservoirs water courses, water-works, wharfs, warehouse, electric passer, heat and light supply works, work-shops, stores, markets, places of amusements, pleasure gardens, parks, gardens, reading rooms and other works and conveniences which may seem calculated directly or indirectly to advance the Company's interests and to contribute, subsidise, or otherwise assist or take part in the construction, improvement and maintenance, working, management, carrying out or control thereof.
18. To sell, improve, manage, develop, exchange, lease, mortgage, enfranchise, dispose of or turn into account or otherwise deal with all are any part of the property and rights of the Company.
19. To pay for any lands and immovable or movable estates and for properties or assets of any kind acquired by the Company or for any services rendered or to be rendered to the Company and generally to pay or discharge any consideration to be paid or given by the Company in money or in shares whether fully paid up or partly paid up or debentures or debenture stock of obligations of Company or partly in one way and partly In another or otherwise, however with power to issue any shares either as fully paid up or partly paid up for such purposes.
20. To enter into any contracts. agreements with any Governments or Authorities, Municipal, Revenue, Local or 'otherwise which may seem conducive to the Company's objects or any or them and obtain from any such, Government or Authorities any rights, privileges, and concessions which may appear desirable to be obtained and carry out, exercise and comply with any such arrangements, rights, privileges and concessions.
21. To apply for, purchase or otherwise acquire any patents, brevets d' invention, licences, concessions, and the like conferring any exclusive or nonexclusive or limited rights of use or arty secrets or any other information or any invention, which may seem capable of being used for any of the purposes of the Company or the acquisition of which may seem calculated directly or Indirectly to benefit the Company and to use, exercise, develop or grant licences in respect of or otherwise turn into account the property, rights, or information so acquired.
22. To buy, sell, manufacture repair, alter, improve, exchange, hire, import, export and deal in all works. plant, machinery, tools, utensils, appliances, apparatus, products, materials, articles and things capable of being, used in any and every such business, as the Company may engaged in or that may be required by any of the customers or persons dealing with the or commonly dealt in by persons engaged in similar links or which may seem capable of being profitably dealt With in connection therewith and to manufacture, experiment with and render marketable and deal in oil products, residual end bye-products incidental to or obtained in any of the business carried on by the Company.
23. To start and carry on either in connection with any of the trade or business aforesaid or independently thereof any trade or business, whether manufacture or otherwise, which may seem to be capable of being conveniently carried on in connection with the above objects or calculated directly or indirectly to enhance or render more profitable any part of the Company'," undertakings or properties or rights or to further the objects of the Company.
24. To purchase, sake on lease, or otherwise acquire in the Union of India, or elsewhere, any real or personal property estates, plantations and other lands of freehold, leasehold or other tenure for the purpose of the Company.
25. To enter into partnership or any agreement for sharing profits, union of interest, reciprocal concession, amalgamation or co-operation with any person or persons, Corporation or company, carrying or about to carry on, or engage in any business or transaction which the Company is authorized to carry an nr to engage in any business or transaction Capable of being conducted so, as to benefit this Company directly or indirectly and to take or otherwise require and hold shares, stocks or securities and to subsidise or otherwise assist any such company and to sell ,hold, re-issue, with or without, guarantee or otherwise deal with such shares or securities and to farm, constitute or promote any other company or companies for the purpose of acquiring all or any of

property, rights and liabilities of this Company or for any other purpose which may seem directly or indirectly calculated to benefit the Company.

26. To invest end deal with the moneys at the Company not immediately required in any scheduled banks or in trustee securities or such other manner as is beneficial is the Company.
27. To draw, accept, endorse, negotiate, promissory notes, bills of exchange and hundies and other negotiable instruments, draft charter parties, bill of lading, warrants, etc.
28. To amalgamate with or dispose of exchange any of the business or undertakings, properties, rights of the companies in consideration of shares, debentures or other securities and to enter into any agreement or arrangement with other companies or firms or individuals far joint working in business as for sharing of profits in any other company, firm or persons if such acts are advantageous to this Company.
29. To borrow or raise money of the performance or discharge of any liabilities of the Company; to create, execute, grant or issue any mortgages, debentures, stocks, brands or other obligations of the Company either at par, premium or discount or based upon all at any of the property and rights of the Company present or future, Including its uncalled. Capital and paid up such terms as the Company shall think fit and to purchase, redeem or pay off utilities at any of such securities, obligations and liabilities.
30. To sell, dispose of, transfer, exchange, lease, mortgage are otherwise deal with all business, undertakings, properties or rights of the Company are any part thereof for any consideration which the Company may deem fit to accept.
31. To aid peculiarly at otherwise any association, body or movement having for its object the solution, settlement or surrounding of industrial or labour problems or troubles of any promotion of industry and trade.
32. To promote and assist a spirit of competition among cultivators, labourers and other employees of the Company and to maintain and encourage researches in sugarcane, sugar molasses and other commodities in which the Company may be interested' by granting stipends, bonuses, subsidies, scholarships, passage-money, rewards, prizes, to the best producers of sugar-cane and other crops and to persons actually engaged in research, or evincing zeal for such research for the purposes of carrying on advanced studies in this country of the purposes of proceeding to foreign countries with a view to carrying on research work at specializing in processes of manufacture of studying methods of agriculture or for any miler purpose lending to further the interests of the Company.
33. To make pecuniary grants by way of donations, subscriptions, allowances, gratuity, guarantee or otherwise for the benefit of persons who are or have been employed by the Company and widows, orphans and dependents of any such persons.
34. To subscribe, contribute or guarantee money for any national, charitable, benevolent political, public, general are useful object of funds or for any exhibition.
35. To undertake and execute any trusts of undertakings whereof may seem desirable either gratuitous or otherwise.
36. To establish and support or aid to the establishment and support of associations, institutions, funds, trusts and conveniences calculated to benefit employees or ex-employees of the Company or its predecessors in business or the dependents or relation of such persons and to grant pensions and allowances and to make payments towards insurances.
37. To take up the management of any company situated in union of India.
38. To procure the Company to be registered, legalised. Domiciled or recognised any country or place and to procure its interpretation in its like character or as a society anonyme or otherwise in any country or pace and to carry on its business of any portion of its business or objects in any country or place.

39. To pay all or any cost, charges and expenses whatsoever, preliminary, incidental or relating to the promotion, formation, registration or establishment of this or any other company or to the raising subscription, issue, settlement or quotation in any stock exchange of any portion of the original or future share, loan or other capital of this or any other company and to remunerate by commission, discount or otherwise any person or company for services rendered in placing or assisting to place any of such capital, debenture, stock or securities or obtaining or assisting to obtain a settlement or quotation of the same in any stock exchange or any services preliminary, incidental or relating to or in connection with the promotion, formation; registration or establishment of this or any other company and to charge any payment of remuneration aforesaid to capital or revenue account.
40. To lay out, advance, invest and deal with the Company's money with or to such persons or companies and in or upon such investment of securities in such manner as may be deemed fit by the board of Directors of the Company.
41. To distribute any property of the company in of any kind among the members.
42. To commence and carry on business in any part of the world, as agents, selling agents. buying agents, indenting agents, commission agents, distributors, dealers, stockist, general merchants, traders, importers, exporters, and generally to function as international trading house and marketing agents of any goods, products, commodities, services and things of any kind or description.
43. To do- all such other things as may. be necessary, incidental, conducive or convenient to the attainment of the above object or any of them.
44. It is hereby further declared that in the foregoing clauses the word company except when this Company is referred to shall be deemed to include any partnership or any other body of persons whether incorporated or not.
45. It is hereby further declared that in the none of the sub clauses of clause nor the objects therein nor the powers hereby conferred shall be deemed subsidiary or auxiliary merely to the objects mentioned in other sub clauses of this clause that the company shall have the full powers to exercise all or any other powers conferred by any part of this clause in any part of the world, notwithstanding that the business, undertaking property or acts proposed to be transacted, acquired, dealt with or perform, do not fall between the objects of the first sub clause of this clause.

Amendments to the Memorandum of Association

Set out below is the amendment to the Memorandum of Association of our Company in the last ten years:

Date of Shareholders' Resolution	Nature of Amendments
September 28, 2017	<i>The capital clause of our Memorandum of Association was substituted to reflect the increase in authorised share capital of our Company from ₹ 32,00,00,000 divided into 2,40,00,000 Equity Shares of ₹ 10/- each and 8,00,000 Cumulative Redeemable Preference Shares of ₹ 100/- each to ₹ 75,00,00,000 divided into 6,70,00,000 Equity Shares of ₹ 10/- each and 8,00,000 Cumulative Redeemable Preference Shares of ₹ 100/- each.</i>

Holding Company

As of the date of this Draft Letter of Offer, our Company has does not have any holding company.

Subsidiaries of our Company

As of the date of this Draft Letter of Offer, our Company has does not have any subsidiaries.

Associate or Joint ventures of our Company

As on the date of this Draft Letter of Offer, our Company does not have any associates or joint ventures.

Shareholders' agreements and other agreements

There are no Shareholders and other material agreements, apart from those entered into in the ordinary course of business carried on or intended to be carried on by us.

Agreements with key managerial personnel or a Director or Promoter or any other employee of the Company

There are no agreements entered into by a Key Managerial Personnel or Director or Promoter or any other employee of our Company, either by themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of our Company.

Agreements with strategic partners, joint venture partners and/or financial partners and other agreements

As on the date of filing this Draft Letter of Offer, there are no existing material agreements with strategic partners, joint venture and/or financial partners or other material agreements entered into by our Company which are not in its ordinary course of business.

Guarantees given by Promoter offering its shares in the Offer for Sale

This is a rights issue of Equity Shares of our Company and our Promoter is not offering his shares in this Offer.

Material Agreements

Our Company has not entered into any material agreements with strategic partners, joint venture partners and/or financial partners, other than in the ordinary course of business of our Company.

OUR MANAGEMENT

Board of Directors

Our Articles of Association require us to have not less than three (03) and not more than fifteen (15) Directors. As on date of this Draft Letter of Offer, we have six (05) Directors on our Board, which includes, one (01) Managing Director, two (02) Non-Executive Directors and two (02) Independent Directors one of whom is also the woman director of our Company.

Set forth below are details regarding our Board as on the date of this Draft Letter of Offer:

S. No.	Name, designation, address, occupation, nationality, term and DIN	Age (years)	Other directorships
1.	<p>Muralidharan Ramasamy</p> <p>DIN: 07092976</p> <p>Date of Birth: June 19, 1976</p> <p>Designation: Chairman and Non-Executive Director</p> <p>Address: No. 16/19, Annapoorna Apartments, Andavar Nagar, 5th Street, Kodambakkam, Chennai - 600 024, Tamil Nadu, India.</p> <p>Occupation: Professional</p> <p>Term: Appointed with effect from March 02, 2015 and is liable to retire by rotation</p> <p>Nationality: Indian</p>	44	Nil
2.	<p>David Susainadar</p> <p>DIN: 08539011</p> <p>Date of Birth: August 01, 1953</p> <p>Designation: Managing Director</p> <p>Address: C/o B1, R C Princess Royal Apartments, 44-45, Siruvallur High Road, Perambur, Chennai – 600 011, Tamil Nadu, India.</p> <p>Occupation: Professional</p> <p>Term: three (03) years with effect from August 29, 2019</p> <p>Nationality: Indian</p>	67	Nil
3.	<p>Rajakumar Kumaravelayatha Nadar</p> <p>DIN: 05187894</p> <p>Date of Birth: May 15, 1962</p>	58	i. Sivels Holdings Private Limited

S. No.	Name, designation, address, occupation, nationality, term and DIN	Age (years)	Other directorships
	<p>Designation: Non-Executive Director</p> <p>Address: No. 29-A, 3rd Street, Thangam Colony, Anna Nagar (west), Chennai – 600 040, Tamil Nadu, India.</p> <p>Occupation: Professional</p> <p>Term: Appointed with effect from March 02, 2015 and is liable to retire by rotation</p> <p>Nationality: Indian</p>		
4.	<p>Suyambu Narayanan</p> <p>DIN: 07718798</p> <p>Date of Birth: June 15, 1956</p> <p>Designation: Independent Director</p> <p>Address: 9A, Vallalar Street, Near Rettai Pillaiyar Koil, Velacheri, Chennai - 600 042, Tamil Nadu, India.</p> <p>Occupation: Business</p> <p>Term: five (05) years beginning from February 10, 2017 and not liable to retire by rotation.</p> <p>Nationality: Indian</p>	64	Nil
5.	<p>Freeda Gnanaselvam Kanagiah</p> <p>DIN: 07350172</p> <p>Date of Birth: April 08, 1959</p> <p>Designation: Independent Director</p> <p>Address: New Number 18/33E, Venkatesapuram, Salem – 636 007, Chennai, Tami Nadu.</p> <p>Occupation: Self-employed</p> <p>Term: five (05) years beginning from September 21, 2020 and not liable to retire by rotation subject to the approval of the Shareholders.</p> <p>Nationality: Indian</p>	61	Nil

Confirmations

1. None of our Directors have been identified as a wilful defaulter, as defined in the SEBI Regulations and there are no violations of securities laws committed by them in the past and no prosecution or other proceedings

for any such alleged violation are pending against them.

2. Neither Company nor our Directors are declared as fugitive economic offenders as defined in Regulation 2(1)(p) of the SEBI ICDR Regulations, and have not been declared as a 'fugitive economic offender' under Section 12 of the Fugitive Economic Offenders Act, 2018.
3. None of our Directors of our Company have held or currently hold directorship in any listed company whose shares have been or were suspended from being traded on any of the stock exchange in the five years preceding the date of filing of this Draft Letter of Offer with the SEBI and the Stock Exchange, during the term of his/ her directorship in such company.
4. Further, none of our Directors of our Company are or were associated in the capacity of a director with any listed company which has been delisted from any stock exchange(s) at any time in the past.
5. None of our Directors have been debarred from accessing capital markets by the Securities and Exchange Board of India. Additionally, none of our Directors are or were, associated with any other company which is debarred from accessing the capital market by the Securities and Exchange Board of India.

Relationship between our Directors

None of our Directors are related to each other, as defined under section 2(67) in the Companies Act, 2013.

Arrangement or understanding with major shareholders, customers, suppliers or others

There is no arrangement or understanding with the major shareholders, clients, suppliers or others, pursuant to which any of our Directors were appointed on our Board.

Brief Biographies of Directors:

Muralidharan Ramasamy, aged 44 years, is the Chairman and Non-Executive Director of our Company. He holds a master's degree in business administration from University of Madras. He has been associated with our Company since March 02, 2015 and is presently serving in the capacity of a chief financial officer in Malar Publications Private Limited, one of our Group Companies and Promoter Group Companies.

David Susainadar, aged 67 years, is the Managing Director of our Company. In the past, he has provided his editorial and managerial services to Malar Publications Private Limited, one of our Group Companies and Promoter Group Companies. He has been associated with our Company since August 29, 2019.

Rajakumar Kumaravelayatha Nadar, aged 58 years, is a Non-Executive Director of our Company. He holds a bachelor's degree in science from Madurai Kamaraj University. He has previously served as the chief executive officer of Subasri Realty Private Limited, one of our Group Companies and Promoter Group Companies. He has been associated with our Company since March 02, 2015.

Suyambu Narayanan, aged 64 years, is an Independent Director of our Company. He holds a bachelor's degree in arts from Madurai Kamaraj University. He has been associated with our Company since February 10, 2017.

Freedra Gnanaselvam Kanagiah, aged 61 years, is an Independent Director of our Company since November 27, 2015. She has been reappointed for a second term as an Independent Director of our Company in the meeting of the Board of Directors dated August 26, 2020 subject to the approval of the Shareholders.

Service contracts with Directors

Our Company has not entered into any service contracts with any Directors, which provide for benefits upon termination of employment.

Payment or Benefit to officers of our Company

Except as stated otherwise in this Draft Letter of Offer and any statutory payments made by our Company, no non-salary amount or benefit has been paid, in two preceding years, or given or is intended to be paid or given to any of our Company's officers except remuneration of services rendered as Directors, officers or employees of our Company.

Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of such officer's employment in our Company or superannuation. Contributions are made regularly by our Company towards provident fund, gratuity fund and employee state insurance.

Borrowing Powers of Board

Our Articles of Association, subject to applicable law, authorize our Board to raise or borrow money or secure the payment of any sum of money for the purposes of our Company. In accordance with the provisions of the Companies Act, 2013 and pursuant to a resolution passed by the Board of Directors of our Company in their meeting dated August 26, 2020, subject to the approval of Shareholders in the upcoming Annual General Meeting of our Company to be held on September 21, 2020, the Board of Directors has been authorised to to borrow, from time to time, any sum or sums of monies (exclusive of interest) on such terms and conditions as may be determined, from any one or more of our Company's bankers and / or from any one or more other banks, persons, firms, companies / bodies corporate, financial institutions, institutional investor(s), mutual funds, insurance companies, pension funds and or any entity/entities or authority/authorities, whether in India or abroad, and whether by way of cash credit, advance or deposits, loans or bill discounting, issue of debentures, commercial papers, long/short term loans, suppliers' credit, securitized instruments such as floating rate notes, fixed rate notes, syndicated loans, commercial borrowing from the private sector window of multilateral financial institutions, either in rupees and / or in such other foreign currencies as may be permitted by law from time to time and / or any other instruments /securities otherwise and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of our Company's assets, licenses and properties, whether immovable or movable and all or any of the undertaking of our Company, notwithstanding that the moneys to be borrowed together with the moneys already borrowed by our Company (apart from temporary loans obtained from our Company's bankers in the ordinary course of business) will or may exceed the aggregate of the paid up capital of our Company and its free reserves and securities premium, so that the total amount up to which the moneys may be borrowed by our Company and outstanding at any time shall not exceed the sum of ₹20,000 lakhs.

Terms of appointment and remuneration of David Susainadar, our Managing Director

Pursuant to a resolution passed by the Board of Directors at the meeting held on August 29, 2019 and approved by the Shareholders of our Company at the AGM held on September 30, 2019, David Susainadar was appointed as the Managing Director of our Company for a period of three (03) years with effect from August 29, 2019 along with the terms of remuneration, which provides that the aggregate of his salary, allowances and perquisites in any one financial year shall not exceed the limits prescribed for a loss making company under Sections 197 (3) and Schedule V and other relevant provisions of the Companies Act, 2013 read with the rules prescribed thereunder.

Basic Salary	Upto ₹ 0.33 lakhs per month with periodic increment as may be decided by the Board of Directors.
Reimbursement of expenses	Reimbursement of expenses incurred by him on account of business or any other expenses shall be reimbursed as per the rules and policies of the Company

Remuneration details of our Directors

(i) Remuneration of our Executive Directors

The aggregate value of the remuneration paid to the Executive Directors in Fiscal 2020 is as follows:

S. No.	Name of the Director	Remuneration (₹ in lakhs)
1.	David Susainadar	2.48

As on date of this Draft Letter of Offer, none of the Executive Directors of our Company have been paid sitting fee for attending meetings of our Board of Directors and the committees of the our Board of Directors.

(ii) *Sitting fee details of our Independent Directors*

None of our Non-Executive and Independent Directors is paid any sitting fee for attending meetings of our Board of Directors and its committees thereof.

Payment or benefit to Directors of our Company

Except as disclosed in this Draft Letter of Offer, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of the Executive Directors except the normal remuneration for services rendered as a Director of our Company. Additionally, there is no contingent or deferred compensation payable to any of our Directors.

Remuneration paid to our Directors by our Subsidiary

As on date of this Draft Letter of Offer, our Company does not have a subsidiary.

Loans to Directors

There are no loans that have been availed by the Directors from our Company that are outstanding as of the date of this Draft Letter of Offer.

Shareholding of Directors in our Company

None of our Directors hold any Equity Shares as of the date of this Draft Letter of Offer.

Shareholding of Directors in our Subsidiaries

As on date of this Draft Letter of Offer, our Company does not have a subsidiary.

Interest of Directors

Except as stated in “*Related Party Transactions*” on page 152 of this Draft Letter of Offer, and to the extent of shareholding in our Company, if any, our Directors do not have any other interest in our business.

Except as disclosed in the chapter titled “*Our Promoter and Promoter Group*” on page 141 of this Draft Letter of Offer, our Directors have no interest in any property acquired by our Company two years prior to the date of this Draft Letter of Offer.

The Directors may also be regarded as interested in the Equity Shares held by them or that may be subscribed by or allotted to the companies, firms and trusts, in which they are interested as directors, members, partners, trustees and Promoter, pursuant to this Issue. All of our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the Equity Shares held by them.

Except as stated in “*Restated Financial Information- Annexure VII –Notes to restated financial information-Note 16-Related party disclosures*” and the chapter titled “*Our Promotes and Promoter Group*” on pages F-32 and 141 of this Draft Letter of Offer, our Directors do not have any other interest in the business of our Company.

Interest as to property

Except as mentioned in this Draft Letter of Offer, our Directors have no interest in any property acquired or proposed to be acquired by our Company or of our Company.

Bonus or Profit Sharing Plan for our Directors

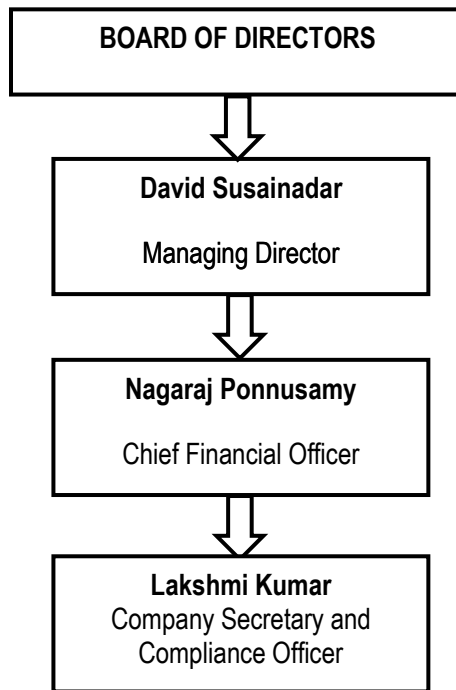
None of our Directors is a party to any bonus or profit sharing plan.

Changes in our Board during the Last Three Years

Except as disclosed below, there have been no changes in our Board during the last three years.

Name of Director	Date of Appointment	Date of Cessation	Reason
David Susainadar	August 29, 2019	-	Appointed as the Managing (Additional) Director
Vaithyalingam Anbalagan	-	August 23, 2019	Cessation as the Managing Director

Management Organizational Chart



Corporate Governance

The provisions of the SEBI Listing Regulations and the Companies Act with respect to corporate governance are applicable to us.

We are in compliance with the requirements of the applicable regulations, including the SEBI Listing Regulations, Companies Act and the SEBI (ICDR) Regulations, in respect of corporate governance including constitution of our Board and Committees thereof. Our corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board Committees, as required under law.

Our Board undertakes to take all necessary steps to continue to comply with all the requirements of the SEBI Listing Regulations and the Companies Act. Our Board functions either directly, or through various committees constituted to oversee specific operational areas.

Committees of our Board

Our Board has constituted following committees in accordance with the requirements of the Companies Act and SEBI Listing Regulations:

- a) Audit Committee;
- b) Stakeholders' Relationship Committee; and
- c) Nomination and Remuneration Committee.

We do not fall under the eligibility requirements prescribed under Section 135 (1) of the Companies Act, 2013 to constitute the Corporate Social Responsibility Committee.

Details of each of these committees are as follows:

a) Audit Committee

Our Company constituted the Audit Committee in accordance with the Section 177 of the Companies Act, and Clause 49 of the Listing Agreement, now under the SEBI Listing Regulations by way of a resolution dated November 27, 2015. The committee was reconstituted on February 10, 2017. The Audit Committee presently consists of the following Directors of the Board:

Sr. No.	Name of Member	Designation
1.	Suyambu Narayanan	Chairman
2.	Freeda Gnanaselvam Kanagiah	Member
3.	Muralidharan Ramasamy	Member

The Company Secretary acts as the secretary of the Audit Committee.

The terms of reference of the Audit Committee were last revised in the meeting of the Board of Directors dated December 24, 2018. The scope, functions and the terms of reference of our Audit Committee, is in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI Listing Regulations which are as follows:

A. Powers of Audit Committee

The Audit Committee shall have the following powers:

- To investigate into any matter in relation to the role/terms of reference and to obtain external professional advice, if necessary and shall have full access to the information contained in the records of the Company;
- To seek information from employees and secure attendance of outsiders, if necessary; and
- To call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the Company.

B. Role of the Audit Committee

The role of the audit committee shall include the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;
 - e. Compliance with listing and other legal requirements relating to financial statements;
 - f. Disclosure of any related party transactions; and
 - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;

6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Monitoring the end use of funds raised through public offers and related matters;
8. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
9. Approval of any subsequent modification of transactions of the company with related parties;
10. Reviewing of related party transactions entered into by the Company pursuant to omnibus approval on a quarterly basis;
11. Scrutiny of inter-corporate loans and investments;
12. Valuation of undertakings or assets of the company, wherever it is necessary;
13. Evaluation of internal financial controls and risk management systems;
14. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
15. Reviewing the financial statements in particular the investments if any made by the unlisted subsidiary company(ies);
16. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
17. Discussion with internal auditors of any significant findings and follow up there on;
18. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
19. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
20. Looking into the reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
21. Reviewing the functioning of the whistle blower mechanism;
22. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
23. Review its terms of reference on an annual basis and recommend any changes to the Board of Directors;
24. In terms of the Insider Trading Code adopted by the Company, the Committee shall consider the following matters: -

- (i) To approve policies/framework in relation to the implementation of the Insider Trading Code and to supervise implementation of the Insider Trading Code.
- (ii) To note and take on record the status reports detailing the dealings by Designated Persons in Securities of the Company, as submitted by the Compliance Officer on a quarterly basis .
- (iii) To provide directions on any penal action to be initiated, in case of any violation of the Prohibition of Insider Trading Regulations by any person.

25. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee; and
26. Reviewing the utilization of loans and/or advances from/investments by the holding company in the subsidiary exceeding rupees hundred crores or 100% of the asset size of the subsidiary, whichever is lower including existing loans / advances/ investments, as may be applicable.

Further, the Audit Committee shall mandatorily review the following information:

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- Management letters / letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses; and
- Appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
- statement of deviations:
 - a. Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI Listing Regulations.
 - b. Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) the SEBI Listing Regulations.

As required under the SEBI Listing Regulations, the Audit Committee shall meet at least four times a year with maximum interval of four months between two meetings and the quorum for each meeting of the Audit Committee shall be two members or one third of the members, whichever is greater, provided that there should be a minimum of two independent directors present.

b) Nomination and Remuneration Committee

Our Company constituted the Nomination and Remuneration Committee in terms of Section 178 at the Board meeting held on November 27, 2015. The committee was reconstituted on December 31, 2015 and February 10, 2017. The Nomination and Remuneration Committee presently consists of the following Directors of the Board:

Sr. No.	Name of Member	Designation
1.	Freeda Gnanaselvam Kanagiah	Chairman
2.	Suyambu Narayanan	Member
3.	Rajakumar Kumaravelayatha Nadar	Member

The Company Secretary acts as the secretary of the Audit Committee.

The terms of reference of the Nomination and Remuneration Committee were last revised in the meeting of the Board of Directors dated December 24, 2018. The scope, functions and the terms of reference of our Nomination

and Remuneration Committee, is in accordance with Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI Listing Regulations which are as follows:

1. To formulate the criteria for determining qualifications, positive attributes and independence of a director;
2. To devise a policy on Board diversity;
3. To identify persons who are qualified to become Director in accordance with the criteria laid down and recommend to the Board, their appointment/removal;
4. To identify persons who may be appointed in Senior Management in accordance with the criteria laid down and recommend to the Board, their appointment /removal;
5. To formulate and recommend to the Board policies relating to the remuneration for:
 - b. Directors;
 - c. Key Managerial Personnel; and
 - d. Other Employees of the Company;
6. To formulate criteria for performance evaluation of independent directors and the Board and to carry out evaluation of every director's performance;
7. To recommend remuneration payable to Managing Directors and Whole-time Directors;
8. To recommend the sitting fees payable, if any to Non-Executive Directors;
9. To review and recommend nature of services rendered by any director in other capacity and requisite qualification thereof;
10. To discharge the roles envisaged under the SEBI (Share Based Employee Benefits) Regulations, 2014;
11. Determine whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
12. Review its Terms of Reference on an annual basis and recommend any changes to the Board;
13. To carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory / regulatory requirement, as may be applicable.

As required under the SEBI Listing Regulations, the Nomination and Remuneration Committee shall meet at least once a year, and the chairperson of the committee shall be present at the annual general meetings to answer queries of the shareholders. The quorum for each meeting of the said committee shall be either two members or one-third of the members of the committee whichever is greater, including at least one independent director in presence.

c) Stakeholders Relationship Committee:

Our Company has constituted the Stakeholders Relationship Committee in terms of the Section 178 of the Companies Act in the meeting of the Board of Directors held on November 27, 2015. The committee was reconstituted on December 31, 2015 and February 10, 2017. The Stakeholders Relationship Committee presently consists of the following Directors of the Board:

Sr. No.	Name of Member	Designation
1.	Rajakumar Kumaravelayatha Nadar	Chairman
2.	Freeda Gnanaselvam Kanagiah	Member
3.	Suyambu Narayanan	Member

The Company Secretary acts as the secretary of the Stakeholders Relationship Committee.

The term of reference of the Committee were last revised in the meeting of the Board of Directors dated December 24, 2018. The scope, functions and the terms of reference of our Stakeholders Relationship Committee, is in accordance with Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI Listing Regulations which are as follows:

1. To oversee and review all matters connected with the transfer of the Company's securities and to approve allotment, transfer / transmission of securities;
2. To consider, resolve and monitor redressal of investors' complaints/ grievances like non-transfer of securities, non-receipt of annual report, non-receipt of dividends, etc.;
3. To approve issue of duplicate share certificates and new certificates on split/consolidation/renewal;
4. To oversee the performance of the Company's Registrar and Share Transfer Agent(s);
5. To recommend methods to upgrade the standards of services to investors;
6. Review its Terms of Reference on an annual basis and recommend any changes to the Board; and
7. To carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory / regulatory requirement, as may be applicable.

Our Key Management Personnel

In addition to our Managing Director, whose details have been provided under paragraph above titled '*Brief Profile of our Directors*', set forth below are the details of our Key Managerial Personnel as on the date of filing of this Draft Letter of Offer:

Nagaraj Ponnusamy, aged 36 years, is the Chief Financial Officer of our Company. He holds a bachelor's degree in commerce from Bharathidasan University. He joined our Company with effect from March 05, 2015 and has previously worked with Malar Publications Private Limited in the capacity of accounts executive, one of our Group Companies and Promoter Group entities. He has received a remuneration of ₹ 3.68 lakhs in the previous Financial Year.

Lakshmi Kumar, aged 34 years, is the Company Secretary and Compliance Officer of our Company. She holds a bachelor's degree in commerce from University of Madras and is a member of the Institute of Company Secretaries of India. She has previously served in the capacity of a company secretary in Shapoorji Pallonji Solar Holdings Private Limited. She has been associated with our Company since June 30, 2020 and has not received any remuneration in the previous Financial Year.

All our Key Managerial Personnel are permanent employees of our Company.

Relationship of Key Managerial Personnel with our Directors, Promoter and / or other Key Managerial Personnel

None of the key managerial personnel are related to each other or to our Promoter or to any of our Directors.

Shareholding of the Key Managerial Personnel

None of our other Key Managerial Personnel hold any Equity Shares of our Company as on the date of filing of this Draft Letter of Offer.

Bonus or Profit Sharing Plan for our Key Managerial Personnel

None of our Key Managerial Personnel are a party to any bonus or profit sharing plan.

Interest of Key Managerial Personnel

None of our Key Managerial Personnel's have any interest in our Company other than to the extent of the remuneration, equity shares held by them or benefits to which they are entitled to our Company as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

Further, there is no arrangement or understanding with the major shareholders, customers, suppliers or others, pursuant to which any of our Key Managerial Personnel have been appointed.

Changes in Key Managerial Personnel in the Last Three Years

Except as stated below, there has not been any change in our Key Managerial Personnel in the last three years immediately preceding the date of filing of this Draft Letter of Offer:

Name of the key managerial personnel	Date of Appointment	Date of Cessation	Reason
Lakshmi Kumar	June 30, 2020	-	Appointed as the Company Secretary and Compliance Officer
S.G Suryah	-	June 30, 2020	Cessation as the Compliance Officer
S.G Suryah	May 05, 2020	-	Appointed as the Compliance Officer
Ajay Shukla	-	February 19, 2020	Cessation as the Company Secretary and Compliance Officer

Employees' Stock Option Plan

As on date of this Draft Letter of Offer, our Company does not have any employee stock option plan or purchase schemes for our employees.

Loans taken by Directors / Key Management Personnel

Our Company has not granted any loans to the Directors and/or Key Management Personnel as on the date of this Draft Letter of Offer.

OUR PROMOTER AND PROMOTER GROUP

A. OUR PROMOTER

S. Balasubramanian Adityan is the Promoter of our Company. As on the date of this Draft Letter of Offer, our Promoter holds 1,03,296 Equity Shares constituting 1.15% of the pre-Issue issued, subscribed and paid-up Equity Share Capital. For details of the build-up of our Promoter's shareholding in our Company, see "*Capital Structure – Details of Build-up of our Promoter's shareholding*" on page 80 of this Draft Letter of Offer.



S. BALASUBRAMANIAN ADITYAN

S. Balasubramanian Adityan, aged 55 years, is the Promoter of our Company.

Date of birth: March 08, 1965

Permanent account number: AAFPA6360C

Aadhar card number: 3949 6831 9925

Driving license number: TN01 19930000284

Address: No. 04, Bishop Garden, Greenways road, Chennai- 600 028, Tamil Nadu, India.

Our Company confirms that the permanent account number, bank account number and passport number of our Promoter shall be submitted to the Stock Exchange at the time of filing this Draft Letter of Offer.

Other Ventures of our Promoter

Except as disclosed herein below, our Promoter is not involved with any other venture:

S. No.	Name of the venture	Nature of interest*
1.	Gay Travels Private Limited	Director
2.	Rukmani Publications Private Limited	Director
3.	Sivanthi Farms Private Limited	Director
4.	India Cabs Private Limited	Director
5.	The Indian Newspaper Society	Director
6.	Educational Trustee Co Private Limited	Director
7.	The India Cements Limited	Independent Director
8.	Metronation Chennai Television Private Limited	Managing Director
9.	Rani Syndicate Private Limited	Director
10.	Daily Thanthi Private Limited	Director
11.	Subasri Realty Private Limited	Director
12.	Mukundhaa Network Private Limited	Director
13.	Malar Publications Private Limited	Advisor
14.	M/s. Balasubramanian Adityan	Sole Proprietorship
15.	Dr. Sivanthi Aditanar College of Engineering, Tiruchendur	Chairman
16.	Aditanar College of Arts & Science, Tiruchendur	Chairman of the college committee
17.	Govindammal Aditanar Women's College, Tiruchendur	Chairman
18.	Dr. Sivanthi Aditanar College of Physical Training, Tiruchendur	Chairman
19.	Dr. Sivanthi Aditanar College of Education, Tiruchendur	Chairman
20.	Dr. Sivanthi Aditanar College of Nursing, Tiruchendur	Chairman
21.	Sivanthi Academy, Tiruchendur	Chairman
22.	Sivanthi Matriculation School	Chairman

S. No.	Name of the venture	Nature of interest*
23.	Tamilnadu State Volleyball Association	Chief Patron
24.	Tamilnadu State Olympic Association	Vice President

*The names of the ventures and the nature of the interest of our Promoter therein, have been disclosed on the basis of the disclosures made by him in the statutory filings under Section 184 of the Companies Act, 2013.

Change in Control of our Company

Dr. P. Maruthai Pillai, was originally the promoter of our Company and since 1960, Late B. S Adityan, the deceased father of our Promoter has been associated with our Company in the capacity of a Promoter and a member of the Promoter Group. Our Promoter has inherited the complete shareholding of his father in our Company and has been named as our promoter thereafter.

The details of the Equity Shares inherited by our Promoter *vide* the share transmission deed dated November 11, 2018 executed for the Equity Shares of Late B. S Adityan have been provided below:

Date of Acquisition	Number of Equity Shares acquired	Percentage of voting rights acquired	Consideration paid for acquisition	Material terms of acquisition
November 11, 2018	1,03,296	1.15%	Consideration other than cash	Nil

For further details please refer to “*Capital Structure –Details of Build-up of our Promoter’s shareholding*” on page 80 of this Draft Letter of Offer.

Experience of our Promoter in the business of our Company

Our Promoter does not has relevant experience in the line of business of the Company. In order to manage the activities and business our Company may hire an experienced staff to carry out the business activities or we may also enter into arrangements with entities, which have relevant expertise in the area of our business. For details of the risks related to the same, please refer to the “*Risk Factor No. 02- “Our Company has ventured into the hotel business in the year 1990 and halted our business operations from 2014, and therefore has a very limited operating history of our operations with respect to the same, which will make it difficult for the investors to evaluate our historical performance or future prospects. Further, our Promoter does not have requisite experience in the hotel industry and we may have to engage a third party to operate and manage our hotel business.”*” in the chapter titled “*Risk Factors*” on page 26 of this Draft Letter of Offer.

Interest of our Promoter

Interest in promotion of our Company

Other than promotion of our Company, our Promoter is also interested to the extent of his shareholding in our Company and the dividends payable, if any, and any other distributions in respect of his shareholding in our Company or the shareholding of his relatives in our Company. For details of the shareholding of our Promoter in our Company, please refer to the chapter titled “*Capital Structure*” and “*Related Party Transactions*” beginning on page 71 and 152, respectively of this Draft Letter of Offer.

Interest of Promoter our in our Company other than as a Promoter

Except as stated in the chapter titled “*Related Party Transactions*” on pages 152, our Promoter does not have any interest in our Company.

Interest in the properties of our Company

Except as disclosed in the section titled “*Financial Information*” on page 154, our Promoter is not interested in the properties acquired by our Company in the three years preceding the date of filing of this Draft Letter of Offer

with the Stock Exchange or proposed to be acquired by our Company, or in any transaction by our Company for the acquisition of land, construction of building or supply of machinery.

Other Interest and Disclosures

Except as stated in this section and the chapters titled “*Our Group Companies*” and “*Related Party Transactions*” on pages 146 and 152, respectively of this Draft Letter of Offer our Promoter is not interested in any transaction in acquisition of land or property, construction of building and supply of machinery, or any other contract, agreement or arrangement entered into by the Company and no payments have been made or are proposed to be made in respect of these contracts, agreements or arrangements.

Our Promoter has not entered into any contract or arrangement or has paid or agreed to pay or received or agreed to receive any sum of money in cash or shares or otherwise from any director or the firm or company in which our Promoter is associated, either to induce such person to become, or to qualify such person as a director, or otherwise for services rendered by such person or by the firm or company, in connection with the promotion or formation of the Company.

Payment or benefits to our Promoter and Promoter Group during the last two years

Except as stated below and in this section along with the benefits mentioned in the related party transactions as per AS-18 there has been no payment of any amount of benefits to our Promoter or the members of our Promoter Group during the last two years from the date of this Draft Letter of Offer nor is there any intention to pay or give any benefit to our Promoter or Promoter group as on the date of this Draft Letter of Offer. For further details, please refer to the chapter titled “*Related Party Transactions*” on page 152 of this Draft Letter of Offer.

Our Company has availed unsecured loans from some of the entities forming part of our Promoter Group, therefore they may have received an amount towards the interest and repayment for the loans extended during the preceding two years. Our Company also has entered into purchase of air ticket transactions with Gay Travels Private Limited, our promoter group entity; therefore it might have received an amount towards such transactions in the preceding two years. Further, Gay Travels Private Limited has provided a fixed deposit of ₹ 250 lakhs as collateral security to the lenders of our Company for securing the term loan availed by our Company. For further details, please refer to the chapters titled “*Related Party Transactions*” and “*Financial Indebtedness*” on pages 152 and 165 of this Draft Letter of Offer.

For details with respect to the amount of benefits paid by our Company to the members and entities forming part of our Promoter Group, please refer to “*Restated Financial Information- Annexure –VII –Notes to restated financial information-Note 16-Related party disclosures*” at page F-32 of the Restated Financial Information beginning on page 154 of this Draft Letter of Offer.

Litigations involving our Promoter

For details of legal and regulatory proceedings involving our Promoter, see “*Outstanding Litigation and Material Development*” on page 172.

Guarantees

Except as disclosed in the chapter titled “*Financial Indebtedness*” on page 165 of this Draft Letter of Offer, our Promoter has not given any guarantees to third parties in respect of our Company and the Equity Shares that are outstanding as of the date of filing of this Draft Letter of Offer.

Details of Companies / Firms from which our Promoter have disassociated in the last three years

Our Promoter has not disassociated himself from any company/firm during the preceding three years.

B. OUR PROMOTER GROUP

In addition to our Promoter, the following individuals and entities form part of our Promoter Group in terms of Regulation 2(1) (pp) of the SEBI (ICDR) Regulations:

Individuals forming part of the Promoter Group:

a) Relatives of our Promoter forming a part of the Promoter Group:

Sr. No.	Name of the member of Promoter Group	Relationship with the Promoter
1.	Late B. S. Adityan	Father
2.	Late S. Amudha Adityan	Mother
3.	-	Spouse
4.	-	Brother
5.	Anitha Kumaran	Sister
6.	Late Mala Jayaraman	Sister
7.	B. Sivanthi Adityan	Son
8.	B. Adhavan Adityan	Son
9.	-	Daughter

b) Other individuals forming a part of the Promoter Group:

Sr. No.	Name of the individual
1.	Augustin D
2.	R Chandramohan
3.	Geetha Periasamy
4.	Anita Kumaran
5.	Kaavya Sharath Jagannathan
6.	Chandrakant
7.	V Chithan
8.	Jayanthi Natarajan
9.	Sivaram M
10.	Maruthai Pillai P
11.	C.Rukmani Sivaram
12.	Karthik P. Sivaram
13.	Arun Pillai M
14.	Vijayalakshmi Chandramohan
15.	Jayanthi S
16.	Senthilnathan M
17.	Sivabagyam M
18.	Chandramohan P
19.	Ravichandran C L
20.	Ganesan M
21.	Kamal Kumar Babbar

Entities forming part of the Promoter Group:

Except as stated below, no other company, firm or HUF are forming part of the promoter group:

a) Entities forming part of the promoter group in accordance with Regulation 2(1)(pp)(iv) of the SEBI ICDR Regulations :

Sr. No.	Name of the entity
1.	Rani Syndicate Private Limited
2.	Sivels Holding Private Limited
3.	Malar Farms Private Limited

Sr. No.	Name of the entity
4.	India Cabs Private Limited
5.	Sivanthi Farms Private Limited
6.	Malar Publications Private Limited
7.	Subasri Realty Private Limited
8.	Gay Travels Private Limited
9.	Rani Printers Private Limited

b) Other entities forming part of the promoter group:

Sr. No.	Name of the entity
1.	Sovereign Media Marketing Private Limited
2.	Sri Devi Agencies Private Limited
3.	Yessir Holdings & Investments Private Limited

C. Other Confirmations

None of our Promoter, Promoter Group and Group Companies have been declared as wilful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past or are currently pending against them.

Our Promoter has not been declared as a Fugitive Economic Offender under Section 12 of the Fugitive Economic Offenders Act, 2018.

None of our Promoter, Promoter Group entities or Group Companies have been debarred or prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority. Our Promoter and members of the Promoter Group are not and have never been promoters, directors or person in control of any other company, which is debarred or prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

There is no litigation or legal action pending or taken by any ministry, department of the Government or statutory authority during the last 5 (five) years preceding the date of the Issue against our Promoter.

OUR GROUP COMPANIES

In terms of the SEBI ICDR Regulations and the applicable accounting standards (Accounting Standard 18 and Indian Accounting Standard 24), for the purpose of identification of “group companies” in relation to the disclosure in Offer Documents, our Company has considered the companies with which there have been related party transactions in the last three years, as disclosed in the section titled “*Financial Information*” on page 154 of this Draft Letter of Offer.

Pursuant to a resolution of our Board dated August 26, 2020, for the purpose of disclosure in the Offer Documents for the Issue, a company shall be considered material and disclosed as a ‘Group Company’ if (i) our Company has entered into one or more related party transactions with such company in the previous three fiscal years or (ii) any other company/entity which the Board may decide to consider material. Accordingly, pursuant to the said resolution passed by our Board of Directors and the materiality policy adopted, for determining our Group Companies, following are the Group Companies of our Company:

1. Malar Publications Private Limited.;
2. Subasri Realty Private Limited;
3. Gay Travels Private Limited;
4. Rani Printers Private Limited; and
5. Sivel Holdings Private Limited.

Set forth below are the details of our five largest Group Companies based on their turnover as on date of this Draft Letter of Offer.

1. Malar Publications Private Limited (“MPPL”)

Corporate Information

MPPL was incorporated as a private limited company under the Companies Act 1956, under the name, “*Malar Publications Private Limited*” vide a certificate of incorporation dated February 22, 1979 issued by the Registrar of Companies, Tamil Nadu. MPPL was converted from a private limited company to a public limited company vide a certificate of incorporation dated February 22, 2006 issued by the Registrar of Companies, Tamil Nadu, consequently the name of the company was changed to “*Malar Publications Limited*”. Subsequently, it was converted from a public limited company to a private limited company pursuant to a certificate of incorporation dated July 09, 2015 issued by the Registrar of Companies, Chennai and the name of the company was changed to “*Malar Publications Private Limited*”. The Corporate Identification Number of MPPL is U22121TN1979PTC007728. The registered office of MPPL is situated at 1091, Poonamallee High Road, Madras - 600 007, Tamil Nadu India.

Nature of business

The main objects of MPPL *inter alia* are to engage in the business of newspaper, printing, cable, marketing, etc.

Interest of our Promoter

Name of the Promoter	No. of equity shares	% of shareholding
S. Balasubramanian Adityan	93,62,662	51.13

Other than as disclosed hereinabove, our Promoter is the promoter of MPL and may be deemed to be interested to that extent.

Financial Information

Particulars	(₹ in lakhs, except for per share data)		
	March 31, 2019*	March 31, 2018	March 31, 2017
Issued and paid up Equity Share Capital	1,822.67	1,822.67	1,822.67

Particulars	March 31, 2019*	March 31, 2018	March 31, 2017
Reserves and Surplus (excluding revaluation reserves)	3,624.93	3,281.82	3,240.21
Sales / Turnover	12,376.21	11,237.23	12,125.10
Profit / (Loss) after Tax	343.11	41.61	241.55
Basic and Diluted EPS per share	1.88	0.23	1.33
Net Asset Value per equity share	29.89	28.01	27.78

*The financial statements for the year ended March 31, 2020 have not been audited yet.

Significant notes of the auditors of MPPL for the last three Financial Years

There are no significant notes of the auditors in relation to the aforementioned financial statements for the last three years.

2. Subasri Realty Private Limited (“SRPL”)

Corporate Information

SRPL was incorporated as a private limited company under the Companies Act 1956, under the name, “Subasri Realty Private Limited” vide a certificate of incorporation dated October 07, 2004 issued by the Registrar of Companies, Tamil Nadu. The Corporate Identification Number of SRPL is U45201TN2004PTC054407. The registered office of GTPL is situated at No. 86 (old no.1091) Periyar Evr High Road Chennai - 600 007, Tamil Nadu, India.

Nature of Activities

The main objects of SRPL are to *inter alia* carry on the business of architects, designers, builders and contractors for infrastructure projects including roads, bridges, flyovers, sea ports, airport, air fields, power generation, water supply, sanitation and public health engineering projects, hospitals, hotels, theaters, etc.

Interest of our Promoter

Name of the Promoter	No. of equity shares	% of shareholding
S. Balasubramanian Adityan	2,71,400	18.75

Other than as disclosed hereinabove, our Promoter is the promoter and director on the board of SRPL and may be deemed to be interested to the extent of his shareholding in SRPL, fees, if any, payable to him for attending meetings of the board or a committee thereof as well as to the extent of other remuneration or reimbursement of expenses payable to him.

Financial Information

(₹ in lakhs, except for per share data)

Particulars	March 31, 2019*	March 31, 2018	March 31, 2017
Issued and paid up Equity Share Capital	1,432.00	1,432.00	1,432.00
Reserves and Surplus (excluding revaluation reserves)	(249.85)	(468.94)	(300.90)
Sales / Turnover	2,680.83	2,449.06	2,288.47
Profit / (Loss) after Tax	218.32	(165.81)	(110.60)
Basic and Diluted EPS per share	15.25	(11.58)	(7.72)
Net Asset Value per equity share	82.55	67.23	79.02

*The financial statements for the year ended March 31, 2020 have not been audited yet.

Significant notes of the auditors of SRPL for the last three Financial Years

There are no significant notes of the auditors in relation to the aforementioned financial statements for the last three years.

3. Gay Travels Private Limited (“GTPL”)

Corporate Information

GTPL was incorporated as a private limited company under the Companies Act 1956, under the name “Gay Travels Private Limited” vide a certificate of incorporation dated July 16, 1970 issued by the Registrar of Companies, Madras. The Corporate Identification Number of GTPL is U63040TN1970PTC005875. The registered office of GTPL is situated at 61, Nungambakkam High Road, Madras – 600 034, Tamil Nadu, India.

Nature of Activities

The main objects of GTPL are inter alia to carry on the business of tourist car operators, organize, maintain and operate hire and transport services in all parts of the world, etc.

Interest of our Promoter

Name of the Promoter	No. of equity shares	% of shareholding
S. Balasubramanian Adityan	3,84,985	96.26

Other than as disclosed hereinabove, our Promoter is the promoter and director on the board of GTPL and may be deemed to be interested to the extent of his shareholding in GTPL, fees, if any, payable to him for attending meetings of the board or a committee thereof as well as to the extent of other remuneration or reimbursement of expenses payable to him.

Financial Information

(₹ in lakhs, except for per share data)

Particulars	March 31, 2019*	March 31, 2018	March 31, 2017
Issued and paid up Equity Share Capital	399.94	399.94	399.94
Reserves and Surplus (excluding revaluation reserves)	7,443.37	6,047.63	5,543.48
Sales / Turnover	186.83	217.26	220.07
Profit / (Loss) after Tax	739.45	495.03	941.26
Basic and Diluted EPS per share	184.89	123.78	235.35
Net Asset Value per equity share	1,961.14	1,612.15	1,486.09

*The financial statements for the year ended March 31, 2020 have not been audited yet.

Significant notes of the auditors of GTPL for the last three Financial Years

There are no significant notes of the auditors in relation to the aforementioned financial statements for the last three years.

4. Rani Printers Private Limited (“RPPL”)

Corporate Information

RPPL was incorporated as a private limited company under the Companies Act 1956, under the name, “Rani Printers Private Limited” vide a certificate of incorporation dated September 17, 1970 issued by the Assistant Registrar of Companies, Tamil Nadu. The Corporate Identification Number of RPPL is U22211TN1970PTC005896. The registered office of RPPL is situated at New No. 86, Periyar Evr High Road Vepery, Chennai- 600 007, Tamil Nadu, India.

Nature of activities

The main objects of RPPL are inter alia to carry on the business of offset printers, stationers, lithographers, stereotypers, electrotypers, printers, engravers, die-sinkers, designers, etc.

Interest of our Promoter

Name of the Promoter	No. of equity shares	% of shareholding
S. Balasubramanian Adityan	42,400	9.85

Other than as disclosed hereinabove, our Promoter is the promoter and director on the board of RPPL and may be deemed to be interested to the extent of his shareholding in RPPL, fees, if any, payable to him for attending meetings of the board or a committee thereof as well as to the extent of other remuneration or reimbursement of expenses payable to him.

Financial Information

(₹ in lakhs, except for per share data)

Particulars	March 31, 2019*	March 31, 2018	March 31, 2017
Issued and paid up Equity Share Capital	430.60	430.60	430.60
Reserves and Surplus (excluding revaluation reserves)	783.89	751.49	698.40
Sales / Turnover	5.2	4.00	10.21
Profit / (Loss) after Tax	32.79	53.04	58.99
Basic and Diluted EPS per share	7.61	12.32	13.70
Net Asset Value per equity share	282.05	274.52	262.19

*The financial statements for the year ended March 31, 2020 have not been audited yet.

Significant notes of the auditors of RPPL for the last three Financial Years

There are no significant notes of the auditors in relation to the aforementioned financial statements for the last three years.

5. Sivel Holdings Private Limited (“SHPL”)

Corporate Information

SHPL was incorporated as a private limited company under the Companies Act 1956, under the name, “Sivel Holdings Private Limited” vide a certificate of incorporation dated February 10, 2012 issued by the Registrar of Companies, Tamil Nadu. The Corporate Identification Number of SHPL is U65921TN2012PTC084410. The registered office of SHPL is situated at New No. 86, Old No. 1091, Periyar EVR High Road, Chennai 600007, Tamil Nadu, India.

Nature of business

SHPL is an investment company.

Interest of our Promoters

Name of the Promoter	No. of equity shares	% of shareholding
S. Balasubramanian Adityan	14,30,000	29.18

Other than as disclosed hereinabove, our Promoter is the promoters of SHPL and may be deemed to be interested to that extent.

Financial Information

(₹ in lakhs, except for per share data)

Particulars	March 31, 2019*	March 31, 2018	March 31, 2017
Issued and paid up Equity Share Capital	490	490	490
Reserves and Surplus (excluding revaluation reserves)	497.80	495.10	494.72
Sales / Turnover	-	-	-
Profit / (Loss) after Tax	2.66	(0.89)	(0.58)
Basic and Diluted EPS per share	0.05	(0.02)	(0.01)
Net Asset Value per equity share	20.16	20.10	20.10

*The financial statements for the year ended March 31, 2020 have not been audited yet.

Significant notes of the auditors of SHPL for the last three Financial Years

There are no significant notes of the auditors in relation to the aforementioned financial statements for the last three years.

Group Companies with negative Net Worth

As on the date of this Draft Letter of Offer, our Company does not have any Group Companies with negative net worth.

Loss making Group Companies

As on date of this Draft Letter of Offer, our Company does not have any loss making Group Companies, except for the following:

S. No.	Name of the Group Company	Profit or (Loss) after Tax		
		March 31, 2019	March 31, 2018	March 31, 2017
1.	Subasri Realty Private Limited	-	(165.81)	(110.60)
2.	Sivels Holdings Private Limited	-	(0.89)	(0.58)

(₹ in lakhs)

Nature and extent of Interest of Group Companies

In the promotion of our Company

None of our Group Companies have any interest in the promotion of our Company.

In the business of our Company

Except as stated in “Restated Financial Information- Annexure- VII –Notes to restated financial information-Note 16-Related party disclosures” at page F-32 of the Restated Financial Information in this Draft Letter of Offer our Group Companies do not have any business interests in our Company.

In the properties acquired or proposed to be acquired by our Company in the past two years before filing this Draft Letter of Offer.

None of our Group Companies are interested in the properties acquired or proposed to be acquired by our Company in the two years preceding the filing of this Draft Letter of Offer.

In transactions for acquisition of land, construction of building and supply of machinery

None of our Group Companies are interested in any transactions for the acquisition of land, construction of building or supply of machinery.

Common Pursuits

None of our Group Companies have objects similar to our Company.

Related business transactions within the Group Companies and significance on the financial performance of the Company

Except as disclosed in “Restated Financial Information- Annexure VII –Notes to restated financial information-Note 16-Related party disclosures” at page F-32 of the Restated Financial Information in this Draft Letter of Offer, there are no related business transactions of the Company with its Group Companies.

Sale / Purchase between Group Companies

Except as stated in “*Restated Financial Information- Annexure VII –Notes to restated financial information-Note 16-Related party disclosures*” at page F-32 of the Restated Financial Information in this Draft Letter of Offer, none of our Group Companies are involved in any sales or purchase with our Company.

Defunct / Sick Group Companies

None of our other Group Companies is defunct and no applications have been made to the Registrar of Company by any of our Group Companies for striking off their names from the register of companies, during the five years preceding the date of filing of this Draft Letter of Offer.

Further, none of the Group Companies have become sick companies under the erstwhile Sick Industrial Companies Act, 1985 or have become insolvent under the Insolvency and Bankruptcy Code, 2016 and no winding up proceedings have been initiated against them.

Litigation

For details relating to legal proceeding involving our Group Companies, please see the section “*Outstanding Litigation and Material Development*” beginning on page 172 of this Draft Letter of Offer.

Other Confirmations

Our Group Companies have not been prohibited or debarred from accessing the capital markets for any reason by SEBI or any other regulatory or governmental authority.

Further, none of our Group Companies have been identified as wilful defaulters by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI.

Equity shares of our Group Companies have not been listed on any stock exchanges and none of our Group Companies have made any public issues / rights issues in the last three years.

RELATED PARTY TRANSACTIONS

For details of the related party transactions, during the last three Fiscals, as per the requirements under the relevant accounting standards and as reported in the Restated Financial Information, see “*Restated Financial Information- Notes to Restated Financial Statements- Annexure VII –Notes to restated financial information-Note 16-Related party disclosures*” at page F-32 of the Restated Financial Information in this Draft Letter of Offer.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by the Board of Directors and approved by the Shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable law, including the Companies Act. The dividend, if any, will depend on a number of factors, including but not limited, consolidated net operating profit after tax, working capital requirements, capital expenditure requirements, cash flow required to meet contingencies, outstanding borrowings, and applicable taxes payable by our Company. In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under loan or financing arrangements our Company is currently availing of or may enter into to finance our fund requirements for our business activities.

Dividends paid on Equity Shares:

Our Company has not declared any dividends on the Equity Shares in the previous three Financial Years ending 2020, 2019 and 2018. Further, there is no guarantee that any dividends will be declared or paid or that the amount thereof will not be decreased in future. For details in relation to the risk involved, see “*Risk Factor No. 49 – Our ability to pay dividends in the future may be affected by any material adverse effect on our future earnings, financial condition or cash flows.*” on page 48 of this Draft Letter of Offer.

SECTION V – FINANCIAL INFORMATION

RESTATED FINANCIAL INFORMATION

S. No.	Details	Page Number
1.	Restated Financial Information	F-1
2.	Other Financial Information	F-36
3.	Capitalization Statement	F-36

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INDEPENDENT AUDITOR'S EXAMINATION REPORT ON RESTATED FINANCIAL INFORMATION

To,

The Board of Directors of Aruna Hotels Limited
145, Sterling Road,
Nungambakkam,
Chennai,
Tamil Nadu-600034

Dear Sirs,

1. We have examined the attached Restated Financial Information of Aruna Hotels Limited (the 'Company'), comprising the Restated Statement of Assets and Liabilities (Annexure I) for the Financial Year ended on 31st March 2020, 31st March 2019 and 31st March 2018, the Restated Statements of Profit and Loss (Annexure II) (including Other Comprehensive Income), the Restated Statement of Changes in Equity (Annexure IV), the Restated Cash Flow Statement (Annexure III) for the financial year ended on 31st March 2020, 31st March 2019 and 31st March 2018, the Summary Statement of Significant Accounting Policies, and other explanatory information (collectively referred to as "**Restated Financial Information**"), as approved by the Board of Directors of the Company at their meeting held on 14th September 2020, for the purpose of inclusion in the offer document prepared by the Company in connection with its proposed Rights Issue of equity shares of Rs. 10 each (the "Rights Issue") prepared in terms of the requirements of:
 - a) Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Act");
 - b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and
 - c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").
2. The Company's Board of Directors is responsible for the preparation of the Restated Financial Information for the purpose of inclusion in the offer document to be filed with Securities and Exchange Board of India, the BSE Limited and the Registrar of Companies, Block No. 6, B Wing 2nd Floor Shastri Bhawan 26, Haddows Road, Chennai-600034, Tamil Nadu ('ROC') in connection with the proposed rights issue. The Restated Financial Information have been prepared by the management of the Company on the basis of preparation stated in Annexure V(B) to the Restated Financial Information. The Board of Directors of the Company responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Financial Information. The Board of Directors of the Company are also responsible for identifying and ensuring that the Company complies with the Act, ICDR Regulations and the Guidance Note.

"Sri Guru Nivas"

F2, No.21, Srinivasa Nagar, Kandanchavadi, Off OMR, Chennai - 600 096.
Mobile Nos: 9841597680 / 9566013657, Email - contact@balacoca.net



3. We have examined such Restated Financial Information taking into consideration:
- The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated, 7th August 2020 in connection with the proposed rights issue of equity shares of the Company.
 - The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
 - Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Financial Information; and
 - The requirements of Section 26 of the Act and the ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulation and the Guidance Note in connection with the Rights Issue.
4. These Restated Financial Information have been compiled by the management from:
- Audited Ind AS financial statements of the Company as at and for the year ended March 31st, 2020, prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on 29th June 2020. The comparative information for the year ended 31st March 2019 and 31st March 2018, prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on 21st May 2019 and 29th May 2018 respectively.
5. The audit reports on the financial statements issued by us were modified and included following matters giving rise to modifications on the financial statements as at and for the years ended on 31st March 2020, 2019 and 2018:
- have been made after incorporating adjustments for the material amounts in the respective financial years to which they relate;
 - adjustments for reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the Audited Financial Statements of the Company as at and for the financial ended 31 March 2020 prepared under Ind AS and the requirements of the SEBI Regulations;
 - the revaluation reserve has been adjusted in accordance with SEBI ICDR regulations and Guidance Note; and
 - the resultant tax impact on above adjustments has been appropriately adjusted in deferred taxes in the respective periods to which they relate.



6. For the purpose of our examination, we have relied on Auditors' reports issued by us dated 29th June 2020, 21th May 2019 and 29th May 2018 on the financial statements of the Company as at and for the Year ended March 31, 2020, 2019 and 2018 as referred in Paragraph 4 above.
7. Based on our examination and according to the information and explanations given to us, we report that the Restated Financial Information:
 - a) have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial years ended March 31, 2019 and 2018 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the year ended March 31, 2020;
 - b) have been prepared after giving effect to the matters giving rise to modifications mentioned in paragraph 5 above; and
 - c) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.
8. Other matters
 - a. The company had issued preference share in earlier years and were not redeemed in the year in which it has to be redeemed, because it had no profits, nor could it make any fresh issue of shares.
 - b. In restated financial statement, the company has not provided for the dividend on the preference shares, which is a deviation from the provisions of Ind AS. But due to the change in management in FY 2014-15, the new management wants to assess the details related to preference shareholder and wants to make the payment as and when the liability arises. It is uncertain to create a liability as the company wants to settle the agreement with each shareholder individually.
9. The Restated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited Ind AS financial statements mentioned in paragraph 4 above.
10. We have also examined the following Restated Standalone Financial Statements set out in annexure prepared by the management and approved by the Board of Directors of the Company as under:
 - a. Annexure V : Restated Statement of Significant Accounting Policies
 - b. Annexure VI : Adjustment to Restated Financial Statements
 - c. Annexure VII : Notes to Financial Statements
 - d. Annexure VIII : Restated Statement of Dividend Paid

According to the information and explanations given to us, in our opinion, the Restated Standalone Financial Information and the above restated standalone financial information contained in Annexures V to VIII accompanying this report, read with Summary of Significant Accounting Policies disclosed in Annexure V, are prepared after making adjustments and regroupings as considered



appropriate and have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

11. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us, nor this report be construed as a new opinion on any of the financial statements referred to herein.
12. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
13. Our report is intended solely for use of the Board of Directors for inclusion in the offer document to be filed with Securities and Exchange Board of India, the BSE Limited and the Registrar of Companies, Block No. 6, B Wing 2nd Floor Shastri Bhawan 26, Haddows Road, Chennai-600034, Tamil Nadu ('ROC') in connection with the proposed rights issue. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.



For Bala & Co
Chartered Accountants
ICAI Firm Registration No.: 000318S

V. Sriram
Sriram V
Partner

Membership No.:216203
Place of Signature: Chennai
Date: 14/09/2020
UDIN: 20216203AAAAFF3166

ARUNA HOTELS LIMITED
CIN :L15421TN1960PLC004255
Annexure I: Restated statement of assets and liabilities

Particulars	Note No. of Annexure VII	As at March 31, 2020 (Audited) (Rs in Lakhs)	As at March 31, 2019 (Audited) (Rs in Lakhs)	As at March 31, 2018 (Audited) (Rs in Lakhs)
ASSETS				
Non-current Assets				
(a) Property, plant and equipment	1	1,785.71	1,865.30	1,945.41
(b) Capital work-in-progress	1	2,847.39	1,193.96	388.91
(c) Financial assets				
(i) Security Deposits	2	14.15	14.15	14.15
(d) Other non-current assets	4	360.69	360.69	-
		5,007.93	3,434.10	2,348.47
Current Assets				
(a) Financial assets				
(i) Trade receivables	5	-	-	-
(ii) Cash and cash equivalents	5	34.32	231.16	12.91
(c) Other current assets	6	343.78	153.93	33.69
		378.11	385.09	46.60
Total Assets		5,386.04	3,819.18	2,395.07
EQUITY AND LIABILITIES				
Equity				
(a) Share capital	7	1,210.00	1,210.00	1,210.00
(b) Other equity	Annex IV	(7,735.01)	(6,946.40)	(5,964.30)
Total Equity		(6,525.01)	(5,736.40)	(4,754.30)
Liabilities				
Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	8	9,228.85	7,753.85	1,443.05
(b) Deferred tax liabilities	3	1,120.99	978.82	829.09
		10,349.84	8,732.67	2,272.14
Current liabilities				
(a) Financial liabilities				
(i) Trade payables	9	68.11	31.38	15.77
(ii) Other current financial liabilities	9	583.33	250.00	4,752.46
(iii) Interest accrued yet to be paid	9	807.75	173.55	-
(b) Other current liabilities	10	102.01	367.98	109.01
		1,561.21	822.91	4,877.24
Total Liabilities		11,911.05	9,555.58	7,149.38
Total Equity and Liabilities		5,386.04	3,819.18	2,395.07

The accompanying notes form an integral part of the restated financial information
This is the restated summary statement of assets and liabilities referred to in our report of even date

For Bala & Co
Chartered Accountants
Firm Registration No.: 000318S
V. Sriram
Sriram Visvanathan
Partner
Membership No : 216203



Place: Chennai
Date: 14/09/2020

Aruna Hotels Limited
For and on behalf of the Board

M. David
Managing Director
DIN : 06839011

Lakshmi K
Company Secretary

P. Mureshwaran
Director
DIN : 07092976

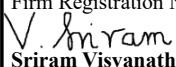
Nagaraj P
Chief Financial Officer

ARUNA HOTELS LIMITED
CIN : L15421TN1960PLC004255
Annexure II: Restated statements of profit and loss

Particulars	Note No. of Annexure VII	Year ended March 31, 2020 (Audited)	Year ended March 31, 2019 (Audited)	Year ended March 31, 2018 (Audited)
		(Rs in Lakhs except EPS)	(Rs in Lakhs except EPS)	(Rs in Lakhs except EPS)
INCOME				
Revenue from operations		-	-	-
Other Income				
Rental Income	11	5.79	7.71	8.09
Creditors/Liability Written Back		1.27	63.05	1.56
Other Income		3.44	11.84	7.14
Total Income		10.48	82.60	16.79
EXPENSES				
Employee benefits expense	12	37.23	26.25	21.12
Depreciation & amortization expense	13	79.60	80.11	80.63
Other expenses	14	137.01	361.53	770.16
Finance costs	15	403.06	444.29	28.47
Total expenses		656.89	912.18	900.39
Profit before tax		(646.40)	(829.58)	(883.60)
Tax Expense:				
(1) Current tax		-	-	-
(2) Deferred tax	3	142.17	149.73	156.02
Total tax		142.17	149.73	156.02
Profit for the year		(788.57)	(979.31)	(1,039.62)
Other Comprehensive Income				
A (i) Items that will be reclassified to profit or loss				
(ii) Income tax relating to items that will be reclassified to profit or loss				
Other Comprehensive Income for the year, net of tax		-	-	-
Comprising Profit and Other Comprehensive Income for the year)				
		(788.57)	(979.31)	(1,039.62)
Earnings per equity share				
(1) Basic		(8.76)	(10.88)	(11.55)
(2) Diluted		(8.76)	(10.88)	(11.55)

The accompanying notes form an integral part of the restated financial information
This is the restated summary statement of profit and loss referred to in our report of even date

Aruna Hotels Limited


For Bala & Co
Chartered Accountants
Firm Registration No.: 000318S

Sriram Visvanathan
Partner
Membership No : 216203

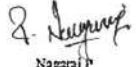


For and on behalf of the Board


G. David
Managing Director
DIN : 08539011


Lakshmi K
Company Secretary


R. Muralidharan
Director
DIN : 07092976


Nagaraj B
Chief Financial Officer

Place: Chennai
Date: 14/09/2020

ARUNA HOTELS LIMITED
CIN :L15421TN1960PLC004255
Annexure III: Restated cash flow statement

Particulars	Year ended	Year ended	Year ended
	March 31,2020 (Audited)	March 31,2019 (Audited)	March 31,2018 (Audited)
	(Rs in Lakhs)	(Rs in Lakhs)	(Rs in Lakhs)
Profit before taxation	(646.40)	(829.58)	(883.60)
Adjustments for:			
Depreciation	79.60	80.11	80.63
IT Refund interest adjusted against earlier demand			21.99
Loss/(Gain) on sale of assets			507.03
Interest received	(3.44)	(9.05)	(0.43)
Interest expense	403.06	444.29	28.47
Operating cash flow before changes in working capital	(167.18)	(314.23)	(245.90)
Adjustments for changes in:			
Other current assets	(189.85)	(120.23)	(4.64)
Provision			(17.62)
Other current liabilities	(265.97)	257.21	16.52
Trade payables	36.73	14.33	(21.78)
Cash generated from operations	(586.27)	(162.93)	(273.42)
Income taxes paid			-
Net cash from operating activities-A	(586.27)	(162.94)	(273.42)
Cash flows from investing activities			
Proceeds from sale of assets			93.22
Change in Capital work in progress	(1,653.43)	(805.05)	(323.69)
Sale of non-current investments		-	-
Interest received	3.44	9.05	0.43
Net cash used in investing activities-B	(1,650.00)	(796.01)	(230.04)
Cash flows from financing activities			
Proceeds from share application money			(4,757.67)
Proceeds from calls in arrears			2.13
Proceeds/(Repayment) from long term borrowings	1,475.00	6,310.80	529.32
Increase/(Decrease) in other current financial liability	967.54	423.56	
(Increase)/ Decrease in non-current assets	-	(360.69)	0.91
Interest paid	(403.06)	(444.02)	(28.47)
Net cash used in financing activities-C	2,039.48	5,929.66	(4,253.78)
Net increase in cash and cash equivalents - (A+B+C)	(196.79)	4,970.70	(4,757.24)
Cash and cash equivalents at the beginning of year	231.16	(4,739.55)	17.69
Cash and cash equivalents at the end of year	34.32	231.16	(4,739.55)
Cash and cash equivalents consists of:			
Cash in hand and Balances with banks*	34.32	231.16	(4,739.55)
	34.32	231.16	(4,739.55)

*Negative bank balance in FY 17-18 due to cheques issued but not presented is part of cash and cash equivalent

The accompanying notes form an integral part of the restated financial information
This is the restated summary statement of cash flows referred to in our report of even date

Aruna Hotels Limited

For and on behalf of the Board

For Bala & Co

Chartered Accountants
Firm Registration No.: 000318S

V. Miram
Sriram Visvanathan
Partner

Membership No : 216203

Place: Chennai
Date: 14/09/2020



(Signature)
M.S. David
Managing Director
DIR : 06539011

(Signature)
Lakshmi K
Company Secretary

(Signature)
R. Muralidharan
Director
DIR : 07092976

(Signature)
Nagnraj P
Chief Financial Officer

ARUNA HOTELS LIMITED
CIN : L15421TN1960PLC004255
Annexure IV: Restated statement of changes in equity

Particulars	Note No. of Annexure VII	Equity Shares of Rs 10/- each (Nos.)	Amount (in Rs.)	14% Redeemable Cumulative Taxable Preference Share of Rs. 100/- each (Nos.)	Amount (in Rs.)	17.5% Redeemable Cumulative Taxable Preference Share of Rs. 100/- each (Nos.)	Amount (in Rs.)	16.5% Redeemable Cumulative Taxable Preference Shares of Rs. 100/- each (Nos.)	Amount (in Rs.)
				Amount (in Rs.)		Amount (in Rs.)		Amount (in Rs.)	
Balance as at March 31, 2017		90,00,000	8,97,87,000	60,000	60,00,000	50,000	50,00,000	2,00,000	2,00,00,000
Changes in equity share capital during the year:									
Received call in arrears		-	2,13,000	-	-	-	-	-	-
Balance as at March 31, 2018	7	90,00,000	9,00,00,000	60,000	60,00,000	50,000	50,00,000	2,00,000	2,00,00,000
Changes in equity share capital during the year		-	-	-	-	-	-	-	-
Balance as at March 31, 2019		90,00,000	9,00,00,000	60,000	60,00,000	50,000	50,00,000	2,00,000	2,00,00,000
Changes in equity share capital during the year									
Balance as at March 31, 2020		90,00,000	9,00,00,000	60,000	60,00,000	50,000	50,00,000	2,00,000	2,00,00,000

b. Other Equity

(Rs in Lakhs)

Particulars	Reserves and surplus					Share Application pending allotment money	Total
	Capital Reserve	Capital Redemption Reserve	Securities Premium Reserve	Preference share Redemption Reserve	Retained Earnings		
Balance as at March 31, 2017	-	4.00	1,652.16	30.25	(6,615.50)	4,757.67	(171.41)
Proceed/(Repayment) during the year						(4,757.67)	(4,757.67)
Profit/(Loss) for the year					-1,039.62		(1,039.62)
IT refund for previous year					22.00		22.00
Total Comprehensive Income for the year	-	-	-	-	(1,017.62)	(4,757.67)	(5,775.29)
Balance as at March 31, 2018	-	4.00	1,652.16	30.25	(7,633.11)	-	(5,964.30)
Profit/(Loss) for the year					(999.71)		(999.71)
Total Comprehensive Income for the year	-	-	-	-	(999.71)	-	(999.71)
Balance as at March 31, 2019	-	4.00	1,652.16	30.25	(8,632.81)	-	(6,946.40)
Profit/(Loss) for the year					(788.61)		(788.61)
Total Comprehensive Income for the year	-	-	-	-	(788.61)	-	(788.61)
Balance as at March 31, 2020	-	4.00	1,652.16	30.25	(9,421.42)	-	(7,735.01)

The accompanying notes form an integral part of the restated financial information
This is the restated summary statement of changes in equity referred to in our report of even date

For Bala & Co
Chartered Accountants
Firm Registration No.: 000318S

V. Sriram

Sriram Visvanathan
Partner
Membership No : 216203

Place: Chennai
Date : 14/09/2020



For and on behalf of the Board

[Signature]
S. David
Managing Director
DIN : 08839011

[Signature]
Lalshani K
Company Secretary

[Signature]
R. Murali Charan
Director
DIN : 07092976

[Signature]
Nagaraj P
Chief Financial Officer

ARUNA HOTELS LIMITED

Annexure V: Summary of significant accounting policies

A CORPORATE INFORMATION

The Restated Financial Information comprise the Financial Statements of Aruna Hotels Limited (the Company) for the financial year(s) ended 31st March 2020, 31st March 2019 and 31st March 2018. The Company was incorporated on 09th September 1960. The registered office of the company is located at 145, Sterling Road, Chennai, Tamil Nadu- 600034. The principal activities of the company is to carry out business of developing, owning, acquiring, renovating, operating, managing and promoting hotels, restaurants etc.

B BASIS OF PREPARATION

B.1 Statement of Compliance

The Restated Financial Information relates to the Company and have been specifically prepared for inclusion in the Draft Letter of Offer/ Letter of Offer ("**Offer Document**") to be filed by the Company with the Securities and Exchange Board of India ("SEBI") in connection with the proposed Rights Issue of the Company (referred to as the "Issue"). The Restated Financial Information comprise the restated statement of assets and liabilities as at 31st March 2020, 31st March 2019 and 31st March 2018, the restated statements of profit and loss, the restated statement of changes in equity and the restated cash flow statement for the financial year ended on 31st March 2020, 2019 and 2018 (together referred as 'Restated Financial Information') and restated other Financial Information has been prepared under the Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules 2015.

The Restated Financial Information has been prepared to comply in all material respects with the requirements of Section 26 of Part I of Chapter III of the Companies Act, 2013 ("the Act"); the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations") and The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note"). The Restated Financial Information has been complied by the management from:

- The audited Ind AS financial statements of the company as at and for the financial year ended 31 March 2020, 31 March 2019 and 31 March 2018, prepared in accordance with Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their Board meeting held 30th June, 2020, 21st May 2019 and 29th May 2018 respectively.



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The Restated Financial Information has been prepared by the management for the purpose of inclusion in the Draft Letter of Offer document prepared by the Company in connection with its proposed Rights Issue, to be filed by the Company with the Securities and Exchange Board of India, Registrar of Companies, and the concerned Stock Exchange in accordance with the requirements of:

- a) Section 26 of Part I of Chapter III of the Companies Act, 2013 “the Act”;
- b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the “ICDR Regulations”); and
- c) The Guidance note on reports in Company prospectuses (revised 2019) issued by the Institute of Chartered Accountants of India (“ICAI”), as amended from time to time (the “Guidance Note”).

This Restated Financial Information has been compiled by the Company (as explained above) and:

- a. have been made after incorporating adjustments for the material amounts in the respective financial years to which they relate;
- b. adjustments for reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the Audited Financial Statements of the Company as at and for the financial ended 31 March 2020 prepared under Ind AS and the requirements of the SEBI Regulations;
- c. the revaluation reserve has been adjusted in accordance with SEBI ICDR regulations and Guidance Note; and
- d. the resultant tax impact on above adjustments has been appropriately adjusted in deferred taxes in the respective periods to which they relate.

These Restated Financial Information were authorised for issue by the Company’s Board of Directors on 14th September 2020.

B.2 Going Concern Assumption

The company halted its operations in FY 2014-15. Since FY 15-16 the company is under the process of renovation and is likely to commence its operations in FY 2020-21. The delay when compared to the original estimate of starting operations in FY 19-20 was due to COVID Pandemic. However, the Company has firmed up a business plan which takes the impact of the pandemic into consideration on its business operations and intends to use its locational and operational advantage to generate cash flows from their operations.

B.3 Functional currency & presentation currency:

The financial statements are presented in Indian Rupees (INR) which is the functional and presentation currency of the Company and all values are rounded off to the lakhs with two decimals, except where otherwise indicated.



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B.4 Basis of Measurement:

The restated financial statements have been prepared on a historical cost basis.

B.5 Use of estimates and judgements

The preparation of Restated Financial Information require judgements, estimates and assumptions to be made that affect the reported amount of assets and liabilities including contingent liabilities on the date of the Restated Financial Information and the reported amount of revenues and expenses during the reporting period. Difference between actual results and estimates are recognized in the period prospectively in which the results are known/ materialized.

B.6 Current vs. Non-current classification of Assets and Liability

The Company present assets and liabilities in the Balance Sheet based on current/ non-current classification. An asset is classified as current when it is:

- Expected to be realized or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All the other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional rights to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current. Deferred Tax Assets and Liabilities are classified as non-current assets and liabilities respectively.

C SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the Restated Financial Information are as given below. These accounting policies have been applied consistently to all the periods presented in the Restated Financial Information.

C.1 Cash and cash equivalent

Cash and cash equivalents in the Balance Sheet comprise of cash at banks, cash in hand & short term deposits with an original maturity of three months or less, which are subject to an insignificant risk of change in value.

C.2 Income Tax



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Income Tax comprises current and deferred tax. It is recognized in the Statement of Profit and Loss except to the extent that it relates to an item recognized directly in equity or in Other Comprehensive Income.

Deferred Tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes (i.e., tax base).

Deferred tax relating to items recognized outside the Statement of Profit and Loss is recognized either in Other Comprehensive Income (OCI) or in equity. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

C.3 Property, Plant and equipment

Capital work in progress is stated at cost less impairment. Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Freehold land is not depreciated.

Depreciation on Plant, Property and Equipment

The depreciable amount of PP&E (being the gross carrying value less the estimated residual value) is depreciated on a systematic basis over its useful life.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Fixed Assets	Useful life considered March, 2020	Useful life considered March, 2019	Useful life considered March, 2018
Building	30 Years	30 Years	30 Years
Vehicles	8 Years	8 Years	8 Years
Computers	6 Years	6 Years	6 Years
Laptop	3 Years	3 Years	3 Years

De-recognition



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An item of PPE is de-recognised at the time of its disposal or when it is assessed that no future economic benefit would accrue from it. The gain/ loss arising out of such disposal/retirement is taken to statement of profit or loss.

C.4 Revenue recognition

The Company derives revenue primarily from rendering services related to hotel, restaurant, banquets etc. by providing accommodation and food to the guests.

To determine whether to recognize revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to performance obligations
5. Recognizing revenue when/as performance obligation(s) are satisfied

Identifying the performance obligations

Under Ind AS 115, the Company must evaluate the separability of the promised goods or services based on whether they are 'distinct'. A promised good or service is 'distinct' if both:

- The customer benefits from item either on its own or together with other readily available resources, and
- It is 'separately identifiable' (i.e. the Company does not provide a significant service integrating, modifying or customizing it)

Determining the transaction pricing

Under Ind AS 115, the Company shall consider the terms of the contract and its customary business practices to determine the transaction price. The transaction price excludes amounts collected on the behalf of the third parties. The consideration promised include fixed amounts, variable amounts or both.

Where the Company has a right to consideration from a customer in an amount that corresponds directly with the value of the customer of the performance completed to date, the Company recognizes revenue in the amount to which it has right to invoice.

Allocating the transaction price to performance obligations

The transaction price is allocated to the separately identifiable performance obligations on the basis of their standalone selling price (in case of room rent where the customer pays a fixed rate per room for all the services provided). For services that are not provided separately, the standalone selling price is estimated using the adjusted market assessment approach.

Recognizing revenue when/as performance obligation(s) are satisfied

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made.



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Revenue is recognized either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

Sales tax/ value added tax (VAT)/Goods & Service Tax (GST) is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

Rooms, Restaurant, Banquets and Other Services

Income from guest accommodation is recognized on a day to day basis after the guest checks into the Hotels and are stated net of allowances. Incomes from other services are recognized as and when services are rendered. Sales are stated exclusive of Service Tax, Value Added Taxes (VAT), Goods & Service Tax (GST) and Luxury Tax. Difference of revenue over the billed as at the year-end is carried in financial statement as unbilled revenue separately.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, sale of food and beverage are recognized at the points of serving these items to the guests. Sales are stated exclusive of Sales Tax/VAT/GST. Revenue is measured at the fair value of the consideration received or receivable.

Other revenues

Other revenue majorly comprise of rental income, scrap revenue which is recognized when the right to receive the income is established as per the terms of contract.

Interest Income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable (provided that it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably).

C.5 Employee Benefits

Short-term employee benefits

A liability is recognized for benefits accruing to employees in respect of salaries, wages, performance incentives, medical benefits and other short term benefits in the period the related service is rendered, at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Defined Benefit Plans and Defined Contribution Plans

As informed by the management, the number of employees are less than 10, hence no adjustment has been done w.r.t. defined benefit plans and defined contribution plans as per the provisions of AS-15 in the restated financial statement for the financial year 2017-18, 2018-19 and 2019-20.

C.6 Financial Instruments



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A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets on initial recognition. Such financial assets are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in other comprehensive income.

Trade receivables

Trade receivables are initially recognised at fair value. Subsequently, these assets are held at amortised cost net of any expected credit losses. Loss allowance on trade receivables is measured at an amount equal to life time expected losses i.e., expected cash shortfall based on the management decision.

Impairment of financial assets

A financial asset is regarded as credit impaired when one or more events that may have a detrimental effect on estimated future cash flows of the asset have occurred. The company applies the expected credit loss model for recognizing impairment loss on financial assets (i.e. the shortfall between the contractual cash flows that are due and all the cash flows (discounted) that the company expects to receive).

De-recognition of financial assets

The company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Statement of profit and loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.



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Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a company entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalized as a part of cost of an asset is included in the "Finance Costs".

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

C.7 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value being higher of value in use and net selling price. Value in use is computed at net present value of cash flow expected over the balance useful lives of the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (Cash Generating Units – CGU).

An impairment loss is recognized as an expense in the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in earlier accounting period is reversed if there has been an improvement in recoverable amount.

C.8 Provisions, Contingent Assets and Contingent Liabilities

Provisions:



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The company recognizes a provision when there is a present obligation to transfer economic benefits as a result of past events, it is probable (more likely than not) that such a transfer will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is certain that reimbursements will be received and the amount of the receivable can be measured reliably.

Contingent Assets:

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits. Contingent Assets are not recognized though are disclosed, where an inflow of economic benefits is probable.

Contingent Liabilities:

Contingent liability is a possible obligation arising from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events but is not recognized because it is not possible that an outflow of resources embodying economic benefit will be required to settle the obligations or reliable estimate of the amount of the obligations cannot be made. The Company discloses contingent liabilities in note no. 19 of Annexure VII to Restated Financial Information.

C.9 Earning per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effect of all potentially dilutive equity shares.

C.10 Standards issued but not yet effective

A number of standards have been modified on miscellaneous issues with effect from 1st April 2018. Such changes include principle for transfer of asset to, or from, Investment Property (Amendment to Ind AS 40), determination of exchange rate for translation of foreign currency where a pre-payment asset or a deferred income liability is recognized (Amendment to Ind AS 21), segregation of deductible temporary differences in accordance with tax laws and assessing them on that basis to recognise deferred tax asset (Amendment to Ind AS 12), permitting election of fair value or equity method of accounting for



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investments in associates and joint ventures by venture capital ,mutual fund and other similar organisations (Amendment to Ind AS 28) and Applicability of disclosure requirements to interests classified as held for sale or as discontinued operation (Amendment to Ind AS 112).

None of these amendments are expected to have any material effect on the company's financial statements.

D Significant Judgements and Key sources of Estimation in applying Accounting Policies

Information about significant judgements and key sources of estimation made in applying accounting policies that have the most significant effects on the amounts recognized in the Restated Financial Information is included in the following notes:

- Recognition of Deferred Tax Assets: The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgement is required in assessing the impact of any legal or economic limits.

- Useful lives of depreciable/ amortizable assets (tangible and intangible): Management reviews its estimate of the useful lives of depreciable/ amortizable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to actual normal wear and tear that may change the utility of plant and equipment.

- Provisions and Contingencies: The assessments undertaken in recognizing provisions and contingencies have been made in accordance with Indian Accounting Standards (Ind AS) 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent events is applied best judgement by management regarding the probability of exposure to potential loss.



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Annexure VI: Statement of adjustments to audited financial statements

1.Reconciliation of Profit (Loss) /total comprehensive income as per audited financial statements with total comprehensive income as per restated financial information

Particulars	Note No. of Annex VII	(Rs in lakhs)	(Rs in lakhs)	(Rs in lakhs)
		March 31,2020 (Audited)	March 31,2019 (Audited)	March 31,2018 (Audited)
Prepared as per		Ind AS	Ind AS	Ind AS
Loss (including other comprehensive income)		(788.57)	(1,814.46)	(1,390.30)
Material adjustment on account of restatement				
(i) Audit qualification:				
Inventories written off	18(a)	-	-	28.63
Creditors/liabilities written off	18(b)	-	-	(417.94)
Deferred Tax asset written off (Difference in WDV as per Companies Act and Income Tax Act (For FY 2015-16 to FY 2017-18)(As calculated under restated financials per the SEBI Guidelines for the Rights Issue)	18(b)	-	(835.15)	-
(ii) Changes in accounting policies: None		-	-	-
(iii) Other material adjustments:				
Write off of Old Asset Accounts (other than Fixed Assets)	18(b)	-	-	816.85
Reserval of expenses pertaining to earlier years	18(b)	-	-	2.79
Capital work in progress written off	18(b)	-	-	82.44
(iv) Ind AS adjustments:				
Deferred tax liability provided	18(b)	-	-	(162.08)
Total Adjustments		-	(835.15)	350.69
Restated total comprehensive income		(788.57)	(979.31)	(1,039.62)

2.Reconciliation of total equity as per audited financial statements with total equity as per restated financial information

Particulars	Note No. of Annex VII	(Rs in lakhs)	(Rs in lakhs)	(Rs in lakhs)
		March 31,2020 (Audited)	March 31,2019 (Audited)	March 31,2018 (Audited)
Total Equity as per audited financial statements		1,713.53	2,596.29	4,504.94
Effect of:				
(i) Audit qualifications: None				
(ii) Changes in accounting policies: None		-	-	-
(iii) Other material adjustments:				
Reserval of expenses pertaining to earlier years	18(a)	-	-	2.79
(iv) Ind AS adjustments:				
Deferred tax liability provided	18(b)	8,238.53	8,332.69	(835.15)
Revaluation surplus		-	-	(8,426.89)
Total Adjustments		8,238.53	8,332.69	(9,259.25)
Total Equity under Ind AS		(6,525.01)	(5,736.40)	(4,754.31)

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Annexure VII: Notes to restated financial information

1. Property, plant and equipment									(Rs in lakhs)
Asset Category	Freehold Land	Building	Vehicles	Plant & Machinery	Office Equipments	Computers/Laptops	Total	Capital work in progress	
At March 31,2017	772.52	2,287.62	24.16	1,791.07	128.64	2.73	5,006.75	65.22	
Additions	-	-	-	-	-	-	-	323.69	
Disposals	-	-	-	(1,791.07)	(128.64)	-	(1,919.71)	-	
Reserve	-	-	-	-	-	-	-	-	
At March 31,2018	772.52	2,287.62	24.16	-	-	2.73	3,087.03	388.91	
Additions	-	-	-	-	-	-	-	805.05	
Disposals	-	-	-	-	-	-	-	-	
Reserve	-	-	-	-	-	-	-	-	
At March 31,2019	772.52	2,287.62	24.16	-	-	2.73	3,087.03	1,193.96	
Additions	-	-	-	-	-	-	-	1,653.43	
Disposals	-	-	-	-	-	-	-	-	
Reserve	-	-	-	-	-	-	-	-	
At March 31,2020	772.52	2,287.62	24.16	-	-	2.73	3,087.03	2,847.39	
<i>Depreciation</i>									
At March 31,2017	-	1,048.62	10.31	1,197.70	121.69	2.02	2,380.38	-	
Additions	-	76.79	3.22	-	-	0.62	80.63	-	
Disposals of Plant & Machinery and Office Equipments	-	-	-	(1,197.70)	(121.69)	-	(1,319.39)	-	
Adjusted against reserves	-	-	-	-	-	-	-	-	
At March 31,2018	-	1,125.45	13.53	-	-	2.64	1,141.62	-	
Additions	-	76.79	3.22	-	-	0.10	80.11	-	
Disposals	-	-	-	-	-	-	-	-	
Adjusted against reserves	-	-	-	-	-	-	-	-	
At March 31,2019	-	1,202.24	16.76	-	-	2.74	1,221.73	-	
Additions	-	76.78	2.81	-	-	-	79.60	-	
Disposals	-	-	-	-	-	-	-	-	
Adjusted against reserves	-	-	-	-	-	-	-	-	
At March 31,2020	-	1,279.02	19.57	-	-	2.74	1,301.33	-	
<i>Net Block</i>									
At March 31,2018	772.52	1,162.17	10.62	-	-	0.09	1,945.41	388.91	
At March 31,2019	772.52	1,085.38	7.40	-	-	(0.00)	1,865.30	1,193.96	
At March 31,2020	772.52	1,008.60	4.59	-	-	(0.00)	1,785.71	2,847.39	



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Details of Capital Work in Progress as on March 31,2020

(Rs in Lakhs)

Party Name	Amount
Code	1,027.25
Disha Interiors P Ltd	14.80
Johnson Lifts Pvt Ltd	33.12
JEPL Projects and altech	23.79
Unimech Systems India P Ltd	105.05
Exelan Networking Tchn P Ltd	20.10
Karthikeyan Associate	0.89
Gladiance Automation P Ltd	26.78
Ode Furnishings	1.86
Drapes & Dreams	0.65
Transform	98.11
Sri Ram Engineers	275.33
POM Engineers	164.31
Season Control Private Ltd	237.93
Forma Electical P Ltd	0.30
Bureau Veritas	11.21
Siddharth Enterprises	12.75
Sans Key Technologies I Pvt Ltd	13.22
Kiruthika Enterprises	61.07
Task Master Construction & Consultancy Service P Ltd	113.31
Show Lights	0.40
Satco Traders	1.35
Light Scape	0.13
RK Plumbing	0.69
Ecolandscapers	0.20
Kaiyaan	0.25
K. Thangaiya Bore Wells	1.20
Mantac Engineers	33.34
Interest related to CWIP	568.01
Total	2,847.39



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2. Financial Assets-Non Current

Particulars	As at	As at	As at
	March 31, 2020 (Audited)	March 31, 2019 (Audited)	March 31, 2018 (Audited)
	(Rs in Lakhs)	(Rs in Lakhs)	(Rs in Lakhs)
Security Deposit			
MES Deposit	14.14	14.14	14.14
BSNL Deposit	0.01	0.01	0.01
Total	14.15	14.15	14.15

3. Deferred tax asset/Deferred tax liability

Particulars	As at	As at	As at
	March 31, 2020 (Audited)	March 31, 2019 (Audited)	March 31, 2018 (Audited)
	(Rs in Lakhs)	(Rs in Lakhs)	(Rs in Lakhs)
Opening Balance	(978.82)	(829.09)	(673.07)
Deferred tax liability			
Difference in WDV as per Companies Act and Income Tax Act	(142.17)	(149.73)	(156.02)
Deferred tax asset/(liability) charged through profit & loss account	(142.17)	(149.73)	(156.02)
Closing Balance of deferred tax asset/(liability)	(1,120.99)	(978.82)	(829.09)

4. Other Non-Current Assets

Particulars	As at	As at	As at
	March 31, 2020 (Audited)	March 31, 2019 (Audited)	March 31, 2018 (Audited)
	(Rs in Lakhs)	(Rs in Lakhs)	(Rs in Lakhs)
Yessir Holdings and Investments Private Limited*	360.69	360.69	-
Total	360.69	360.69	-

A petition was filed for a matter of Arbitration Award dated 28.04.2014 by M/s Southern Agrifurane Industries Private Limited (Petitioner) against M/s Yessir Holdings and Investments Private Limited (1st Respondent), M/s Aruna Hotels Limited (2nd Respondent) and Hon'ble Mr Justice K.P. Sivasubramanian(3rd Respondent) in the High Court of Madras (O.P No. 387 of 2014). The Petitioner and 2nd Respondent have agreed to a memorandum of compromise as on 23rd January 2019. As per the memorandum of compromise, M/s Aruna Hotels Limited will pay Rs 4,44,76,575/- in eight equal installment of Rs 55,59,572/- to M/s Southern Agrifurane Industries Limited (Installment payment commenced from 21.01.2019 till 21.08.2019). Out of the total amount paid, Rs 3,60,69,041/- is paid by M/s Aruna Hotels Limited on behalf of M/s Yessir Holdings Investments Private Limited, which will be later recovered from M/s Yessir Holdings and Investments Private Limited together with interest in accordance with law.

5. Financial Assets-Current

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Particulars	As at	As at	As at
	March 31, 2020 (Audited)	March 31, 2019 (Audited)	March 31, 2018 (Audited)
	(Rs in Lakhs)	(Rs in Lakhs)	(Rs in Lakhs)
Trade Receivables			
Trade receivables outstanding for a period exceeding six months-unsecured	-	-	-
Total	-	-	-
Cash and Cash Equivalents			
Cash on hand	0.31	0.22	0.07
Balance with banks			
-in current accounts	21.08	218.85	0.86
-in fixed deposits*	12.94	12.07	11.98
Total	34.32	231.16	12.91
*Deposits in PNB A/c are Lien Marked against Court Case			

6. Other Current Assets

Particulars	As at	As at	As at
	March 31, 2020 (Audited)	March 31, 2019 (Audited)	March 31, 2018 (Audited)
	(Rs in Lakhs)	(Rs in Lakhs)	(Rs in Lakhs)
TDS Receivable	2.39	2.47	1.84
GST Input Credit	17.76	137.88	31.86
Other Current Assets*	323.64	13.58	-
Total	343.78	153.93	33.69
*Other Current Assets consists of rent receivable and advances given to suppliers			

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7. Equity Share Capital

Particulars	As at March 31, 2020 (Audited)		As at March 31, 2019 (Audited)		As at March 31, 2018 (Audited)	
	Nos.	Amount	Nos.	Amount	Nos.	Amount
<u>Authorised</u>						
Equity Share of Rs 10 each	6,70,00,000	6,700.00	6,70,00,000	6,700.00	6,70,00,000	6,700
Cumulative Redeemable Preference Shares of Rs 100	8,00,000	800.00	8,00,000	800.00	8,00,000	800
Total	6,78,00,000	7,500.00	6,78,00,000	7,500.00	6,78,00,000.00	7,500.00
<u>Issued, subscribed & fully paid up</u>						
Equity shares of Rs. 10 each, fully paid up with voting rights, including 6,90,000 shares of Rs. 10/- each allotted as Bonus Share	90,00,000	900.00	90,00,000	900.00	90,00,000	900
Less: Calls in arrears						
Total paid up equity shares	90,00,000	900.00	90,00,000	900.00	90,00,000.00	900.00
14% Redeemable Cumulative Taxable Preference Share of Rs. 100/- each	60000	60.00	60000	60.00	60,000	60
17.5% Redeemable Cumulative Preference Taxable Preference Shares of Rs. 100/- each	50000	50.00	50000	50.00	50,000	50
16.5% Redeemable Cumulative Taxable Preference Shares of Rs. 100/- each	200000	200.00	200000	200.00	2,00,000	200
Total paid up preference shares	3,10,000	310.00	3,10,000	310.00	3,10,000.00	310.00
Total paid up share capital		1,210.00		1,210.00		1,210.00
The Movement of equity shares is as below:						
Particulars	Nos.	Amount	Nos.	Amount	Nos.	Amount
Shares outstanding at the beginning of the year	90,00,000	900.00	90,00,000	900.00	90,00,000	900.00

V. Miram



Shares issued during the year	-	-	-	-	-	-
Shares outstanding at the end of the year	90,00,000	900.00	90,00,000	900.00	90,00,000	900.00

Notes:

- i. Preference shares, which have fallen due for redemption long ago could not be redeemed due to inadequate profits and non issuance of additional shares and not created preference share redemption reserve due to inadequate profits.
- ii. The 17.5% Redeemable cumulative taxable preference shares are redeemable at par any time after the date of issue but before the expiry of ten years from the date of issue. Earliest redemption month is July 2003.
- iii. The 16.5% Redeemable cumulative taxable preference shares are redeemable at par any time after the date of issue but before the expiry of 15 months from the date of issue. Earliest redemption month is March 97.
- iv. There are no special rights or preferences and restrictions attached to any class of shares, and also there are no restrictions including restriction on dividend and repayment of capital if any.
- v. Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates: Nil

Details of equity shareholders holding more than 5% shares in the company

Name of the equity shareholder	As at March 31, 2020 (Audited)		As at March 31, 2019 (Audited)		As at March 31, 2018 (Audited)	
	No. of the shares held	% of the holding	No. of the shares held	% of the holding	No. of the shares held	% of the holding
Mr. Kamal Babbar	12,16,500	13.5%	12,16,500	13.5%	12,16,500	13.5%
Subasri Realty Private Limited	16,85,539	18.7%	16,85,539	18.7%	14,64,123	16.3%
Gay Travels Private Limited	5,91,506	6.6%	5,91,506	6.6%	5,91,506	6.6%

For the period of three years immediately preceding the balance sheet date:

- i. Nil shares were reserved for issuance towards outstanding employee stock options granted / available for grant, towards outstanding share warrants and towards convertible securities.
- ii. Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back for the period of 3 years immediately preceding the Balance Sheet date is Nil.
- iii. Forfeited share is Nil.

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8. Financial liabilities-Non-current

Particulars	As at	As at	As at
	March 31, 2020 (Audited)	March 31, 2019 (Audited)	March 31, 2018 (Audited)
	(Rs in Lakhs)	(Rs in Lakhs)	(Rs in Lakhs)
Borrowings			
Term Loan from Banks-Secured*(Net of Loan Processing Fee of Rs 2065000/-)	2,604.35	2,729.35	-
Loans from related parties-Unsecured [#]	6,624.50	5,024.50	1,443.05
Total	9,228.85	7,753.85	1,443.05

*** Details of term loan taken from HDFC Bank**

Year in which Loan was Sanction	FY 2018-19
Type of Loan	Term Loan
Amount Sanctioned	Rs 350000000
Amount Disbursed	Rs 350000000
	7 Years including a moratorium of 1 year repayable in 24 equal quarterly installments
Rate of Interest	10.75% linked to 1 year MCLR with Annual reset
Interest payment frequency	Interest shall be payable monthly on the first day of subsequent month.
Interest calculation method	Interest will be calculated on 365 days in respect of rupee loans/ credit facilities.
Security	<p>1. Commercial Property (Primary Security)</p> <p>2. Personal Guarantee of Mr S Balasubramanian Adityan (Secondary Collateral)</p> <p>3. Exclusive charge on FD of Rs 250 Lakhs from Gay Travels Pvt Limited towards debt reserve.</p>



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Our Promoter Group Companies, Malar Publications Private Limited, Subsari Realty Private Limited, Rani Printers Private Limited and Gay Travels Private Limited have extended inter-corporate loans to our Company. After obtaining the prior consent of HDFC Bank Limited *vide* it's no objection certificate dated January 02, 2019, these Promoter Group Companies have created a second charge on the above mentioned properties to secure the inter-corporate loans extended by them to our Company.

Details of unsecured loan

Sr. No.	Name of the Lender	Relationship with Company	Amount Sanctioned	Amount Outstanding	Repayment Terms
			(in Rs Lakhs)	(in Rs Lakhs)	
1	Sivels Holdings Private Limited	Promoter	200.00	90.00	The company is liable to pay interest @ 12% p.a.till the date of settlement of the loan amount.
2	Gay Travels Private Limited	Promoter	500.00	500.00	The company is liable to pay interest @ 12% p.a.till the date of settlement of the loan amount.
3	Gay Travels Private Limited	Promoter	2,000.00	2,000.00	The company is liable to pay interest @ 12% p.a.till the date of settlement of the loan amount.
4	Gay Travels Private Limited	Promoter	1,500.00	901.17	The company is liable to pay interest @ 12% p.a.till the date of settlement of the loan amount.
5	Subasri Realty Private Limited	Promoter	2,000.00	1,486.00	The company is liable to pay interest @ 12% p.a.till the date of settlement of the loan amount.
6	Rani Printers Private Limited	Promoter	500.00	500.00	The company is liable to pay interest @ 12% p.a.till the date of settlement of the loan amount.
7	Malar Publication Private Limited	Common Promoter	1,000.00	1,000.00	The company is liable to pay interest @ 12% p.a.till the date of settlement of the loan amount.



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	8	Malar Publication Private Limited	Common Promoter	1,000.00	147.34	The company is liable to pay interest @ 12% p.a.till the date of settlement of the loan amount.
		Total unsecured loan		8,700.00	6,624.51	



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9. Financial liabilities-Current

Particulars	As at	As at	As at
	March 31, 2020 (Audited)	March 31, 2019 (Audited)	March 31, 2018 (Audited)
	(Rs in Lakhs)	(Rs in Lakhs)	(Rs in Lakhs)
Sundry Creditors	33.75	31.38	15.77
MSME Creditors	34.36		
Interest Accrued yet to be paid	807.75	173.55	-
Term Loan -Current#	583.33	250.00	-
HDFC C/A -10970330000397*			4,752.46
Total	1,459.20	454.93	4,768.24

* In FY 17-18 Bank Balance is negative due to cheques issued yet to be presented in bank.

It consists of amount of term loan to be repayable in next twelve months

^ Details of interest accrued yet to be paid as on 31 March 2020:

Party Name	Amount Due as on 31 March 2020	Period for which it is pending
Gay Travels Private Limited-Old Loan	114.23	FY 2018-19 & upto Mar FY 2019-20
Malar Publications Private Limited	210.75	FY 2018-19 & upto Mar FY 2019-20
Gay Travels Private Limited-New Loan	239.38	Upto Mar FY 2019-20
Rani Printers Private Limited	60.16	Upto Mar FY 2019-20
Subasri Realty Private Limited	170.67	Upto Mar FY 2019-20
HDFC Term Loan	12.55	From 16 March 2020 to 31 March 2020
Total	807.75	

10. Other current liabilities

Particulars	As at	As at	As at
	March 31, 2020 (Audited)	March 31, 2019 (Audited)	March 31, 2018 (Audited)
	(Rs in Lakhs)	(Rs in Lakhs)	(Rs in Lakhs)
Statutory Liabilities	1.26	8.28	3.09
Other Payables	100.75	359.70	105.91
Total	102.01	367.98	109.01

11. Income

Particulars	As at	As at	As at
	March 31, 2020 (Audited)	March 31, 2019 (Audited)	March 31, 2018 (Audited)
	(Rs in Lakhs)	(Rs in Lakhs)	(Rs in Lakhs)
Sale of services	-	-	-
Rental Income*	5.79	7.71	8.09
Creditors/Liability Written Back^	1.27	63.05	1.56
Other Income*#	3.44	11.84	7.14
Total Income	10.48	82.60	16.79

* Rental Income and interest on FD is recurring in nature.

^ Creditors/Liability written back is non-recurring in nature.

#Other income mainly consists of interest income on FD.

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12. Employee benefit expenses

Particulars	As at	As at	As at
	March 31, 2020 (Audited)	March 31, 2019 (Audited)	March 31, 2018 (Audited)
	(Rs in Lakhs)	(Rs in Lakhs)	(Rs in Lakhs)
Salaries, Wages, and Bonus (excluding Directors)	36.70	25.74	21.12
Exgratia	0.53	0.51	-
Total	37.23	26.25	21.12

13. Depreciation & amortization expense

Particulars	As at	As at	As at
	March 31, 2020 (Audited)	March 31, 2019 (Audited)	March 31, 2018 (Audited)
	(Rs in Lakhs)	(Rs in Lakhs)	(Rs in Lakhs)
Depreciation on property, plant and equipment	79.60	80.11	80.63
Total	79.60	80.11	80.63

14. Other expenses

Particulars	As at	As at	As at
	March 31, 2020 (Audited)	March 31, 2019 (Audited)	March 31, 2018 (Audited)
	(Rs in Lakhs)	(Rs in Lakhs)	(Rs in Lakhs)
Power and Fuel Expenses			
- Electricity charges	50.79	59.72	46.40
Repairs and Maintenance			
- Building	-	-	1.81
- Others	2.83	0.43	0.72
Annual Maintenance Charges	0.23	1.36	-
Duties and taxes	-	-	12.44
Insurance	1.21	1.46	0.86
Interest & penalties	6.77	-	0.19
Meeting expenses	-	0.04	0.40
Advertisement expenses	2.73	2.75	0.59
Postage	0.68	17.36	-
Printing and Stationery	0.24	2.36	-
Annual Connectivity Charges	0.82	1.38	-
Share evoting charges	0.64	0.64	-
AGM expenses	6.65	1.10	-
Office and Miscellaneous expenses	1.08	1.69	19.64
Consulting Charges	-	0.25	-
Security Expenses	7.02	7.21	-
Freight, conveyance and transport expenses	1.04	9.27	8.83
Write off of Old Asset Accounts (other than Fixed Assets)	-	-	47.96
Fee and taxes	21.16	27.32	73.06
Professional charges	20.64	37.59	47.29
Reversal of liabilities earlier written off	10.00	187.09	-
Loss on sale of redundant assets	-	-	507.03
Payment to auditors (Statutory Audit Fees)*	2.50	2.50	2.95
Total	137.01	361.53	770.16

*Excluding GST for FY 2019-20 and FY 2018-19 and included in FY 17-18

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15. Finance costs

Particulars	As at	As at	As at
	March 31, 2020 (Audited)	March 31, 2019 (Audited)	March 31, 2018 (Audited)
	(Rs in Lakhs)	(Rs in Lakhs)	(Rs in Lakhs)
Interest on term loan	-	203.07	28.16
Interest on Others	402.89	240.94	-
Bank charges	0.17	0.28	0.31
Total	403.06	444.29	28.47

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16. Related party disclosures

S.No	Nature of Relationship	31-Mar-20	31-Mar-19	31-Mar-18
A	<u>Other related parties</u>			
1	Joint Venture	-	-	-
2	Company with common directors	-	-	-
3	Key Management Personnel	R.Muralidharan Director Rajakumar Director MS David Managing Director Freeda Ganaselvam Director N.Suyumbhu Director - Nagaraj P CFO Ajay Shukla Company secretary (Till 19th February 2020) Lakshmi K Company secretary (W.e.f 30th June 2020)	R.Muralidharan Director Rajakumar Director MS David Managing Director Freeda Ganaselvam Director N.Suyumbhu Director - Nagaraj P CFO Ajay Shukla Company secretary	R.Muralidharan Director Rajakumar Director Anabalagan .v Managing Director Freeda Ganaselvam Director N.Suyumbhu Director Balaji Gandla Company secretary (Till 19.06.2017) Nagaraj P CFO Ajay Shukla Company secretary (w.e.f 20.06.2017) - Gay Travels Private Limited (Promoter Group) Rani Printers Private Limited (Promoter Group) Subasri Realty Private Limited (Promoter Group) Sivanthi Farms Private Limited India Cabs Private Limited Sivels Holdings Private Limited The Indian Newspaper Society Educational Trustee Co Private Limited The India Cements Limited Metronation Chennai Television Private Limited Rani Syndicate Private Limited Daily Thanthi Private Limited
4	Shareholder of the company/Promoter Group	Gay Travels Private Limited (Promoter Group) Rani Printers Private Limited (Promoter Group) Subasri Realty Private Limited (Promoter Group)	Gay Travels Private Limited (Promoter Group) Rani Printers Private Limited (Promoter Group) Subasri Realty Private Limited (Promoter Group)	Gay Travels Private Limited (Promoter Group) Rani Printers Private Limited (Promoter Group) Subasri Realty Private Limited (Promoter Group)
5	Company with common shareholder/promoter	Sivanthi Farms Private Limited India Cabs Private Limited Sivels Holdings Private Limited The Indian Newspaper Society Educational Trustee Co Private Limited The India Cements Limited Metronation Chennai Television Private Limited Rani Syndicate Private Limited Daily Thanthi Private Limited	Sivanthi Farms Private Limited India Cabs Private Limited Sivels Holdings Private Limited The Indian Newspaper Society Educational Trustee Co Private Limited The India Cements Limited Metronation Chennai Television Private Limited Rani Syndicate Private Limited Daily Thanthi Private Limited	



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	Subasri Realty Private Limited	Subasri Realty Private Limited
	Rukmani Publications Private Limited	Rukmani Publications Private Limited
	Gay Travels Private Limited	Gay Travels Private Limited
	Malar Publications Private Limited	Malar Publications Private Limited

B. Related Party transactions and balances-summary

Transaction during the year ended	Nature of the Relationship	As at March 31, 2020 (Audited)	As at March 31, 2019 (Audited)	As at March 31, 2018 (Audited)
Remuneration to Key Management Personnel	Key Management Personnel	10.35	10.31	7.14
Remuneration Payable	Key Management Personnel	0.86	0.79	-
Trade Payables	Shareholder of the company	6.05	7.41	8.16
Borrowings	Key Management Personnel	-	-	-
Borrowings	Shareholder of the company	-	-	268.75
Borrowings	Shareholder of the company	3,401.17	2,446.17	320.72
Borrowings	Shareholder of the company	500.00	500.00	-
Borrowings	Company with common shareholder/promoter	1,147.34	797.34	853.58
Borrowings	Shareholder of the company	1,486.00	1,281	-
Borrowings	Shareholder of the company	90.00	-	-
Interest accrued yet to be paid	Shareholder of the company	114.23	55.13	-
Interest accrued yet to be paid	Company with common shareholder/promoter	210.75	104.73	-
Total		6,966.75	5,202.88	1,458.35

C. Significant related party transactions and balances

Transaction during the year ended	Nature of Relationship	As at March 31, 2020 (Audited)	As at March 31, 2019 (Audited)	As at March 31, 2018 (Audited)
Remuneration to Key Management Personnel				
<i>CFO</i>	Key Management Personnel	3.66	3.65	3.31
<i>Company Secretary</i>	Key Management Personnel	6.69	6.66	3.83
Remuneration Payable				
<i>Company Secretary</i>	Key Management Personnel	0.56	0.51	-
<i>Executive Directors</i>	Key Management Personnel	-	-	-
<i>CFO</i>	Key Management Personnel	0.30	0.28	-
Trade Payables				
<i>GAY TRAVELS PRIVATE LIMITED</i>	Shareholder of the company	6.05	7.41	8.16
Borrowings				

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M. SIVARAM (M.D)	Key Management Personnel	-	-	-
KAMAL BABBAR GAY TRAVELS PRIVATE LIMITED	Shareholder of the company	-	-	268.75
RANI PRINETRS PRIVATE LIMITED	Shareholder of the company	3,401.17	2,446.17	320.72
MALAR PUBLICATIONS PRIVATE LIMITED	Shareholder of the company	500.00	500.00	-
SUBASRI REALTY PRIVATE LIMITED	Company with common shareholder/promoter	1,147.34	797.34	853.58
Sivels Holdings PRIVATE LIMITED	Shareholder of the company	1,486.00	1,281.00	-
Interest accrued yet to be paid GAY TRAVELS PRIVATE LIMITED	Shareholder of the company	90.00		
MALAR PUBLICATIONS PRIVATE LIMITED	Shareholder of the company	114.23	55.13	-
			104.73	
	Company with common shareholder/promoter	210.75		-
Total		6,966.75	5,202.88	1,458.35

17. Contingent liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arise from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. As on 31st March 2020, there were following contingent liabilities of the company.

In FY 2015-16 & FY 2016-17, following notices and demand were issued to the company:		Outstanding dues	
Taxation			
1	Direct Tax	Income tax notices received for FY 2012-13 & FY 2013-14. Outstanding dues for AY 2012-13 and for AY 2013-14 against which appeal has been filed to the ITAT Chennai and outcome is pending. Since the losses available for set off are more than the income proposed to be added by the Department, even if the company loses the appeal there would be no tax liability.	Amount being Rs 2,73,32,590/- for AY 2012-13 and Rs 2,38,31,782/- for AY 2013-14
2	Direct Tax	is a short payment and short deduction of Rs.4,08,109.49/-. Also for the above, there are interest of Rs.51,149.50/- under section 201 of the Income Tax Act, 1961 and interest under section 220(2) of the said Act amounting to Rs.240/-. Along with the above there	Total amount is Rs.4,98,498.99/-
3	Civil	A labour dispute (ID No. 261 of 2007) is pending against the Company before the Labour Court, Chennai which has been filed by one Mr. N. Babu under the Industrial Disputes Act, 1947, who was working as a house keeper from 1998 to May 2004 in the Hotel. In the said labour dispute, Mr. Babu has prayed inter alia that he be reinstated in the Hotel with previous salary, work continuity and all other allowances as may be applicable to the Hotel. The matter is currently pending before the Labour Court, Chennai.	



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4	Civil	<p>A Company Petition (CP/597/(IB)/CB/2017) was filed under section 9 of the I&B Code by one Mr. N. Subramanian against the Company before the NCLT, Chennai Bench for claiming an arrears of salary dues since the year 1998 till his retirement in 2013. As per the demand notice dated June 29, 2017 issued under section 8(1) of the I&B Code, an amount of Rs. 1,87,75,631/-has been claimed by Mr. Subramanian from the Company. By an order dated November 17, 2017, the NCLT had admitted the petition and ordered inter alia the commencement of corporate insolvency resolution process of the Company and appointed Mr. Venkatramanrao Nagarajan as the Insolvency Resolution Professional. Being aggrieved by the said order passed by NCLT, Subasri Realty Private Limited had, as shareholder of the Company, filed an appeal (Company Appeal (AT) Insolvency No. 290 of 2017) before the NCLAT, New Delhi. By an order dated July 16, 2018, NCLAT has set aside the NCLT's order dated November 17, 2017 on the ground that there is an existence of dispute about arrears of salary. The said Mr. Subramanian has filed a civil appeal (C.A. No. 000187 of 2019) under section 62 of I&B Code before the Hon'ble Supreme Court of India challenging the final judgment and order passed by the Ld. NCLAT in CA (AT) (Insolvency) No. 290 of 2017 dated July 16,</p>	<p>Amount Being Rs.1,87,75,631</p>

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18. Explanations to the material adjustments made between Restated and Audited Financials

a. Amount written off/written back: - Company has written off / written back some liabilities or provision which were excess provided in the previous years and become non-payable in the subsequent years, similarly company has given some advances or created some recoverable assets which also become non-receivable / non-recoverable in the subsequent year, such income / expenses have been restated in the respective year, in which such liabilities/provision were originally created and advances originally given.

b. Reclassification: Assets / liabilities which do not meet the definition of financial asset / financial liability under IND AS have been reclassified to other asset / liability.

19. Preference Shares Disclosures and Dividend Provisions:

The company had issued preference share in earlier years and were not redeemed in the year in which it has to been redeemed, because it had no profits, nor could it make any fresh issue of shares. The financial statement of the company still shows preference shares as part of equity, which is deviation from the provisions of Ind AS.

In restated financial information, the company has not provided any provision for the dividend on the preference shares, which is a deviation from the provisions of Ind AS. As the company wants settle the agreement with each shareholder individually, no liability for the same has been created.

Annexure VIII: Restated statement of Dividend paid

During the year ended as on 31 March 2020 and preceding three years the company has not distributed any dividends as the company was making losses and in FY 14-15 the company shuts its operations as well.

Annexure IX: Restated Statement of Capitalisation

Particulars	(Rs in lakhs)	
	As at March 31, 2020	After the Issue
Borrowings		
Current borrowings	-	[●]
Non-current borrowings (A)	9,228.85	[●]
Total borrowings (B)	9,228.85	-
Equity		
Equity share capital	1,210.00	[●]
Other equity	(7,735.01)	[●]
Total Equity (C)	(6,525.01)	-
Long-Term Debt/Equity ratio (A/C)	(1.41)	[●]
Total Debt/Equity ratio (B/C)	(1.41)	[●]

Annexure X: Restated Statement of Accounting Ratios

Particulars	Year ended		
	As at March 31, 2020 (Audited)	As at March 31, 2019 (Audited)	As at March 31, 2018 (Audited)
Net worth as at the end of the year	(6,525.01)	(5,736.40)	(4,754.30)
Net worth as at the end of the year excl revaluation reserve (A)	(6,525.01)	(5,736.40)	(4,754.30)
Net Profit/(Loss) after tax, as restated available for equity shareholders (B)	(788.57)	(979.31)	(1,039.62)
Weighted Average number of equity shares outstanding during the year			
For basic earnings per share (C)	90,00,000	90,00,000	90,00,000
For diluted earnings per share (D)	90,00,000	90,00,000	90,00,000
Earnings per share of Rs 10/- each			
Basic (Rs) (E=B/C)	(8.76)	(10.88)	(11.55)
Diluted (Rs) (F=B/D)	(8.76)	(10.88)	(11.55)
Return on net worth (G=B/A)	-12.1%	-17.1%	-21.9%
Weighted average number of shares outstanding during the year (H)	90,00,000	90,00,000	90,00,000
Net Assets value per share of Rs 10 each (I=A/H)	(72.50)	(63.74)	(52.83)
Face Value (Rs.)	10.00	10.00	10.00
EBITDA (Rs.) {includes other income & liability written back}	(163.74)	(305.18)	(774.81)
EBITDA (Rs.) {excluding other income & liability written back}	(651.10)	(380.07)	(783.50)

Note:

1. The above ratios are calculated as under:

- Basic earnings per share= Net profit attributable to equity shareholders/ weighted average number of shares outstanding during the year
- Diluted earnings per share=Net profit attributable to equity shareholders/weighted average number of diluted potential shares outstanding during the year
- Return on net worth (%)=Net profit attributable to equity shareholders /Net worth as the end of the year
- Net asset value (Rs.)=Net worth/Number of equity shares as the end of the year
- EBITDA(Rs)= Net Profit before Tax+Depreciation+Interest

2.The figures are disclosed above are based on the restated financial information.

3. Earnings per share (EPS) calculation is in accordance with Indian Accounting standard (Ind AS 33-Earnings per share) prescribed by the Companies (Indian Accounting Standards) Ru

4. Share application money pending allotment is excluded from the total net worth.

5. Bank Charges and loan processing charges are considered as part of other expenses for the calculation of EBITDA.

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Annexure XI: Summary Statement of Tax Shelter
Reconciliation of taxable income and book profits

S.No	Particulars	For the year ended		
		31-Mar-20	31-Mar-19	31-Mar-18
		(Rs in Lakhs)	(Rs in Lakhs)	(Rs in Lakhs)
A	Restated profit (loss) before taxes	(646.40)	(829.58)	(883.60)
B	Statutory tax Rate (%)	25.00%	25.00%	25.00%
C	Tax at statutory rate	(161.60)	(207.40)	(220.90)
D	<u>Adjustment of premanent difference:</u>			
	Write off of Old Asset Accounts (other than Fixed Assets)	-	-	47.96
E	<u>Adjustment of timing difference:</u>	-	-	-
F	Net Adjustments (D+E)	-	-	47.96
G	Tax expense (savings) thereon (F*B)	-	-	11.99
H	Current (tax losses)/tax profits (C+G)	(161.60)	(207.40)	(208.91)
I	Adjusted against brought forward losses	-	-	-
J	Current (tax losses)/tax profits (H-I)	(161.60)	(207.40)	(208.91)

Annexure XII : Statement of Material Fraud

There are no material frauds that have been committed by or against the company in the last three years

Aruna Hotels Limited

For Bala & Co

Chartered Accountants
Firm Registration No.: 000318S

V. Sriram

Sriram Visvanathan
Partner
Membership No : 216203

Place: Chennai
Date: 14/09/2020



For and on behalf of the Board

(Signature)
S. David
Managing Director
DIN - 08539011

(Signature)
R. Muralidharan
Director
DIN : 07092976

(Signature)
Lakshmi K
Company Secretary

(Signature)
Nagaraj P
Chief Financial Officer

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our Restated Financial Information as of and for the Fiscals 2020, 2019 and 2018 all prepared in accordance with the Companies Act and Ind AS and restated in accordance with the SEBI ICDR Regulations, including the schedules, annexures and notes thereto and the reports thereon, included in the section titled "Financial Statements" on page 154. Unless otherwise stated, the financial information used in this chapter is derived from the restated financial statements of our Company.

This discussion contains forward looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward looking statements as a result of certain factors such as those set forth in the sections titled "Risk Factors" and "Forward-Looking Statements" on pages 25 and 17 respectively.

Our fiscal year ends on March 31 of each year, so all references to a particular "fiscal year" and "Fiscal" are to the twelve (12) month period ended March 31 of that fiscal year. References to the "Company", "we", "us" and "our" in this chapter refer to Arvind Fashions Limited on a consolidated basis, as applicable in the relevant fiscal period, unless otherwise stated.

OVERVIEW OF OUR BUSINESS

Our Company was originally incorporated on September 09, 1960 as 'Aruna Sugars Limited' as a public limited company and obtained the certificate of commencement of business on December 24, 1960. In 1986, the name of the Company was changed to 'Aruna Sugars & Enterprises Limited'. Thereafter, the name of the Company was changed to 'Aruna Sunrise Hotels Limited' on October 25, 2000 and to 'Aruna Hotels Limited' on January 14, 2003.

Our Company had initially set up a sugar plant at Pennadam, South Arcot District, Tamil Nadu with a crushing capacity of 1,250 TCD. Through a series of modernisation and expansion programmes, the capacity was expanded to 5000 TCD in and around 1993. In 1986, the Company diversified its activities by taking over the assets then owned by SAS Chemicals (Madras) Pvt. Ltd., a sick unit at Ranipet, North Arcot District, Tamil Nadu auctioned by TIICL, which had facilities for manufacture of 30 TPD ferric alum.

In 1987, the Company further diversified its activities by taking over the assets of 'Geetha Flour Mills Ltd.', at Tiruvalla, Kerala with a milling capacity of 100 TPD of wheat. In and around the same period, our Company also entered the field of exports which mainly comprised of merchant exports or ready-made knitted and woven garments, silk and silk fabrics, shoe-uppers, etc. Around 1994-95 the Company discontinued its flour mill division.

In and around 1971, the Company as part of diversification also set up a distillery project at Panruti, Tamil Nadu. In the early 1990s, our Company as part of further diversification took up the project to set up a business class hotel comprising of about 90 rooms in the heart of Chennai City and since then the Company is in the business of developing, owning, acquiring, renovating, operating, managing and promoting hotels, restaurants, etc. By the year 1992-93, the sugar division was contributing about 75% of the Company's total revenues and other divisions were contributing 25% of the Company's total revenues.

In the mid 1990s, the Sugar and Distillery Divisions of our Company were under performing which resulted in erosion of the profits of the Company. Consequently, in and around 1998-99, the Company disposed of the Sugar and Distillery division as a going concern. Thereafter around 2002-2003, our Company divested its Alum Unit, considering the bleak future of the unit as it was continuing to face stiff competition from small scale units situated in different parts of Tamil Nadu.

Our Company presently owns a hotel by the name of 'Aruna Hotel' – Chennai situated at 144, 145, Sterling Road, Nungambakkam, Chennai – 600034, Tamil Nadu. In the financial year 2014-15, our Company stopped its hotel operations and is presently in the process of renovating the Hotel premises. For this purpose, our Company has entered into a Memorandum of Agreement dated December 01, 2017 with M/s. Transform, proprietorship concern, to act as the Architect cum Project Management Consultant for the renovation and development of the Hotel

building.

Recent Developments

Around financial year 2014-15, our Company stopped its hotel operations and is presently in the process of renovating the Hotel premises. For this purpose, our Company has appointed M/s. Transform, a proprietorship concern, to act as the Architect cum Project Management Consultant for the renovation and development of the Hotel building.

Post completion of the renovation process, our Hotel shall comprise of around 80 well designed rooms which are expected to be equipped with modern amenities/facilities.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our financial condition and results of operations are affected by numerous factors and uncertainties, including those discussed in the section titled '*Risk Factors*' on page 25. The following is a discussion of certain factors that have had, and we expect will continue to have, a significant effect on our financial condition and results of operations:

- The state of the domestic and global economy;
- Increasing competition;
- The state of the domestic and global banking and financial services industry;
- Changes in fiscal, economic or political conditions in India and specifically in Tamil Nadu;
- Company's ability to successfully implement its strategy and its growth and expansion plans;
- Changes in the value of the Indian rupee and other currencies; and
- Regulatory changes pertaining to the tourism and hospitality industry in which our Company operates and our Company's ability to respond to them.

Since FY 2015-16 the Company is under the process of renovation and is likely to commence its operations in FY 2020-21.

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies have been applied consistently to the periods presented in the Restated Financial Statements. For details of our significant accounting policies, please refer section titled "*Financial Information*" on page 154.

CHANGE IN ACCOUNTING POLICIES IN PREVIOUS 3 YEARS

Except as mentioned in chapter "*Financial Information*" on page 154 there has been no change in accounting policies in last 3 years.

RESERVATIONS, QUALIFICATIONS AND ADVERSE REMARKS

For details, see section titled "*Financial Information*" on page 154.

Principal components of our statement of profit and loss account Revenue

Our revenue comprises of:

Revenue from operations

Our Hotel is not operational since FY 2014-15 and is currently under renovation process. Therefore, Net Revenue from operations for the Fiscal 2018, Fiscal 2019, and Fiscal 2020 is NIL. Prior to undergoing renovation work, our Company used to derive revenue primarily from rendering services related to hotel, restaurant, banquets etc. by providing accommodation and food to the guests.

Other Income

Other income primarily includes rental income, liabilities written off, and interest on FD and interest on IT refund.

Expenses

Our expenses consist primarily of, employee benefit expenses, finance costs, depreciation and amortization expenses, tax expenditure and other expenses.

Employee benefit expenses

Employee benefit expenses include salaries, wages, bonus, and staff welfare expenses.

Other expenses

Other expenses include expenses relating to power & fuel, repair & maintenance, insurance, professional charges, loss on sale of assets, balances written off and office & miscellaneous expenses.

Earnings before Interest Taxes Depreciation and Amortization (EBITDA)

EBITDA comprises of operating earnings before interest, tax, depreciation and amortization.

Finance cost

Finance costs include interest expenses other borrowing costs and finance charges.

Depreciation and Amortisation Expense

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the written down value or on straight line basis based on the management estimates of benefits to be derived from its tangible assets. Depreciation for assets purchased/ sold during the period is proportionately charged. Depreciation is calculated pro-rata from/to the date of addition/ deletion.

The Company has revalued its property (Hotel) in the financial year 2012-13. However, the same has been adjusted as per the Guidance Note on Reports in Company Prospectuses (2016).

Tax expenses

Tax expense comprises of current tax and deferred tax. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with applicable tax rates and the provisions of applicable tax laws. Deferred tax liability or credit is recognized based on the difference between taxable profit and book profit due to the effect of timing differences. Our deferred tax is measured based on the applicable tax rates and tax laws that have been enacted or substantively enacted by the relevant balance sheet date.

Results of our Operations

The following table sets forth certain information with respect to our results of operations for the periods indicated:

(₹ in Lacs)

Particular	FY 2020	Percentage of total income (%)	FY 2019	Percentage of total income (%)	FY 2018	Percentage of total income (%)
INCOME						
Revenue from Operations	-	0.00%	-	0.00%	-	0.00%
Other Income	10.48	100.00%	82.60	100.00%	16.79	100.00%
Total Income (A)	10.48	100.00%	82.60	100.00%	16.79	100.00%
EXPENDITURE						
Cost of food and beverages consumed	-	0.00%	-	0.00%	-	0.00%

Particular	FY 2020	Percentage of total income (%)	FY 2019	Percentage of total income (%)	FY 2018	Percentage of total income (%)
Employee benefit expenses	37.23	355.25%	26.25	31.78%	21.12	125.79%
Finance costs	403.06	3845.99%	444.29	537.88%	28.47	169.57%
Depreciation and amortisation expense	79.60	759.54%	80.11	96.99%	80.63	480.23%
Other Expenses	137.01	1307.35%	361.53	437.69%	770.16	4587.02%
Total Expenses (B)	656.90	6268.13%	912.18	1104.33%	900.38	5362.60%
Profit before extraordinary items and tax	(646.42)	(6168.13%)	(829.58)	(1004.33%)	(883.59)	(5262.60%)
Profit before exceptional, extraordinary items and tax (A-B)	(646.42)	(6168.13%)	(829.58)	(1004.33%)	(883.59)	(5262.60%)
Exceptional items	-	0.00%	-	0.00%	-	0.00%
Profit before extraordinary items and tax	(646.42)	(6168.13%)	(829.58)	(1004.33%)	(883.59)	(5262.60%)
Extraordinary items	-	0.00%	-	0.00%	-	0.00%
Profit before tax	(646.42)	(6168.13%)	(829.58)	(1004.33%)	(883.59)	(5262.60%)
Tax expense:						0.00%
(i) Current tax	-	0.00%	-	0.00%	-	0.00%
(ii) Deferred tax	142.17	1356.58%	149.73	181.27%	156.02	929.24%
(iii) MAT Credit	-	0.00%	-	0.00%	-	0.00%
(iv)(Current Tax expense relating to prior years	-	0.00%	-	0.00%	-	0.00%
Total Tax Expense	142.17	1356.58%	149.73	181.27%	156.02	929.24%
Profit for the year (D-E)	(788.59)	(7524.71%)	(979.31)	(1185.61%)	(1,039.61)	(6191.84%)
Other Comprehensive Income						
Items that will not be reclassified to profit or loss	-	0.00%	-	0.00%	-	0.00%
Income tax relating to items that will not be reclassified to profit or loss	-	0.00%	-	0.00%	-	0.00%
Total comprehensive income for the year	-	0.00%	-	0.00%	-	0.00%
Restated total comprehensive income	(788.59)	(524.71%)	(979.31)	(1185.61%)	(1,039.61)	(6191.84%)

The following table sets forth certain information with respect to our Earnings before Interest, Taxes, Depreciation and Amortization Expenses (EBITDA) for the periods indicated:

Particulars	Fiscal 2020		Fiscal 2019		Fiscal 2018	
	Rs. In Lakh	%	Rs. In Lakh	%	Rs. In Lakh	%
EBITDA (Rs.) {includes other income & liability written back}	(163.74)	(305.18)	(163.74)	(305.18)	(774.50)	(4,612.86)
EBITDA (Rs.) {excluding other income & liability written back}	(174.22)	(1662.40)	(387.78)	(469.47)	(791.29)	(4,712.86)

¹Calculated as per our Restated Net Profit (Loss) before Tax plus Depreciation and Amortization Expenses plus Finance Costs.

Comparison of Historical Results of Operations

Fiscal 2020 compared to Fiscal 2019

Total Revenue

Our total revenue for the Fiscal 2020 was ₹ 10.48 Lacs as compared to ₹ 82.60 Lacs for the Fiscal 2019, representing an decrease of 87.31%. Total revenue comprises of:

Revenue from operations

Our revenue from operations for the Fiscal 2020 and Fiscal 2019 was Nil as Company is not operational since FY 2014-15 and our Hotel premises was under renovation process and recently completed.

Other income

Other income for the Fiscal 2020 was ₹ 10.48 lacs as compared to ₹ 82.60 lacs for the Fiscal 2019, representing an decrease of 87.31%. The decrease in other income was primarily due to decrease in rental income and creditor written off.

Expenses

Our total expenditure for the Fiscal 2020 was ₹ 656.90 lacs as compared to ₹ 912.18 lacs for the Fiscal 2019, representing an decrease of 27.99%. Total expenditure comprises of:

Cost of food and beverage consumed

The cost of food and beverages consumed for the Fiscal 2020 and Fiscal 2019 was as Company is not operational since FY 2014-15 and our Hotel premises was under renovation process and recently completed.

Employee benefit expenses

Employee benefit expense for the Fiscal 2020 was ₹ 37.23 lacs as compared to ₹ 26.25 lacs for the Fiscal 2019, representing an increase of 41.83%. This was due to increase in salaries, wages and bonus.

Other expenses

Other expenses for the Fiscal 2020 was ₹ 137.01 lacs as compared to ₹ 361.53 lacs for the Fiscal 2019, representing a decrease of 62.10%. This decrease was mainly due to operations of our Hotel being halted since FY 2014-5 and is currently undergoing renovation work.

Finance cost

Finance cost for the Fiscal 2020 was ₹ 403.06 lacs as compared to ₹ 444.29 lacs for the Fiscal 2019, representing an decrease of 9.28%. The decrease in finance cost is due to decrease in borrowings, impact due to lease accounting on adoption of Ind AS 116 and decrease in other finance costs.

Depreciation and Amortisation Expense

Depreciation and amortization expense for the Fiscal 2020 was ₹ 79.60 lacs as compared to ₹ 80.11 for the Fiscal 2019, representing an decrease of 0.64%. The decrease is due to decrease in capital expenditure and impact on adoption of lease accounting as per Ind AS 116.

Restated Profit/Loss before Tax

The restated profit/(loss) before tax for the Fiscal 2020 of ₹ (646.42) as compared to ₹ (829.58) lacs for the Fiscal 2019. The improvement was primarily on account of improved EBITDA margins.

Taxation

Total tax expense for the Fiscal 2020 was ₹ 142.17 lacs compared to ₹ 149.73 for the Fiscal 2019, representing a decrease of 5.05%. The decrease was due to deferred tax adjustments.

Restated Profit/Loss after Tax

As a result of the aforesaid, Our Company earned a profit for the year on a restated basis for the Fiscal 2020 of ₹ (788.59) lacs as compared to ₹ (979.31) lacs for the Fiscal 2019, representing an increase of 19.47%.

Fiscal 2019 compared to Fiscal 2018

Total Revenue

Our total revenue for the Fiscal 2019 was ₹ 82.60 Lacs as compared to ₹ 16.79 Lacs for the Fiscal 2018, representing an increase of 391.96%. Total revenue comprises of:

Revenue from operations

Our revenue from operations for the Fiscal 2019 and Fiscal 2018 was Nil as Company is not operational since FY 2014-15 and our Hotel premises was under renovation process and recently completed.

Other income

Other income for the Fiscal 2019 was ₹ 82.60 lacs as compared to ₹ 16.79 lacs for the Fiscal 2018, representing an increase 391.96%. The increase in other income was primarily due to increase in rental income and other income.

Expenses

Our total expenditure for the Fiscal 2019 was ₹ 912.18 lacs as compared to ₹ 900.38 lacs for the Fiscal 2018, representing an increase of 1.31%. Total expenditure comprises of:

Cost of food and beverage consumed

The cost of food and beverages consumed for the Fiscal 2019 and Fiscal 2018 was as Company is not operational since FY 2014-15 and our Hotel premises was under renovation process and recently completed.

Employee benefit expenses

Employee benefit expense for the Fiscal 2019 was ₹ 26.25 lacs as compared to ₹ 21.12 lacs for the Fiscal 2019, representing an increase of 24.29%. This was due to increase in salaries, wages and bonus.

Other expenses

Other expenses for the Fiscal 2019 was ₹ 361.53 lacs as compared to ₹ 770.16 lacs for the Fiscal 2019, representing a decrease of 53.06%. This decrease was mainly due to operations of our Hotel being halted since FY 2014-5 and is currently undergoing renovation work and therefore there is no revenue generation in the Company.

Finance cost

Finance cost for the Fiscal 2019 was ₹ 444.29 lacs as compared to ₹ 28.47 lacs for the Fiscal 2019, representing an increase of 1460.55%. The increase in finance cost is due to increase in borrowings, impact due to lease accounting on adoption of Ind AS 116 and increase in other finance costs.

Depreciation and Amortisation Expense

Depreciation and amortization expense for the Fiscal 2019 was ₹ 80.11 lacs as compared to ₹ 80.63 for the Fiscal 2019, representing an increase of 0.64%. The decrease is due to increase in capital expenditure.

Restated Profit/Loss before Tax

The restated profit/(loss) before tax for the Fiscal 2019 of ₹ (829.58) as compared to ₹ (883.59) lacs for the Fiscal 2018. The decrease was primarily on account of decrease EBITDA margins.

Taxation

Total tax expense for the Fiscal 2019 was ₹ 149.73 lacs to compared to ₹ 156.02 for the Fiscal 2018, representing a decrease of 4.03%. The decrease was due to deferred tax adjustments.

Restated Profit/Loss after Tax

As a result of the aforesaid, Our Company earned a profit for the year on a restated basis for the Fiscal 2019 of ₹ (979.31) lacs as compared to ₹ (1039.61) lacs for the Fiscal 2018, representing an decrease of 5.80%.

As Company is non-operational since FY 2014-2015 and Hotel premises are currently under renovation process. The renovation will be completed in the financial year 2020-21.

Due to which for Fiscal period 2020, 2019 and 2018 losses have been accumulated.

Liquidity and Capital Resources

Historically, our primary liquidity requirements have been to fund our working capital requirements and capital expenditure. We have funded these primarily through borrowings.

We expect to meet our working capital, planned capital expenditure and investments for the next 24 months primarily from the cash flows from business operations post hotel renovation, borrowings from banks, financial institutions and promoter group members and the proceeds of this Issue.

CASH FLOWS

The following table sets forth certain information relating to our cash flows:

Particulars	(₹ in Lakhs)		
	March 31, 2020	March 31, 2019	March 31, 2018
Net (loss) / profit before tax	(646.40)	(829.58)	(883.60)
Net Cash Flow from/ (used in) Operating Activities (A)	(586.28)	(159.88)	(273.42)
Net Cash Flow Used in Investing Activities (B)	(1,650.00)	(796.01)	(230.05)
Net Cash Generated from Financing Activities (C)	2,039.48	5,929.64	(4,253.78)
Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C)	(196.80)	4,973.75	(4,757.25)
Cash and cash equivalents at the beginning of the year/period	231.15	(4,739.56)	17.69
Cash and cash equivalents at year/ period end	34.32	231.15	(4,739.56)

Note: The financial information used in this table for Fiscal Year 2020, 2019 and 2018 been derived from the Restated Standalone Financial Statements.

Operating Activities

Net cash from operating activities for period ended March 31, 2020 was ₹ (586.28) lakhs as compared to the PBT of ₹ (646.40) lakhs for the same period. This difference is primarily on account of trade and other payables, other current asset and trade and other receivable.

Net cash from operating activities for the period ended March 31, 2019 was ₹ (159.88) lakhs as compared to the PBT were ₹ (829.58) lakhs for the same period. This difference is primarily on account of trade payables, trade receivable and other current assets.

Net cash from operating activities for period ended March 31, 2018 was ₹ (273.42) lakhs as compared to the PBT were ₹ (883.60) lakhs for the same period. This difference is primarily on account of trade and other payables, other current asset and trade and other receivable.

Investing Activities

Net cash from investing activities for period ended March 31, 2020 was ₹ (1650) lakhs. This was on account of on account of an increase in capital expenditure on Hotel property which is undergoing renovation work and offset Asset sales .

Net cash from investing activities for period ended March 31, 2019 was ₹ (796.01) lakhs. This was on account of on account of an increase in capital expenditure on Hotel property which is undergoing renovation work and offset Asset sales .

Net cash from investing activities for period ended March 31, 2018 was ₹ (230.05) lakhs. This was on account of on account of an increase in capital expenditure on Hotel property which is undergoing renovation work and offset Asset sales.

Financing Activities

Net cash from financing activities for period ended March 31, 2020 was ₹ 2039.48 lakhs. This was on account of the proceeds of Issue of share capital and Capital reserve, and long-term borrowings and payment of finance cost.

Net cash from financing activities for year ended 2019 was ₹ 5929.64 lakhs. This was on account of long-term borrowings and Short term borrowing and payment of finance costs.

Net cash from financing activities for year ended 2018 was ₹ (4253.78) lakhs. The significant increase was primarily on account of additional new borrowings availed by our Company in FY 17 - 18.

Contingent Liabilities

The statement of contingent liabilities of our Company for the March 31, 2020 as restated are as mentioned in the table below:

Particulars	<i>(₹ in Lakhs)</i> Amount
Direct Tax	516.63
Civil	187.76
Total	704.39

Off-Balance Sheet Arrangements

We do not have any other off-balance sheet arrangements or other relationships with unconsolidated entities, such as special purpose vehicles, that have been established for the purposes of facilitating off-balance sheet arrangements.

Capital Expenditures

Our capital expenditures are mainly related to the purchase of fixed assets located in India. The primary source of financing for our capital expenditures has been cash generated from our operations and funds generated from borrowings. Our actual capital expenditures may be significantly higher or lower than these planned amounts, or the timing of such expenditures may change, due to various factors, including, among others, changes in macroeconomic conditions, unplanned cost overruns and our ability to generate sufficient cash flows from operations.

Qualitative Disclosure about Market Risk

Market risk is the risk of loss related to adverse changes in the market prices, including interest rate risk, foreign exchange risk, credit risk and inflation risk. We believe that our principal market risks are equity price risk, foreign

exchange risk, interest rate risk and credit risk.

Total Debt

For details of our borrowings, please see section titled “*Financial Indebtedness*” on page 165 of this Draft Letter of Offer.

Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations

Other than as described in the section titled “*Risk Factors*” and chapter titled “*Management's Discussion and Analysis of Financial Conditions and Results of Operations*” beginning on pages 25 and 155, respectively, to our knowledge there are no known trends or uncertainties that have or are expected to have a material adverse impact on our income from continuing operations.

Future Relationship between Cost and Income

Other than as described in this section, “*Risk Factors*” and “*Business Overview*” on pages 25 and 106 respectively, to our knowledge there are no known factors that will have a material adverse impact on our operations and finances.

Unusual or Infrequent Events or Transactions

Except as described elsewhere in this Draft Letter of Offer, there have been no unusual or infrequent events or transactions including unusual trends on account of business activity, unusual items of income, change of accounting policies and discretionary reduction of expenses.

Segment Reporting

Other than as disclosed in our Restated Financial Statements, we do not follow any other segment reporting.

Significant economic/regulatory changes

Government policies governing the sector in which we operate as well as the overall growth of the Indian economy has a significant bearing on our operations. Major changes in these factors can significantly impact income from continuing operations.

There are no significant economic changes that materially affected our Company’s operations or are likely to affect income except as mentioned in the section titled “*Risk Factors*” on page 25.

Except as described in the chapter titled “*Key Industry Regulations and Policies*” beginning on page 110, to our knowledge, there are no significant regulatory changes that materially affected or are likely to affect our income from continuing operations.

Expected future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known

Other than as described in the section titled “*Risk Factors*” and chapter titled “*Management's Discussion and Analysis of Financial Conditions and Results of Operations*” beginning on pages 25 and 155, respectively, and elsewhere in this Draft Letter of Offer, there are no known factors to our knowledge which would have a material adverse impact on the relationship between costs and income of our Company. Our Company’s future costs and revenues will be determined by demand/supply situation and government policies.

The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices

Increase in revenues is by and large linked to increase in sale of units of our existing portfolio of products,

introduction of new categories under existing brands and addition to new distribution channels.

Competitive Conditions

We expect competition in the sector from existing and potential competitors to intensify. However, on account of portfolio of international brands, quality products, brand loyalty, launching products of latest trend & fashion, and centralized sourcing model, we are able to stay competitive. For further details, kindly refer the chapter titled “*Our Business*” beginning on page 106.

Total Turnover of Each Major Business Segment

We currently operate in one business segment i.e. Hotels.

New Product or Business Segment

Except as disclosed in “*Our Business*” on page 106, we have not announced and do not expect to announce in the near future any new products or business segments.

Seasonality of Business

We operate in an industry which is seasonal in nature. Accordingly, our revenue in one quarter may not accurately reflect the revenue trend for the complete Financial Year. The seasonality and cyclicity of our industry may contribute to fluctuations in our results of operations and financial condition.

Competitive Conditions

The Hotel is owned and managed by us. To compete for guests with other hotels in a highly competitive industry. The success in hotel industry is largely dependent upon the ability of the hotel operators to compete in areas such as room rates, quality of accommodation, brand recognition, service level, convenience of location and the quality and scope of other amenities, including food and beverage facilities. Our Hotel will compete with existing hotel facilities in its geographic market, as well as future hotel facilities that may be developed in proximity to the existing hotels. Further, we may face competition from other hotel chains and aggregators which may have larger portfolios than us.

Significant dependence on a Single or Few Suppliers or Customers

As on date of this Draft Letter of Offer, our Hotel is not operational and hence there is no significant dependence on clients.

Related Party Transactions

For details please refer to the discussion in the chapter titled “*Financial Statements*” beginning on page 152.

Significant Developments since last balance sheet date

Except as disclosed above and in this Draft Letter of Offer, including under “*Our Business*” and “*Risk Factors*” on pages 106 and 25 respectively, to our knowledge no circumstances have arisen since March 31, 2020, the date of the last financial information disclosed in this Draft Letter of Offer which materially and adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

FINANCIAL INDEBTEDNESS

Set forth below is a brief summary of all the borrowings of our Company together with a brief description of certain significant terms of such financing arrangements. As on March 31, 2020, our total outstanding secured borrowing was ₹ 3,187.68 lakhs and total outstanding unsecured borrowing was ₹ 6,624.51 lakhs.

Further, pursuant to a board resolution passed by the Board of Directors dated August 26, 2020, subject to the approval of shareholders in the upcoming Annual General Meeting of our Company to be held on September 21, 2020, the Board of Directors has been authorised to to borrow, from time to time, any sum or sums of monies (exclusive of interest) on such terms and conditions as may be determined, from any one or more of our Company’s bankers and / or from any one or more other banks, persons, firms, companies / bodies corporate, financial institutions, institutional investor(s), mutual funds, insurance companies, pension funds and or any entity/entities or authority/authorities, whether in India or abroad, and whether by way of cash credit, advance or deposits, loans or bill discounting, issue of debentures, commercial papers, long/short term loans, suppliers’ credit, securitized instruments such as floating rate notes, fixed rate notes, syndicated loans, commercial borrowing from the private sector window of multilateral financial institutions, either in rupees and / or in such other foreign currencies as may be permitted by law from time to time and / or any other instruments / securities otherwise and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of our Company’s assets, licenses and properties, whether immovable or movable and all or any of the undertaking of our Company, notwithstanding that the moneys to be borrowed together with the moneys already borrowed by our Company (apart from temporary loans obtained from our Company’s bankers in the ordinary course of business) will or may exceed the aggregate of the paid up capital of our Company and its free reserves and securities premium, so that the total amount up to which the moneys may be borrowed by our Company and outstanding at any time shall not exceed the sum of ₹20,000 lakhs.

SECURED BORROWING

As on March 31, 2020, we have availed secured loan of ₹ 3,500.00 lakhs that are outstanding as of date. The following table provides the details of the secured loans availed by our Company as on March 31, 2020:

(₹ in lakhs)

Sr. No.	Nature of Facilities	Amount Sanctioned by HDFC Bank Limited*#	Total Amount	Sanctioned	Amount outstanding as on March 31, 2020
	Term Loan	3,500		3,500	3,187.68
	Total Exposure	3,500		3,500	3,187.68

*HDFC Bank Limited has sanctioned the abovementioned facilities vide its sanction letter dated July 31 2018.

The term loan was availed from HDFC Bank Ltd (the “Bank”) by our Company for the purpose of renovation and refurbishment of our existing hotel property. The date of commencement of operations of our hotel was delayed due to the enhancement in scope of the project and the lockdown imposed by the Central and State Governments due to the ongoing pandemic. In view of the abovementioned delay, the Bank vide its email dated June 29, 2020 has informed our Company that, it has classified the account of our Company as “Standard Restructured Account”. It has been confirmed by the Bank that once we commence the business operations of our hotel, the Bank will reinstate the classification of our loan account as “Standard Account”. For further details, please see – “Risk Factor No. 03- We are facing time overrun in commencing the business operations of our hotel, due to which our lender, HDFC Bank Limited has reclassified our loan account as “Standard Restructured Account” until we commence our business operations. We do not know if our hotel will become operational as scheduled, or at all, or operate as efficiently as planned. Further, we are relying on third parties for renovating and refurbishing our hotel, and factors affecting the performance of their obligations could adversely affect our hotel and commencement of our business operations. If we are unable to resume the business operations of our hotel in a timely manner or without time or cost overruns, it may adversely affect our business, results of operations and financial condition.” in the chapter titled “Risk Factors” on page 27 of this Draft Letter of Offer.

Principal terms of borrowings availed by the Company:

- a. **Interest:** The interest rate charged by the Bank is 10.75% over and above one-year marginal cost of fund based lending rates (“MCLR”) with annual reset.
- b. **Tenor:** The tenor of the term loan is 07 years including a moratorium of 01 year.

c. Security Details of the above mentioned borrowings:

i. First *pari-passu* charge by way of hypothecation on:

a) *Plant and machinery:*

All the plant and machinery both present and future consisting of movable properties, now stored at or being stored or which may hereafter be brought into or stored at or at present installed at all locations and also the plant and machinery which may at any time hereafter belong to our Company or be at its disposal and now or at any time and from time to time hereafter stored or brought into or upon or in course of transit or awaiting transit by any mode of transport to the factory or premises of our Company or at any other place whatsoever and wheresoever in possession of our Company or occupation or at any other premises or place.

b) *Moveable assets*

The whole of the our Company's moveable properties, including its movable plant and machinery, machinery spares, tools and accessories and other movables, both present and future, whether in the possession or under the control of our Company or not, whether installed or not and whether now lying loose or in cases or which are now lying or stored in or about or shall hereafter from time to time during the continuance of these presents be brought into or upon or be stored or be in or about all our Company's factories, premises and godowns situated at all locations or wherever else the same may be or be held by any party to the order or disposition of our Company or in the course of transit or on high seas or on order or delivery.

ii. First *pari-passu* charge by way of mortgage on:

- a) all that piece and parcel of an undivided share of an extent of 14,210 sq. ft., out of 7 Grounds (16,800 sq. ft.) comprised in R.S.No.543/2, Block No.31, Nungambakkam Village together with a superstructure situate on the entire basement, ground, first, third, fourth and fifth floors of the building known as 'Aruna Centre' bearing Door No.145, Sterling Road, Nungambakkam, Chennai - 600 034, Tamil Nadu, India.
- b) all that piece and parcel of the land admeasuring 12.95 Grounds, comprised in R.S. No. 543/2 (old Serial Nos. 439 and 440), Block No.31, Nungambakkam Village bearing Door No.144, Sterling Road, Nungambakkam, Chennai - 600 034, Tamil Nadu, India.
- c) all that piece and parcel of the land admeasuring 2 Grounds, comprised in R.S.No.543/6, Block No.31, Nungambakkam Village popularly known as 'Oomerbagh', forming part of the Door No.66, Nungambakkam High Road alias Village Road, Nungambakkam, Chennai - 600 034, Tamil Nadu, India.

iii. Exclusive charge on a fixed deposit of ₹ 250 lakhs provided by our Promoter Group entity and our Group Company, Gay Travels Private Limited.

iv. Our Promoter Group Companies, Malar Publications Private Limited, Subsari Realty Private Limited, Rani Printers Private Limited and Gay Travels Private Limited have extended inter-corporate loans to our Company. After obtaining the prior consent of HDFC Bank Limited *vide* its no objection certificate dated January 02, 2019, these Promoter Group Companies have created a second charge on the above mentioned properties to secure the inter-corporate loans extended by them to our Company. For further details please refer to the heading "*Unsecured Borrowings*" of this chapter.

d. Personal Guarantee: Personal Guarantee has been provided by our Promoter, S. Balasubramanian Adityan.

e. Repayment: The term loan availed by our Company is repayable in monthly, quarterly and half yearly instalments.

f. Restrictive Covenants under the Secured Loans:

Our Company shall not without the prior consent of the bank:

- enter into any scheme of merger, amalgamation, compromise or reconstruction;
- permit any change in the ownership or control of our Company whereby the effective beneficial ownership or control shall change;
- effect any material change in the management of the business of our Company;
- make any amendments in our Company's Memorandum and Articles;
- create, assume or incur any further indebtedness of a long term nature whether for borrowed money or otherwise;
- declare any dividend if any instalment towards principal or interest remains unpaid on its due date;
- undertake any further capex except being funded by company's own resources;
- diversify into non-core areas viz. business other than the current business;
- undertake guarantee obligations or extend letter of comfort, on behalf of any other company /person/ trust / any third party;
- invest in, extend any advance / loans, to any Group Companies / associates / subsidiary / any other third party;
- repay subordinated loans availed from Directors/Group companies;
- transfer or create /allow to be created in any manner any charge, lien, hypothecation, mortgage, pledge or other encumbrance whatsoever on any of the properties, assets, actionable claims etc. of our Company which constitute security/ies to the Bank for the Loan or create or allow to be created any interest in any such securities in favour of any one other than the Bank.
- sell, transfer, assign, let out, encumber, mortgage, transfer, charge, grant any leave or license, induct any person in full or part with or otherwise deal with the immoveable properties during the subsistence of the mortgage /until our Company's dues have been paid to HDFC Bank in full; and
- replace/substitute any of the goods or book debts or fixed deposits hereby hypothecated comprising part or whole of the hypothecated property with any other goods, book debts or fixed deposits of our Company which are acceptable to the Bank provided that the value of the hypothecated property after such replacement is sufficient in value to maintain the margin.

g. Events of Default: In terms of borrowing arrangements for the facility availed by us, the occurrence of any of the following, among others, constitute an event of default:

- 1) If any representations or statements or particulars made in our Company's proposal / application are found to be incorrect or we commit any breach or default in performance or observance of these presents or failure to keep or perform any of the terms or provisions of any other agreement between the Bank and our Company in respect of this loan;
- 2) If our Company commits any default in the payment of principal or interest of any obligation to the Bank when due and payable;
- 3) If there is any deterioration or impairment of the securities / the said property or any part thereof or any decline or depreciation in the value or market price thereof (whether actual or reasonably anticipated), which causes the securities in the judgment of the Bank to become unsatisfactory as to character or value ;
- 4) If any attachment, distress, execution or other process against our Company, or any of the securities is enforced or levied upon;
- 5) The death, insolvency, failure in business, commission of an act of bankruptcy, general assignment for the benefit of creditors, if our Company suspends payment to any creditors or threatens to do so, filing of any petition in bankruptcy of by, or against the Borrower or filing up of any petition for winding up of our Company and not being withdrawn within 30 days of being admitted.
- 6) If our Company goes into liquidation for the purpose of amalgamation or reconstruction, except with prior written approval of the Bank;
- 7) If a receiver is appointed in respect of the whole or any part of the property /assets of our Company;
- 8) If our Company ceases or threatens to cease or carry on its business;
- 9) If it is certified by an Accountant of a Firm of Accountants appointed by the Bank (which the Bank is entitled and hereby authorised to do so at any time) that the liabilities of our Company exceed our assets or that the our Company is carrying on business at a loss;
- 10) If our Company, without prior written consent of the Bank, attempt or purport to create any charge, mortgage, pledge, hypothecation, lien or other emcumbrance over our Company's property or any part thereof, which is

or shall be the security for the repayment of the said dues except for securing any other obligations of the our Company to the Bank;

- 11) If any circumstance or event occurs which is prejudicial to or impairs or imperils or jeopardise or is likely to prejudice, impair, imperil, depreciate or jeopardise any security given by our Company or any part thereof;
- 12) If any circumstance or event occurs which would or is likely to prejudicially or adversely affect in any manner the capacity of our Company to repay the Loan or any part thereof (or the implementation of the project).
- 13) If the Loan or any part thereof is utilised for any purpose other than the purpose for which it is applied by our Company and sanctioned by the Bank; and
- 14) Upon happening of any substantial change in the constitution or management of our Company without previous written consent of the Bank or upon the Management ceasing to enjoy the confidence of the Bank.

h. Consequences of default: In terms of our borrowing arrangements for the facility availed by us, upon the occurrence of events of default, our lender shall have the right to forthwith:

- 1) enter and remain at any place or premises where or wherein any of the records pertaining to the hypothecated property may be kept or stored;
- 2) inspect, value, insure, take charge of and/or seize, recover, receive, take possession of and/or appoint as receiver for the hypothecated property in such manner as the Bank shall think fit and without any notice;
- 3) without any further consent from our Company, sell, or otherwise dispose of /assign or deal with all or any part of the said hypothecated property or enter into contracts for such purposes, whether with or without any special conditions or stipulation relative to title or evidence of title or other matters as the Bank may think fit and with power also to execute assurances and give effectual receipts for the purchase money and do all other acts and things for completing the sale which the person or persons exercising the power of sale shall think proper and the aforesaid power shall be deemed to be a power to sell and concur in selling the hypothecated property without the intervention of any court of law;
- 4) ask, demand, sue for, recover and receive of and from all the constituents, customers, agents and dealers of our Company and all other persons liable to pay, transfer and deliver any debt or debts, sum or sums of money, goods, chattels and effects due and owing to the Security Provider by virtue of any security or upon any balance of account or otherwise howsoever and upon receipt thereof or any part thereof for our Company and in the name of our Company to give, sign and execute good and sufficient receipts, release, conveyances and other discharges for the same respectively;
- 5) upon non-payment, non-transfer or non-delivery thereof or any part thereof respectively to commence, carry on and prosecute any action, suit or other proceedings whatsoever for recovering and compelling the payment, transfer or delivery thereof respectively and for that purpose to engage solicitors and advocates and to settle and pay their fees;
- 6) settle, compound and submit to arbitration all actions, suits, accounts, claims and demands whatsoever which now are or hereafter shall or may be pending between the Bank and our Company and any such constituent, dealers, agents, customers and all other persons as aforesaid in such manner and in all respects as the Bank shall think fit;
- 7) apply the net proceeds of such sale towards liquidation of all the secured liabilities hereby secured in such manner and in such proportion as the Bank may agree;
- 8) without any further consent from our Company, either sell by public auction or by private contract or otherwise dispose of or deal with all or any part of the hypothecated assets, whether with or without any special conditions or stipulation relative to title or evidence of title or other matters as the Bank may think fit; and with power also to execute assurances and give effectual receipts for the purchase money and do all other acts and things for completing the sale which the person or persons exercising the power of sale shall think proper and the aforesaid power shall be deemed to be a power to sell and concur in selling the said hypothecated assets without the intervention of any court of law;

- 9) In the event our Company fails to pay when due any sum which it may owe to the Bank and the Bank shall commence legal proceedings to recover such sum, our Company will further pay the Bank all advances, charges, cost and expenses, including reasonable legal fees, incurred or paid by the Bank in exercising any right, power or remedy conferred by this arrangement, (or in the enforcement thereof shall become a part of the indebtedness secured hereunder and shall be paid to the Bank by our Company immediately and without demand); and
- 10) At any time after the occurrence of an event of default under the facility letter(s)/ agreement(s) and when the charge hereby created has become enforceable, the Bank may have a receiver appointed in respect of the hypothecated property or any part thereof.

i. Consequences of default for the fixed deposit extended by Gay Travels Private Limited:

Upon the occurrence of an event of default under the Facility Letter(s)/ Agreement(s), including a default in payment of the said dues thereunder on the due date therefor or on demand to terminate/prematurely close all or any part of the deposit at or any time before the maturity date thereof and/or to remove the sum total of the deposit lying in the fixed deposit account of Gay Travels Private Limited with the Bank and/or appropriate and apply and/or set off the whole or any part or parts of the deposit in or towards the payment, satisfaction of the said dues or discharge of all or any of the secured liabilities.

UNSECURED BORROWINGS

Our Company has availed the following unsecured loans from our Promoter Group entities and Group Companies, the details of which are set out below:

Name of the lender	Amount outstanding as on March 31, 2020
<i>Loans from Promoter Group entities and Group Companies</i>	
Gay Travels Private Limited	3,401.17
Malar Publications Private Limited	1,147.34
Rani Printers Private Limited	500.00
Subsari Realty Private Limited	1,486.00
Sivels Holdings Private Limited	90.00
Total Unsecured Loans	6,624.51

MARKET PRICE INFORMATION

Our Company's Equity Shares are listed and infrequently traded on BSE.

1. Year is a Financial Year;
2. Average price is the average of the daily closing prices of the Equity Shares for the year, or the month, as the case may be;
3. High price is the maximum of the daily high prices and low price is the minimum of the daily low prices of the Equity Shares, as the case may be, for the year, or the month, as the case may be; and
4. In case of two days with the same high / low / closing price, the date with higher volume has been considered.

Stock Market Data of the Equity Shares

The high, low and average market closing prices recorded on the BSE during the last three years and the number of Equity Shares traded on these days are stated below:

BSE Limited

Financial Year	High (₹)	Date of high	No. of shares traded on date of high	Total volume traded on date of high (in ₹)	Low (₹)	Date of low	No. of shares traded on date of low	Total volume of traded on date of low (in ₹)	Average price for the year (₹)
2020	9.45	February 01, 2020	21	197	4.91	August 08, 2019	200	979	6.89
2019	31.15	May 24, 2018	2,006	62,598	6.83	February 13, 2019	800	5,499	612.47
2018*	13.12	March 28, 2018	400	5,186	13.12	March 28, 2018	400	5,186	13.12

*In FY 2017-18, trading was there only on March 28, 2018, so we have considered the figures for the calculation of for FY 2017-18.

(Source: www.bseindia.com)

Notes:

The trading of equity of Equity Shares of our Company commenced on March 28, 2018. Therefore, the market price information of only March 28, 2018 is available.

High, low and average prices are based on the daily closing prices.

In case of two days with the same high or low price, the date with the high volume has been considered.

Market Prices for the last six calendar months

The total number of days trading during the past six months, from March 01, 2020 to August 31, 2020 was 69. The average volume of Equity Shares traded on the BSE was 2641.62 per day.

The high and low prices and volume of Equity Shares traded on the respective date on the BSE during the last six months preceding the date of filing of this Draft Letter of Offer are as follows:

BSE Limited

Month	Date of high	High (₹)*	Volume (No. of shares)	Total volume traded on date of high (in ₹)	Date of low	Low (₹)*	Volume (No. of shares)	Total volume of traded on date of low (in ₹)	Average price for the month (₹)**
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Month	Date of high	High (₹)*	Volume (No. of shares)	Total volume traded on date of high (in ₹)	Date of low	Low (₹)*	Volume (No. of shares)	Total volume traded on date of low (in ₹)	Average price for the month (₹)**
August 2020	August 28, 2020	6.79	6.79	300	August 12, 2020	5.01	1099	5811	5.73
July 2020	July 14, 2020	5.96	600	3576	July 02, 2020	5.20	75	390	5.58
June 2020	June 03, 2020	7.35	799	5732	June 23, 2020	5.43	500	2768	6.35
May 2020	May 28, 2020	7.05	150	1057	May 12, 2020	6.41	200	1282	6.78
April 2020	Apr 30, 2020	6.42	432	2773	April 09, 2020	5.56	200	1112	6.12
March 2020	Mar 02, 2020	7.96	26	206	March 31, 2020	5.30	1	5	6.61

(Source: www.bseindia.com)

* High and low prices are based on the high and low of the daily closing prices.

**Average of the daily closing prices.

In the event the high or low or closing price of the Equity Shares are the same on more than one day, the day on which there has been higher volume of trading has been considered for the purposes of this chapter.

The Board of our Company has approved the Issue at their meeting held on August 5, 2020. The high and low prices of our Company's shares as quoted on the BSE on August 6, 2020, the day on which the trading happened immediately following the date of the Board meeting is as follows:

Date	Volume (No of equity Shares)	Highest Price (₹)	Low price (₹)
BSE			
August 6, 2020	400	5.25	5.10

Source: www.bseindia.com

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated in this section, there are no outstanding (i) criminal proceedings involving our Company, Directors, or Promoter; (ii) actions by any statutory or regulatory authorities involving our Company, Directors, or Promoter; or (iii) claim involving our Company, Directors or Promoter for any direct or indirect tax liabilities (disclosed in a consolidated manner giving the total number of claims and total amounts involved), (iv) proceeding involving our Company, Directors or Promoter (other than proceedings covered under (i) to (iii) above) which has been determined to be “material” pursuant to the materiality policy approved by our Board in its meeting held on August 26, 2020 (“**Materiality Policy**”) (as disclosed herein below).

In terms of the Materiality Policy, other than outstanding criminal proceedings, actions taken by any statutory or regulatory authority and claims for any direct or indirect tax liabilities mentioned in point (i) to (iii) above, all other pending litigation:

A. involving our Company, Promoter, Directors and Group Companies:

- i. where the aggregate monetary claim made by or against our Company, in any such pending litigation proceeding is in excess of ₹ 20 lakhs. Accordingly, we have disclosed all such outstanding litigation proceedings where the aggregate monetary claim made by or against our Company, in any such pending litigation proceeding is in excess of ₹ 20 lakhs; and
- ii. where the monetary liability is not quantifiable, or which does not fulfil the threshold specified in (i) above, but the outcome of which could, nonetheless may have a material adverse effect on the position, business, operations, prospects or reputation of our Company have been considered “material”;

B. involving our Directors and our Promoter (individually or in aggregate), the outcome of which would materially and adversely affect the business, operations, prospects, financial position or reputation of our Company, irrespective of the amount involved, has been considered as material.

Further, except as disclosed in this section, there are no (i) disciplinary action taken against any of our Promoter by SEBI or the Stock Exchange in the five Fiscals preceding the date of this Draft Letter of Offer; and (ii) litigation involving our Group Companies which may have a material impact on our Company.

Further, in accordance with the Materiality Policy, a creditor of our Company, shall be considered to be material creditor (except banks and financial institutions from whom the Company has availed financing facilities) for the purpose of disclosure in the offer documents, if amounts due to such creditor exceeds 05 per cent of the total trade payables of our Company as per the most recently completed Fiscal as per the Restated Financial Information. Accordingly, we have disclosed consolidated information of outstanding dues owed to any creditors of our Company, separately giving details of number of cases and amount for all dues where each of the dues exceed ₹ 60.09 lakhs (being approximately 05 per cent. of total trade payables of our Company as at March 31, 2020 as per the Restated Financial Information) (“**Material Dues**”). Further, in accordance with the Materiality Policy for the disclosure of the outstanding dues to any party which is a micro, small or a medium enterprise (“**MSME**”) will be based on information available with our Company regarding status of the creditor as defined under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as amended.

Unless stated to the contrary, the information provided in this section is as of the date of this Draft Letter of Offer. All terms defined in a summary pertaining to a particular litigation shall be construed only in respect of the summary of the litigation where such term is used.

1. LITIGATION INVOLVING OUR COMPANY

i. Litigation against our Company

1. *Criminal Proceedings*

Nil

2. *Actions taken by Statutory/Regulatory Authorities*

Nil

3. *Tax Proceedings*

Below are the details of pending tax cases involving our Company, specifying the number of cases pending and the total amount involved:

Particulars	Number of cases	Amount involved*
		(₹ in lakhs)
<i>Indirect Tax</i>		
Sales Tax/VAT	Nil	Nil
Central Excise	Nil	Nil
Customs	Nil	Nil
Service Tax	Nil	Nil
Total	Nil	Nil
<i>Direct Tax</i>		
Cases filed against our Company	01	4.98
Cases filed by our Company	02	511.64
Total	03	516.63

*To the extent quantifiable

4. *Other Material Litigations*

- a) A Company Petition (CP/597/(IB)/CB/2017) was filed under section 9 of the I&B Code by one N. Subramanian against our Company before the NCLT, Chennai Bench for claiming an arrears of salary dues since the year 1998 till his retirement in 2013. As per the demand notice dated June 29, 2017 issued under section 8(1) of the I&B Code, an amount of ₹ 187.76 lakhs has been claimed by N. Subramanian from our Company. By an order dated November 17, 2017, the NCLT had admitted the petition and ordered inter alia the commencement of corporate insolvency resolution process of our Company and appointed Venkatramanrao Nagarajan as the Insolvency Resolution Professional. Being aggrieved by the said order passed by NCLT, Subasri Realty Private Limited had, as shareholder of our Company, filed an appeal (Company Appeal (AT) Insolvency No. 290 of 2017) before the NCLAT, New Delhi. By an order dated July 16, 2018, NCLAT has set aside the NCLT's order dated November 17, 2017 on the ground that there is an existence of dispute about arrears of salary. The said N. Subramanian has filed a civil appeal (C.A. No. 000187 of 2019) under section 62 of I&B Code before the Hon'ble Supreme Court of India challenging the final judgment and order passed by the Ld. NCLAT in CA (AT) (Insolvency) No. 290 of 2017 dated July 16, 2018. The matter is currently pending before the Hon'ble Supreme Court of India.
- b) A labour dispute (ID No. 261 of 2007) is pending against our Company before the Labour Court, Chennai which has been filed by one Mr. N. Babu under the Industrial Disputes Act, 1947, who was working as a house keeper from 1998 to May 2004 in our Hotel. In the said labour dispute, Mr. Babu has prayed inter alia that he be reinstated in our Hotel with previous salary, work continuity and all other allowances as may be applicable to our hotel. The matter is currently pending before the Labour Court, Chennai.
- c) Our Company has filed four *suo-moto* applications dated August 17, 2017, with the National Company Law Tribunal at Chennai and the Regional Director, Southern Region, Ministry of Corporate Affairs, Chennai under Sections 96 and 129(2) of the Companies Act, 2013, Sections 201 (3) (b) and 166 of the Companies Act, 1956 and one *suo-motu* application dated April 30, 2019 before the Registrar of Companies, Chennai under the provisions of Rule 2(1)(c)(vii) of the Companies (Acceptance of Deposits) Rules, 2014 ("**Compounding Applications**") in relation to non-compliances committed by our Company in relation to:

- i. Delay of 342 days in convening the Annual General Meeting of our Company for the Financial Year ended March 31, 2014 under Section 96(1) of the Companies Act, 2013;
- ii. At the Annual General Meeting convened by our Company on September 09, 2015, the financials for the Financial Years ended March 31, 2013 and March 31, 2014 were placed before the Shareholders, in contravention of Section 166 of the Companies Act, 1956 and Section 129 of the Companies Act, 2013;
- iii. Delay of 707 days in convening the Annual General Meeting of our Company for the Financial Year ended March 31, 2013 under Sections 166(1) and 210 (3)(b) of the Companies Act, 1956;
- iv. From the Financial Year 2013-2014, our Company had received share application money of ₹ 47, 57, 67,000 (rupees forty seven crore fifty seven lakhs and sixty seven thousand) towards allotment of Equity Shares to our erstwhile Promoter, Balasubramnaiyam Adityan and the members of our Promoter Group namely, India Cabs Limited, Sivanthi Farms Private Limited, Sivals Holdings Private Limited, Gay Travels Private Limited, Malar Publications Private Limited, Rani Printers Private Limited and Subasri Realty Private Limited. Our Company inadvertently could not allot the Equity Shares to the aforementioned Equity Shareholders in lieu of the share application money received, however it later refunded the share application money on March 31, 2018. In terms of the provisions of Rule 2(1)(c)(vii) of the Companies (Acceptance of Deposits) Rules, 2014, since the application money was not refunded within the prescribed time period, the un-refunded share application money falls under the definition of deposits and attracts compliances prescribed for deposits under the said rules. In this regard, we have filed a compounding application, with the Registrar of Companies, Chennai, for compounding the above contraventions.

The Compounding Applications were made in view of lapse of the Company in complying with the relevant provisions of the Companies Act, 1956 and Companies Act, 2013. The matters are currently pending before the relevant authorities.

ii. Litigation by our Company

1. Criminal Proceedings

Nil

2. Civil and other Material Litigations

- a) Our Company has on September 1, 2017 filed two suits (O.S. No. 5634 of 2017 and 5635 of 2017) against Sivaram and Kartick P. Sivaram (hereinafter each referred to as a “**Defendant**”) respectively before the Hon’ble City Civil Court, Chennai under Order VII Rule 1 of Code of Civil Procedure (“**CPC**”). In an insolvency matter filed against our Company (which has since been dismissed by the Hon’ble National Company Law Tribunal), Kartick P. Sivaram had made a claim of Rs. 68.31 lakhs towards remuneration/LTA/medical, gratuity and loan as on March 2, 2015 and Sivaram had made a claim of Rs. 155.73 lakhs towards remuneration/LTA/medical, gratuity, salary arrears and leave encashment as on March 2, 2015. Under the said suits, our Company has prayed *inter alia* that the Hon’ble City Civil Court, Chennai to pass an order directing each Defendant to render true and proper accounts relating to their alleged salary arrears, gratuity and loan advanced by the defendants; to direct each Defendant to furnish the legally entitled salary arrears and any other legal amount, if any, due to him. The said matters are currently pending before the Hon’ble City Civil Court, Chennai.
- b) Our Company has on September 1, 2017 filed a suit (O.S. No. 5633 of 2017) against one of our Promoter Group members, namely Kamal Babbar before the Hon’ble City Civil Court, Chennai under Order VII Rule 1 of CPC. In an insolvency matter filed against our Company (which proceedings have since been set aside), Kamal Babbar had made a claim of ₹ 30.00 lakhs along with an interest of ₹ 13.00 lakhs aggregating to ₹ 43.00 lakhs. Under the said suit, our Company has prayed *inter alia* to grant permanent injunction restraining Babbar, his men, agents, servants or any one acting on his behalf in any way claiming any amount other than the amount decided

upon in the Settlement Agreement dated September 21, 2015 executed between our Company and Mr. Babbar & Anr. The matter is currently pending before the Hon'ble City Civil Court, Chennai.

- c) Our Company has on October 5, 2018 filed a suit (O.S. No. 5720 of 2018) against one Rohit Bajaj before the Hon'ble City Civil Court, Chennai under Order VII Rule 1 of CPC. The said Rohit Bajaj *vide* his acknowledgment letter dated August 29, 2018 stated that there were further dues payable by our Company to one of his companies, even when the outstanding amount of ₹ 32.01 lakhs (which was mutually decided between the parties) was paid by our Company on August 18, 2018. Under the said suit, our Company has prayed *inter alia* to grant permanent injunction restraining Rohit Bajaj, his men, agents, servants or any one acting on his behalf in any way claiming any amount other than the amount already received by him on August 18, 2018 as per our Company's records. The matter is currently pending before the Hon'ble City Civil Court, Chennai.

2. LITIGATION INVOLVING OUR PROMOTER

Cases filed against our Promoter

1. *Criminal Proceedings*

Nil

2. *Actions taken by Statutory/Regulatory Authorities*

Nil

3. *Tax Proceedings*

Nil

4. *Other Material Litigations*

Nil

Cases filed by our Promoter

1. *Criminal Proceedings*

Nil

2. *Other Material Litigations*

Nil

Disciplinary action against our Promoter by SEBI or any stock exchange in the last five Fiscals

Nil

3. LITIGATION INVOLVING OUR DIRECTORS

Cases filed against our Directors

1. *Criminal Proceedings*

Nil

2. *Actions taken by Statutory/Regulatory Authorities*

Nil

3. *Tax Proceedings*

Nil

4. *Other Material Litigations*

Nil

Cases filed by our Directors

1. *Criminal Proceedings*

Nil

2. *Other Material Litigations*

Nil

4. LITIGATION INVOLVING OUR SUBSIDIARY

As on the date of filing of this Draft Letter of Offer, our Company does not have a subsidiary.

5. LITIGATION INVOLVING OUR GROUP COMPANIES

Cases filed against our Group Companies

1. *Criminal Proceedings*

Malar Publication Private Limited:

- a) A calendar case bearing number 3877 of 2014 was filed by Amala Valentine (the “**Complainant**”) before the Hon’ble court of Metropolitan Magistrate at Saidapet, Chennai against our Group Company, Malar Publications Private Limited and the editor of our newspaper, Malai Malar alleging that the news published by the editor and our Group Company in the Malai Malar newspaper was defamatory in nature and the same has caused damage to her reputation. The editor of the newspaper of our Group Company, Dr. Sri Devi has filed a criminal case bearing number CRL OP 10503 of 2018 before the Hon’ble High Court at Madras challenging the case filed by the Complainant and has prayed the Hon’ble High Court to pass an order for quashing the said case. The Hon’ble High Court has stayed the proceedings of the calendar case and both the cases are pending before the relevant authorities.

2. *Actions taken by Statutory/Regulatory Authorities*

Nil

3. *Tax Proceedings*

a) ***Gay Travels Private Limited:***

(₹ in lakhs)

Particulars	Number of cases	Amount involved*
<i>Indirect Tax</i>		
Sales Tax/VAT	Nil	Nil
Central Excise	Nil	Nil
Customs	Nil	Nil

Particulars	Number of cases	Amount involved*
Service Tax	Nil	Nil
Total	Nil	Nil
Direct Tax		
Cases filed against the company	-	-
Cases filed by the company	03	1,548.85
Total	03	1,548.85

*To the extent quantifiable

b) **Subasri Realty Private Limited:**

(₹ in lakhs)

Particulars	Number of cases	Amount involved*
Indirect Tax		
Sales Tax/VAT	Nil	Nil
Central Excise	Nil	Nil
Customs	Nil	Nil
Service Tax	Nil	Nil
Total	Nil	Nil
Direct Tax		
Cases filed against the company	-	-
Cases filed by the company	01	7.00
Total	01	7.00

*To the extent quantifiable

c) **Sivels Holdings Private Limited:**

(₹ in lakhs)

Particulars	Number of cases	Amount involved*
Indirect Tax		
Sales Tax/VAT	Nil	Nil
Central Excise	Nil	Nil
Customs	Nil	Nil
Service Tax	Nil	Nil
Total	Nil	Nil
Direct Tax		
Cases filed against the company	-	-
Cases filed by the company	01	217.88
Total	01	217.88

*To the extent quantifiable

4. **Other Material Litigations**

Subasri Realty Private Limited:

R. Ranganath Davey and others (“**Plaintiffs**”) have filed an original suit bearing OS Number - 3845 of 2018 before the Hon’ble City Civil Court at Chennai, against our Group Company, Subasri Realty Private Limited and others (“**Defendants**”) alleging that the Defendants have put up constructions in Plot Nos.16 & 17 and also in the common passage land common to all plot owners. Due to the construction started by the Defendant, the length of the common passage has reduced from 178 feet to 139’ 6 feet. The Plaintiffs have also alleged that among other violations, the Defendant in order to provide electrical connection in the flats constructed on the adjacent land is using the common passage to set up a transformer instead of setting up the transformer within the building premises, thereby making unjust gains in order to enrich itself at the expense of the Plaintiffs. In view of the above, the Plaintiffs in their plaint have prayed *inter alia* for the following reliefs : (i) a declaration be given by the Hon’ble Court that the Plaintiffs have an easementary right over the common passage; (ii) a consequential injunction be passed by the Hon’ble Court restraining the Defendant and his associates from in any manner dealing, transferring, alienating or interfering with the land of common passage; (iii) a mandatory injunction be passed by the Hon’ble Court directing the Defendant to remove the pillar, cross beams, etc. relating to the erection of the transformer in the common passage, etc. Our Group Company has filed a written statement denying all the allegations. The Plaintiffs have also filed interim application bearing I.A.No.9323 of 2018

praying this Hon'ble Court to grant interim injunction restraining the defendants from erecting and charging the transformer in the common passage for which the defendants filed Counter. By its order dated 23.08.2018, the Hon'ble Court dismissed the above said interim injunction application. The Plaintiff filed appeal before the XV Additional City Civil Court bearing C.M.A.No.65 of 2018 as against the above said dismissal order and the appellate court also by its order dated 10.07.2019 dismissed the above said appeal of the Plaintiffs and returned the case to the original Court. Now the suit is pending before the Hon'ble City Civil Court for trial.

Cases filed by our Group Companies

1. Criminal Proceedings

Malar Publications Private Limited:

- b) A calendar case bearing number 494 of 2014 was filed by our Group Company, Malar Publications Private Limited before the Hon'ble court of Chief Metropolitan Magistrate at Egmore against M/s. SVT Foundations through K.S.Thirumurugan and Gajalakshmi Thirumurugan (the "**Accused**") under Section 138 of the Negotiable Instrument Act, 1881 (the complaint hereinafter referred to as the "**Complaint**") for dishonor of cheque issued by the Accused to the company for payment of an amount aggregating to ₹ 0.50 lakhs. The Complaint is presently pending before the Hon'ble Chief Metropolitan Magistrate.
- c) A calendar case bearing number 495 of 2014 was filed by our Group Company, Malar Publications Private Limited before the Hon'ble court of Chief Metropolitan Magistrate at Egmore against M/s. SVT Foundations through K.S.Thirumurugan and Gajalakshmi Thirumurugan (the "**Accused**") under Section 138 of the Negotiable Instrument Act, 1881 (the complaint hereinafter referred to as the "**Complaint**") for dishonor of cheque issued by the Accused to the company for payment of an amount aggregating to ₹ 0.50 lakhs. The Complaint is presently pending before the Hon'ble Chief Metropolitan Magistrate.
- d) A calendar case bearing number 6009 of 2016 was filed by our Group Company, Malar Publications Private Limited before the Hon'ble court of Chief Metropolitan Magistrate at Egmore against R. Kombia Raj (the "**Accused**") under Section 138 of the Negotiable Instrument Act, 1881 (the complaint hereinafter referred to as the "**Complaint**") for dishonor of cheque issued by the Accused to the company for payment of an amount aggregating to ₹ 9.16 lakhs. The Complaint is presently pending before the Hon'ble Chief Metropolitan Magistrate.

2. Other Material Litigations

Malar Publications Private Limited:

Entertainment Network India Limited, Malar Publications Limited and other members of the Association of Radio Operators for India ("**Petitioners**") have filed a writ petition bearing number WP(C) No. 10572 of 2015 before the Hon'ble High Court of Delhi at New Delhi against the Union of India through Ministry of Information and Broadcasting ("**Respondent**") challenging paragraph 31.5 of the Policy Guidelines on expansion of FM radio broadcasting services through private agencies (Phase- III) as amended on January 21, 2015 to the extent that of the said Policy Guidelines and provisions impact the calculation of the annual license fee payable by phase – II to phase – III Petitioners to the Respondent by introducing a formula for calculating the annual license fee based on the non-refundable one-time entry fee discovered pursuant to the auction of the phase – III frequencies. The Petitioners have also challenged the notice inviting application ("**NIA**") dated March 02, 2015 and the Grant of Permission Agreement ("**GOPA**") which were also amended to give effect to the revision in calculation of the annual license fee. Therefore, the challenge also extends to seeking quashing of clause 4.3 of NIA and 3.1(a) of the GOPA to the extent of their application to the frequencies / licensees migrating from Phase – II to Phase – III. The grounds on which the Policy Guidelines, NIA and GOPA have been challenged are *inter alia* (a) the increase in the annual license fee is arbitrary and discriminatory in nature; (b) the annual licenses fee cannot be uniformly calculated in all the cities; (c) the GOPA is in violation of the Section 11(1) of the TRAI Act and (d) the action of the Respondent amount to acts that are arbitrary, perverse and unreasonable and liable to be struck down in view of Article 14 and Article 19(1)(g) of the Constitution of India, etc. Vide this writ petition the Petitioners have prayed the Hon'ble Court to inter alia (a) issue a writ of Mandamus or any other

appropriate writ, order or direction striking down quashing/setting aside/striking down the amended policy guidelines for Phase-III, to the extent that the amended paragraph 31.5 requires that all terms and conditions concerning the new licensees shall be made applicable to migrating licensees as well; (b) issue appropriate writ, order or direction quashing / setting aside / striking down Clause 4.3 of the tender for FM Radio Phase III licenses *vide* the NIA to the extent that they are made applicable to the migrating Petitioners in imposing the criterion of calculating the annual license fee based on non-refundable one time entry fee; and (c) declare that the Annual Fees for Phase II FM Radio licensees who migrate to Phase III shall not exceed the higher of (a) 4% of the gross revenues or (b) 2.5% of the non-refundable one time migration fee, etc. The Respondent has filed a counter affidavit in reply to the writ petition and the Petitioner has filed a rejoinder replying to the counter affidavit. The Hon'ble High Court vide its order dated February 14, 2019 had directed both parties to file written submissions. The Petitioner has filed the written submissions, however the Respondent has filed to so and has been provided last opportunity by the Hon'ble Court vide its order dated October 14, 2019 to file the same. The writ petition is presently pending before the Hon'ble High Court of Delhi.

6. OUTSTANDING DUES TO SMALL SCALE UNDERTAKINGS OR ANY OTHER CREDITORS

In terms of the Materiality Policy dated August 26, 2020, as on March 31 2020, our Company has 06 material creditors and ₹60.09 lakhs is the amount outstanding as material dues for us.

As on March 31, 2020, the details of amounts outstanding towards small scale undertakings and other creditors are as follows:

Particulars	No. of Creditors	Amount
		(₹ in lakhs)
Outstanding dues to material creditors	06	60.09
Outstanding dues to small scale undertakings*	03	34.06
Outstanding dues to other creditors	11	8.02

**Out of the 06 material creditors, 03 creditors are small scale undertakings, therefore have also been mentioned under outstanding dues to small scale undertakings.*

Complete details of outstanding dues to our material creditors as on March 31, 2020 are available at the website of our Company, www.arunahotels.com. Information provided on the website of our Company is not a part of this Draft Letter of Offer and should not be deemed to be incorporated by reference. Anyone placing reliance on any other source of information, including our Company's website, www.arunahotels.com, would be doing so at their own risk. For further details, refer to the section titled "Financial Information" on page 154 of this Draft Letter of Offer.

7. MATERIAL DEVELOPMENT SINCE MARCH 31, 2020.

There have not arisen, since the date of the last financial statements disclosed in this Draft Letter of Offer, any circumstances which materially and adversely affect or are likely to affect our profitability taken as a whole or the value of our consolidated assets or our ability to pay our liabilities within the next 12 months. For further details, please refer to the chapter titled "Management's Discussion and Analysis of Financial Position and Results of Operations" on page 155 of this Draft Letter of Offer.

GOVERNMENT AND OTHER STATUTORY APPROVALS

We are required to obtain consents, licenses, registrations, permissions and approvals for carrying out our present business activities. Our Company has obtained all the material consents, licenses, permissions, registrations and approvals from the Government and various Government agencies which are necessary for carrying on our business activities. For details in relation to the regulatory and legal framework within which we operate, please refer the chapter “*Key Industrial Regulations and Policies*” on page 110 of this Draft Letter of Offer. The main objects clause of the Memorandum of Association and objects incidental to the main objects enable our Company to carry out its activities.

The following statements set out the details of licenses, permissions and approvals taken by our Company under various central and state laws for carrying out the business:

I. Issue related Approvals

For the approvals and authorizations obtained by our Company in relation to the Issue, see “*Other Regulatory and Statutory Disclosures – Authority for the Issue*” on page 183 of this Draft Letter of Offer.

II. Approvals from the Stock Exchange

- a) Our Company has received an in-principle approval from the BSE dated [●] for listing of Equity Shares issued pursuant to the Issue.
- b) Our Company’s ISIN is INE957C01019.

III. General Approvals

- a) Certificate of Incorporation dated September 09, 1960 under the Companies Act, 1956 issued by the Registrar of Companies, Madras.
- b) Certificate of Incorporation dated July 03, 1986 under the Companies Act, 1956 issued by the Registrar of Companies, Tamil Nadu, consequent upon change of name to “*Aruna Sugars & Enterprises Limited*”.
- c) Certificate of Incorporation dated October 25, 2000 under the Companies Act, 1956 issued by the Registrar of Companies, Chennai at Tamil Nadu, consequent upon change of name to “*Aruna Sunrise Hotels Limited*”.
- d) Certificate of Incorporation dated January 14, 2003 under the Companies Act, 1956 issued by the Registrar of Companies, Chennai at Tamil Nadu, consequent upon change of name to “*Aruna Hotels Limited*”.
- e) Letter allotting the Importer-Exporter Code dated September 17, 1988 bearing IEC number 0488043131 issued by the Joint Chief Controller of Imports and Exports, Ministry of Commerce.

IV. Tax Related Approvals

- a) Our Company’s Permanent Account Number dated September 09, 1960 issued by the Income Tax Department is AAACA3213A.
- b) Our Company’s Tax Deduction and Collection Number dated February 22, 2016 issued by the Income Tax Department is CHEA00224A.

- c) Registration certificate of Goods and Services Tax dated September 26, 2017 bearing registration number 33AAACA3213A1ZS issued by the Government of India.

V. Business Related approvals

Except as mentioned in this chapter, as on date of this Draft Letter of Offer, our Company does not have any business related approvals. The business of our Company is not operational as of date of this Draft Letter of Offer owing to the ongoing renovation work in our hotel premises. The details of the approvals that our Company is yet to apply for can be seen under the heading- “Licenses / Approvals which are required but not yet applied for” in this chapter. We undertake to apply for the necessary licenses and approvals once we commence our business operations. For risks related to the same, please refer to “Risk Factor No. 05- “As on date we have not obtained some of the approvals, clearances and permissions as may be required from the relevant authorities for operating our hotel. In the event we are unable to obtain such approvals and permits, our business, results of operations, cash flows and financial condition could be adversely affected. Further, we are subject to extensive government regulation with respect to safety, health, environmental, real estate, excise, property tax and labour laws. A failure to manage such risks or any noncompliance with, or changes in, regulations applicable to us may adversely affect our business, results of operations, financial condition and cash flows.” in the chapter titled “Risk Factors” on page 29 of this Draft Letter of Offer.

VI. Quality Related Approvals

As on date of this Draft Letter of Offer, our Company does not have any quality related approvals. The details of the quality related approvals that our Company is yet to apply for can be seen under the heading- “Licenses / Approvals which are required but not yet applied for” in this chapter. We undertake to apply for the necessary licenses and approvals once we commence our business operations.

VII. Intellectual Property Related Approvals

Trademark

Our Company owns the following trademark:

Sr. No.	Description	Registration Number	Valid up to
2.	ARUNA HOTELS [word mark]	4025264	December 13, 2028

VIII. Licenses/ Approvals for which applications have been made and are pending:

Nil

IX. Licenses / approvals which have expired and for which renewal applications have not been made by our Company.

- a) Certificate of structural soundness under the Tamil Nadu Public Building (Licensing) Act, 1965 and the Tamil Nadu Public Buildings (Licensing) Rules, 1968; and
- b) Fire & Rescue Services license issued under the Fire Service Act, 1985.

X. Licenses / Approvals which are required but not yet applied for:

As of date of this Draft Letter of Offer, the business of our Company is not operational owing to the ongoing renovation work in our hotel premises; therefore our Company has not applied for the approvals which are required to be obtained under various legislations. The details of the approvals, which are required but have not been applied for by our Company, have been provided below:

- a. Star Classification Order from Ministry of Tourism, Government of India;

- b. Registration certificate under the Food Safety & Standards (Licensing and Registration of food Business) Regulations, 2011;
- c. Shops and establishments registrations for the hotel premises and the Registered Office of our Company under the Tamil Nadu Shops and Establishment Act, 1947;
- d. Liquor License for possession of liquor under the excise laws;
- e. Consent to establish and consent for operation and Authorisation under the hazardous and other waste (management and transboundary movements) Rules, 2016;
- f. No Objection Certificates from police and fire department;
- g. Allied licenses such as; Bar License, Catering License, Public Performance License, Trade Restaurant License etc.
- h. Registration certificate under Tamil Nadu Public Health Act, 1939;
- i. Certificate of Registration for Employee's Provident Fund;
- j. Registration under Employees' State Insurance Act, 1948; and
- k. Registration under Tamil Nadu Tax on Professions, Trades, Callings and Employments Act, 1976.

We undertake to apply for the necessary licenses and approvals once we commence our business operations. For risks related to the same, please refer to *"Risk Factor No. 05- "As on date we have not obtained some of the approvals, clearances and permissions as may be required from the relevant authorities for operating our hotel. In the event we are unable to obtain such approvals and permits, our business, results of operations, cash flows and financial condition could be adversely affected. Further, we are subject to extensive government regulation with respect to safety, health, environmental, real estate, excise, property tax and labour laws. A failure to manage such risks or any noncompliance with, or changes in, regulations applicable to us may adversely affect our business, results of operations, financial condition and cash flows."* in the chapter titled *"Risk Factors"* on page 29 of this Draft Letter of Offer.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Board, pursuant to its resolution dated August 05, 2020, authorised the Issue under Section 62(1) (c) of the Companies Act, 2013.

Our Board has, at its meeting held on [●], determined the Issue Price as ₹ [●] per Rights Equity Share in consultation with the Lead Manager, and the Rights Entitlement as [●] Rights Equity Share(s) for every [●] Equity Share(s) held on the Record Date.

Our Company has received 'in-principle' approval for listing of the Rights Equity Shares to be Allotted pursuant to Regulation 28 of SEBI Listing Regulations, vide letter dated [●] issued by BSE for listing of the Rights Equity Shares to be Allotted pursuant to the Issue.

Prohibition by SEBI or other Governmental Authorities

Our Company, our Promoter, our Directors, the members of our Promoter Group and persons in control of our Company have not been prohibited from accessing the capital market or debarred from buying or selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any jurisdiction or any authority/court as on date of this Draft Letter of Offer.

Further, our Promoter and our Directors are not promoter or director of any other company which is debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI. None of our Directors or Promoter are associated with the securities market in any manner. Further, except as stated below, there is no outstanding action initiated against them by SEBI in the five years preceding the date of filing of this Draft Letter of Offer:

Neither our Promoter nor our Directors have been declared as fugitive economic offender under Section 12 of Fugitive Economic Offenders Act, 2018 (17 of 2018).

Prohibition by RBI

Neither our Company, nor our Promoter, and Directors have been categorized or identified as wilful defaulters by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India. There are no violations of securities laws committed by them in the past or are currently pending against any of them.

Compliance with Companies (Significant Beneficial Ownership) Rules, 2018

Our Company, our Promoter and the members of our Promoter Group are in compliance with the Companies (Significant Beneficial Ownership) Rules, 2018, to the extent it may be applicable to them as on date of this Draft Letter of Offer.

Eligibility for the Issue

Our Company is a listed company, incorporated under Companies Act, 1956. The Equity Shares of our Company are presently listed on BSE. We are eligible to undertake the Issue in terms of Chapter III of the SEBI ICDR Regulations. Pursuant to Clause (1) of Part B of Schedule VI to the SEBI ICDR Regulations, our Company is required to make disclosures in accordance with Part A of Schedule VI to the SEBI ICDR Regulations.

Compliance with Regulations 61 and 62 of the SEBI ICDR Regulations

Our Company is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI ICDR Regulations, to the extent applicable. Further, in relation to compliance with Regulation 62(1)(a) of the SEBI ICDR

Regulations, our Company undertakes to make an application to the Stock Exchange for listing of the Rights Equity Shares to be issued pursuant to the Issue. BSE Limited is the Designated Stock Exchange for the Issue.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT LETTER OF OFFER TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (“SEBI”) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT LETTER OF OFFER. THE LEAD MANAGER, SAFFRON CAPITAL ADVISORS PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 (“SEBI ICDR REGULATIONS”). THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, SAFFRON CAPITAL ADVISORS PRIVATE LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED [●], 2020 IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SEBI ICDR REGULATIONS.

THE FILING OF THIS DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THIS DRAFT LETTER OF OFFER, WHICH READS AS FOLLOWS:

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THIS DRAFT LETTER OF OFFER PERTAINING TO THE ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:**
 - a) THIS DRAFT LETTER OF OFFER FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
 - b) ALL THE MATERIAL LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
 - c) THE MATERIAL DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED**

DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 2013, TO THE EXTENT APPLICABLE, SEBI ICDR REGULATIONS AND OTHER APPLICABLE LEGAL REQUIREMENTS.

3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THIS DRAFT LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.
4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – NOT APPLICABLE.
5. WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT LETTER OF OFFER WITH THE SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT LETTER OF OFFER – NOT APPLICABLE.
6. WE CERTIFY THAT REGULATION 15 OF THE SEBI ICDR REGULATIONS, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER – NOT APPLICABLE.
7. WE UNDERTAKE THAT SUB-REGULATION (3) OF REGULATION 14 AND CLAUSE (C) AND (D) OF SUB-REGULATION (9) OF REGULATION 25 OF THE SEBI ICDR REGULATIONS SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE – NOT APPLICABLE.
8. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE CREDITED/TRANSFERED IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 40(3) OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGE MENTIONED IN THE DRAFT LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. – NOT APPLICABLE. THIS BEING A RIGHTS ISSUE, SECTION 40(3) OF THE COMPANIES ACT, 2013 IS NOT APPLICABLE. FURTHER, TRANSFER OF MONIES RECEIVED PURSUANT TO THE ISSUE SHALL BE RELEASED TO THE COMPANY AFTER FINALISATION OF THE BASIS OF ALLOTMENT IN COMPLIANCE WITH REGULATION 90 OF THE SEBI ICDR REGULATIONS, AS AMENDED.
9. WE CERTIFY THAT THE EXISTING BUSINESS AS WELL AS ANY NEW BUSINESS OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED FALL WITHIN THE "MAIN OBJECTS" IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED

IN LAST 10 YEARS ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION. - COMPLIED TO THE EXTENT APPLICABLE.

10. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER:

a) **AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY. AS ON THE DATE OF THIS DRAFT LETTER OF OFFER, OUR COMPANY HAS NOT ISSUED ANY SR EQUITY SHARES AND THERE ARE NO OUTSTANDING SR EQUITY SHARES; AND**

b) **AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.**

11. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SEBI ICDR REGULATIONS, AS AMENDED WHILE MAKING THE ISSUE – NOTED FOR COMPLIANCE.

12. WE CONFIRM THAT THE ISSUER IS ELIGIBLE TO LIST ON THE INNOVATORS GROWTH PLATFORM IN TERMS OF THE PROVISIONS OF CHAPTER X OF THE SEBI ICDR REGULATIONS – NOT APPLICABLE.

13. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTER'S EXPERIENCE, ETC.- COMPLIED WITH.

14. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SEBI ICDR REGULATIONS, AS AMENDED, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.- COMPLIED WITH.

Disclaimer Clause of BSE

As required, a copy of this Draft Letter of Offer has been submitted to BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer prior to the filing with the Stock Exchange.

Disclaimer from our Company, our Directors and the LM

Our Company, our Directors and the Lead Manager accept no responsibility for statements made otherwise than in this Draft Letter of Offer or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website www.arunahotels.com/ or the respective websites of our Promoter Group or Group Companies or an affiliate of our Company would be doing so at his or her own risk.

All information shall be made available by our Company and the Lead Manager to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at bidding centers or elsewhere.

Investors will be required to confirm and will be deemed to have represented to our Company, Lead Manager and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not issue, sell, pledge, or

transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Lead Manager and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

No information which is extraneous to the information disclosed in this Draft Letter of Offer or otherwise shall be given by our Company or any member of the Issue management team or the syndicate to any particular section of investors or to any research analyst in any manner whatsoever, including at road shows, presentations, in research or sales reports or at bidding centers.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Draft Letter of Offer. You must not rely on any unauthorized information or representations. This Draft Letter of Offer is an offer to sell only the Rights Equity Shares and the Rights Entitlement, but only under circumstances and in the applicable jurisdictions. Unless otherwise specified, the information contained in this Draft Letter of Offer is current only as at its date.

Disclaimer in respect of Jurisdiction

This Draft Letter of Offer has been prepared under the provisions of Indian law and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Chennai only.

Designated Stock Exchange

The Designated Stock Exchange for the purposes of the Issue is BSE Limited.

Listing

Our Company will apply to BSE for final approval for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under the Issue will trade after the listing thereof.

Selling Restrictions

This Draft Letter of Offer is solely for the use of the person who has received it from our Company or from the Registrar. This Draft Letter of Offer is not to be reproduced or distributed to any other person.

The distribution of this Draft Letter of Offer/ Letter of Offer, Abridged Letter of Offer, Application Form and the Rights Entitlement Letter and the issue of Rights Entitlements and Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer/ Letter of Offer, Abridged Letter of Offer Application Form and the Rights Entitlement Letter may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders of our Company and will dispatch the Draft Letter of Offer/ Letter of Offer, Abridged Letter of Offer Application Form and the Rights Entitlement Letter only to Eligible Equity Shareholders who have provided an Indian address to our Company.

No action has been or will be taken to permit the Issue in any jurisdiction, or the possession, circulation, or distribution of this the Draft Letter of Offer, Abridged Letter of Offer or any other material relating to our Company, the Equity Shares or Rights Entitlement in any jurisdiction, where action would be required for that purpose, except that this Draft Letter of Offer has been filed with SEBI and the Stock Exchange.

Accordingly, the Rights Entitlement or Equity Shares may not be offered or sold, directly or indirectly, and this Draft Letter of Offer or any offering materials or advertisements in connection with the Issue or Rights Entitlement may not be distributed or published in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer.

This Draft Letter of Offer and its accompanying documents are being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose. If this Draft Letter of Offer is received by any person in any jurisdiction where to do so would or might contravene local securities laws or regulation, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the Rights Entitlement referred to in this Draft Letter of Offer. Investors are advised to consult their legal counsel prior to applying for the Rights Entitlement and Equity Shares or accepting any provisional allotment of Equity Shares, or making any offer, sale, resale, pledge or other transfer of the Equity Shares or Rights Entitlement.

Neither the delivery of this Draft Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as of any time subsequent to this date or the date of such information. Each person who exercises Rights Entitlements and subscribes for Equity Shares, or who purchases Rights Entitlements or Equity Shares shall do so in accordance with the restrictions set out below.

NO OFFER IN THE UNITED STATES

THE RIGHTS ENTITLEMENTS AND THE EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES, EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE RIGHTS ENTITLEMENTS AND EQUITY SHARES REFERRED TO IN THE DRAFT LETTER OF OFFER ARE BEING OFFERED IN INDIA, BUT NOT IN THE UNITED STATES. THE OFFERING TO WHICH THE DRAFT LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY EQUITY SHARES OR RIGHTS ENTITLEMENTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, THE DRAFT LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO THE UNITED STATES AT ANY TIME.

Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company, or any person acting on behalf of our Company, has reason to believe is, in the United States when the buy order is made. Envelopes containing an Application Form should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer under this Draft Letter of Offer. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and this Draft Letter of Offer, Letter of Offer/ Abridged Letter of Offer, Application Form and the Rights Entitlement Letter will be dispatched to the Eligible Equity Shareholders who have provided an Indian address to our Company. Any person who acquires the Rights Entitlements and the Equity Shares will be deemed to have declared, represented, warranted and agreed, by accepting the delivery of the Letter of Offer, (i) that it is not and that, at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States when the buy order is made; and (ii) is authorised to acquire the Rights Entitlements and the Equity Shares in compliance with all applicable laws, rules and regulations.

Our Company, in consultation with the Lead Manager, reserves the right to treat as invalid any Application Form which: (i) appears to our Company or its agents to have been executed in or dispatched from the United States of America; (ii) does not include the relevant certification set out in the Application Form headed "Overseas Shareholders" to the effect that the person accepting and/or renouncing the Application Form does not have a registered address (and is not otherwise located) in the United States, and such person is complying with laws of the jurisdictions applicable to such person in connection with the Issue, among others; (iii) where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; or (iv) where a registered Indian address is not provided, and our Company shall not be bound to allot or issue any Equity Shares or Rights Entitlement in respect of any such CAF.

None of the Rights Entitlements or the Equity Shares have been, or will be, registered under the United States Securities Act of 1933, as amended (the “Securities Act”), or any state securities laws in the United States. Accordingly, the Rights Entitlements and Equity Shares are being offered and sold only outside the United States in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales are made.

NO OFFER IN ANY JURISDICTION OUTSIDE INDIA

NO OFFER OR INVITATION TO PURCHASE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES IS BEING MADE IN ANY JURISDICTION OUTSIDE OF INDIA, INCLUDING, BUT NOT LIMITED TO AUSTRALIA, BAHRAIN, CANADA, THE EUROPEAN ECONOMIC AREA, GHANA, HONG KONG, INDONESIA, JAPAN, KENYA, KUWAIT, MALAYSIA, NEW ZEALAND, SULTANATE OF OMAN, PEOPLE'S REPUBLIC OF CHINA, QATAR, SINGAPORE, SOUTH AFRICA, SWITZERLAND, THAILAND, THE UNITED ARAB EMIRATES, THE UNITED KINGDOM AND THE UNITED STATES. THE OFFERING TO WHICH THIS DRAFT LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENT FOR SALE IN ANY JURISDICTION OUTSIDE INDIA OR AS A SOLICIATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, THIS DRAFT LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO ANY OTHER JURISDICTION AT ANY TIME.

Consents

Consents in writing of: our Directors, the Lead Manager, legal advisor, the Registrar to the Issue and the Bankers to the Issue to act in their respective capacities, have been obtained and such consents have not been withdrawn up to the date of this Letter of Offer.

Our Company has received written consent dated September 14, 2020 from our Statutory Auditor, namely, M/s. Bala & Co., Chartered Accountants for inclusion of their report, dated September 14, 2020 on the Restated Financial Information in this Draft Letter of Offer and to include their name in this Draft Letter of Offer and as an ‘expert’ as defined under Section 2(38) of the Companies Act, 2013 in relation to the Statement of Tax Benefits dated September 14, 2020 in the form and context in which it appears in this Draft Letter of Offer. Such consent has not been withdrawn up to the date of this Draft Letter of Offer.

Expert Opinion

Our Company has received written consent dated September 14, 2020 from our Statutory Auditor, namely, M/s. Bala & Co., Chartered Accountants to include their name as required in this Draft Letter of Offer and as an ‘expert’ as defined under Section 2(38) of the Companies Act, 2013 in relation to its examination report, dated September 14, 2020 on the Restated Financial Information and the Statement of Tax Benefits dated September 14, 2020 and such consent has not been withdrawn as of the date of this Draft Letter of Offer. The term ‘expert’ and consent thereof, does not represent an expert or consent within the meaning under the U.S. Securities Act.

Except for the abovementioned documents, provided by M/s. Bala & Co., Chartered Accountants, our Company has not obtained any expert opinions.

Particulars regards previous public or rights issues by our Company during the last five years

Our Company has not made any rights issues or any public issue during the five years immediately preceding the date of this Draft Letter of Offer.

Commission and Brokerage paid on previous issues in the past five years

Our Company has not paid any brokerage or commission on previous issues in the past five years.

Capital issue during the previous three years by listed group companies, subsidiaries and associates of our Company

As on the date of this Draft Letter of Offer, none of our Group Companies have their equity shares listed on any stock exchanges in India or overseas. Further, presently our Company does not have any associate companies or subsidiary companies.

Performance vis-à-vis objects – Public/Rights Issue of our Company

Our Company has not made any rights issues or public issues during the five years immediately preceding the date of this Draft Letter of Offer.

Performance vis-à-vis objects – Last issue of listed Subsidiaries or Associates

Our Company does not have any subsidiaries or associate companies as on the date of this Draft Letter of Offer.

Price information of past issues handled by Saffron Capital Advisors Private Limited

DISCLOSURE OF PRICE INFORMATION OF PAST ISSUES HANDLED BY SAFFRON CAPITAL ADVISORS PRIVATE LIMITED

Sr. No	Issue Name	Issue Size (Cr)	Issue Price (Rs.)	Listing date	Opening price on listing date	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	Cadsys (India) limited	14.70	70	October 04, 2017	84	40.53% (12.52%)	45.59% (47.96%)	9.52% (2.99%)
2.	Ahlada Engineers Limited	51.075	150	September 27, 2018	136	(12.57%) (10.09%)	(6.95%) (3.06%)	(67.69%) (5.48%)

Source: Price Information www.nseindia.com, Issue Information from respective Prospectus

Notes:

1. All data sourced from www.nseindia.com
2. Benchmark index considered is NIFTY SME EMERGE
3. 30th, 90th, 180th calendar day from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30th, 90th, 180th calendar day is a holiday, in which case we have considered the closing data of the previous trading day.

SUMMARY STATEMENT OF DISCLOSURE

Financial year	Total no. of IPO	Total funds raised (Rs. Cr)	Nos of IPOs trading at discount on 30th Calendar day from listing date			Nos of IPOs trading at premium on 30th Calendar day from listing date			Nos of IPOs trading at discount on 180th Calendar day from listing date			Nos of IPOs trading at premium on 180th Calendar day from listing date		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2018 - 19	1	51.07	-	-	1	-	-	-	1	-	-	-	-	-
2019 - 20	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2020 - 21	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Track record of past issues handled by the Lead Manager

For details regarding the track record of the Lead Manager, as specified in circular (reference CIR/MIRSD/1/2012) dated January 10, 2012 issued by SEBI, please see the website of the Lead Manager, i.e., www.saffronadvisor.com.

Stock Market Data of the Equity Shares

Our Equity Shares are listed on BSE. Our Equity Shares are infrequently traded on BSE. For details in connection with the stock market data of the BSE, please refer to the chapter titled “Market Price Information” on page 170 of this Draft Letter of Offer.

New Financial Instruments

There are no new financial instruments such as deep discounted bonds, debentures, warrants, securities premium notes, etc. issued by our Company.

Mechanism for Redressal of Investor Grievances

Our Company has adequate arrangements for redressal of investor grievances in compliance with the SEBI Listing Regulations. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/ OIAE/ 2/ 2011 dated June 3, 2011. Consequently, investor grievances are tracked online by our Company.

Our Company has a Stakeholders Relationship Committee which meets at least once a year and as and when required. Its terms of reference include considering and resolving grievances of Shareholders in relation to transfer of shares and effective exercise of voting rights. Cameo Corporate Services Limited is our Registrar and Share Transfer Agent. All investor grievances received by us have been handled by the Registrar and Share Transfer Agent in consultation with the Company Secretary and Compliance Officer.

Status of Complaints of our Company

The details of the investor complaints received by our Company during the last three years are as follows:

Period	Complaints received	Complaints disposed of
Financial Year 2020	03	03
Financial Year 2019	06	06
Financial Year 2018	Nil	Nil

Investor complaints received by our Company are typically disposed of within 15 days from the receipt of the complaint.

As on date of this Draft Letter of Offer, our Company does not have any subsidiary.

Status of outstanding investor complaints

As at the date of this Draft Letter of Offer, there are no outstanding investor complaints against our Company.

Investor Grievances arising out of this Issue

Investors may contact the Registrar to the Issue at:

Registrar to the Issue

Cameo Corporate Services Limited

Subramanian Building,
No. 01, Club House Road,
Chennai- 600 002,
Tamil Nadu, India.

Telephone: +91044 4002 0700/ 0710/ 2846 0390

Facsimile: N.A.

E-mail: cameo@cameoindia.com

Website: www.cameoindia.com

Investor Grievance e-mail: investor@cameoindia.com

Contact Person: Sreepriya K.

SEBI Registration No.: INR000003753

CIN: U67120TN1998PLC041613

Investors may contact the Company Secretary and Compliance Officer at the below mentioned address for any pre-Issue/ post-Issue related matters such as non-receipt of Letters of Allotment / share certificates/ demat credit/ Refund Orders etc.

Lakshmi Kumar is the Company Secretary and Compliance Officer of our Company. Her contact details are set forth hereunder:

Aruna Centre, 145, Sterling Road,
Nungambakkam, Chennai – 600 034,
Tamil Nadu, India.

Telephone: +91 44 2530 3404

Website: www.arunahotels.com

E-mail: cs@ahlchennai.com

SECTION VII – ISSUE INFORMATION

TERMS OF THE ISSUE

This Section applies to all Investors. ASBA Investors should note that the ASBA process involves procedures that may be different from that applicable to other Investors and should carefully read the provisions applicable to such Applications, in the Letter of Offer, the Abridged Letter of Offer, the Application Form and the Rights Entitlement Letter, before submitting an Application Form. Our Company and the Lead Manager are not liable for any amendments, modifications or changes in applicable law which may occur after the date of the Letter of Offer. Investors who are eligible to apply under the ASBA process or, R-WAP, as the case may be, are advised to make their independent investigations and to ensure that the Application Form and the Rights Entitlement Letter is correctly filled up.

Please note that in accordance with the provisions of the SEBI Circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 (“SEBI – Rights Issue Circular”), all investors (including renouncee) shall make an application for a rights issue only through ASBA facility. However, in view of the COVID-19 pandemic and the lockdown measures undertaken by Central and State Governments, relaxation from the strict enforcement of the SEBI – Rights Issue Circular has been provided by SEBI, vide its Circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 06, 2020 and Circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020. As per the said circular, in case the physical shareholders who have not been able to open a demat account or are unable to communicate their demat details, in terms of clause 1.3.4 of the SEBI – Rights Issue Circular, to the Company or Registrar to the Issue, for credit of REs within specified time, such physical shareholders may be allowed to submit their application subject to the conditions prescribed in the SEBI Circulars dated May 06, 2020 and July 24, 2020.

In accordance with the SEBI ICDR Regulations, the option to receive the Rights Equity Shares in physical form was available only for a period of six months from the date of coming into force of the SEBI ICDR Regulations, i.e., until May 10, 2019. Since Allotment in this Issue will occur subsequent to May 10, 2019, the entitlement of Rights Equity Shares to be Allotted to the Applicants who have applied for Allotment of the Rights Equity Shares in physical form will be kept in abeyance in electronic mode by our Company until the Applicants provide details of their demat account particulars to the Registrar. Further, In accordance with the SEBI Rights Issue Circulars, (a) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date; or (b) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Rights Equity Shares may also apply in this Issue during the Issue Period.

The Rights Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in this Draft Letter of Offer, Letter of Offer, the Abridged Letter of Offer, including the Application Form and the Rights Entitlement Letter, the MOA and AOA of our Company, the provisions of the Companies Act, the terms and conditions as may be incorporated in the FEMA, applicable guidelines and regulations issued by SEBI or other statutory authorities and bodies from time to time, the SEBI Listing Regulations, terms and conditions as stipulated in the allotment advice or security certificate and rules as may be applicable and introduced from time to time.

OVERVIEW

The Issue and the Rights Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in this Draft Letter of Offer, Letter of Offer, the Abridged Letter of Offer, the Application Form and the Rights Entitlement Letter, the Memorandum of Association and the Articles of Association, the provisions of Companies Act, FEMA, the SEBI ICDR Regulations, the SEBI Listing Regulations and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from the SEBI, the RBI or other regulatory authorities, the terms of Listing Agreements entered into by our Company with the Stock Exchange and terms and conditions as stipulated in the Allotment Advice.

Important:

- 1) *Dispatch and availability of Issue materials:*

In accordance with the SEBI ICDR Regulations, SEBI circulars SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020, Circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020 and the MCA Circular, our Company will send, only through email, the Abridged Letter of Offer, the Rights Entitlement Letter, Application Form and other issue material to the email addresses of all the Eligible Equity Shareholders who have provided their Indian addresses to our Company. The Letter of Offer will be provided, only through email, by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their addresses to our Company. Investors can also access the Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) on the websites of:

- a) Our Company at www.arunahotels.com
- b) the Registrar to the Issue at <https://rights.cameoindia.com/Aruna>
- c) the Lead Manager at www.saffronadvisor.com
- d) the Stock Exchange at www.bseindia.com; and
- e) the Registrar's web-based application platform at <https://rights.cameoindia.com/Aruna> (“R-WAP”)

Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar at <https://rights.cameoindia.com/Aruna> by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form). The link for the same shall also be available on the website of our Company (i.e., www.arunahotels.com).

Further, our Company along with the Lead Manager will undertake all adequate steps to reach out to the Eligible Equity Shareholders by other means if feasible in the current COVID-19 situation. However, our Company, Lead Manager and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form.

2) *Facilities for Application in this Issue:*

In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, bearing reference number SEBI/HO/CFD/CIR/CFD/DIL/67/2020 dated April 21, 2020, SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020, and SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020 (Collectively hereafter referred to as “**SEBI Rights Issue Circulars**”) and SEBI circular SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011 and the SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 (Collectively hereafter referred to as “**ASBA Circulars**”), all Investors desiring to make an Application in this Issue are mandatorily required to use either the ASBA process or the optional mechanism instituted only for resident Investors in this Issue, i.e., R-WAP. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA or using the R-WAP. For details, see “*Procedure for Application through the ASBA Process*” and “*Procedure for Application through R-WAP*” on pages 204 and 204 respectively.

For guidance on the Application process through R-WAP and resolution of difficulties faced by the Investors, the Investors are advised to carefully read the frequently asked questions, visit the online/ electronic dedicated investor helpdesk on the website of the Registrar to the Issue at <https://rights.cameoindia.com/Aruna> or call helpline number -7338808559. For details, see “*Procedure for Application through R-WAP*” on page 204.

Registrar's Web-based Application Platform (R-WAP): In accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020, a separate web based application platform, i.e., the R-WAP facility (accessible at <https://rights.cameoindia.com/Aruna>), has been instituted for making an Application in this Issue by resident Investors. Further, R-WAP is only an additional option and not a replacement of the ASBA process. At the R-WAP, resident Investors can access and submit the online Application Form in electronic mode using the R-WAP and make online payment using their internet banking or UPI facility from their own bank account thereat.

PLEASE NOTE THAT ONLY RESIDENT INVESTORS CAN SUBMIT AN APPLICATION USING THE R-WAP. R-WAP FACILITY WILL BE OPERATIONAL FROM THE ISSUE OPENING DATE. FOR RISKS ASSOCIATED WITH THE R-WAP PROCESS, SEE “RISK FACTOR No. 55 - THE R-WAP PAYMENT MECHANISM FACILITY PROPOSED TO BE USED FOR THIS ISSUE MAY BE EXPOSED

TO RISKS, INCLUDING RISKS ASSOCIATED WITH PAYMENT GATEWAYS” ON PAGE 49.

For guidance on the Application process through R-WAP and resolution of difficulties faced by the Investors, the Investors are advised to carefully read the frequently asked questions, visit the online/ electronic dedicated investor helpdesk (<https://rights.cameoindia.com/Arunahotels>) or call helpline number (7338808559). For details, see “- *Procedure for Application through the R-WAP*” on page 204.

In accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 and SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020 our Company will make use of advertisements in television channels, radio, internet etc., including in the form of crawlers/ tickers, to disseminate information relating to the Application process in India.

3) *Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders:*

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account (namely, “ARUNA HOTELS LIMITED”) opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company or with the Registrar on the Record Date; or (d) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (e) credit of the Rights Entitlements returned/reversed/failed; or (f) the ownership of the Equity Shares currently under dispute, including any court proceedings.

Eligible Equity Shareholders are requested to provide relevant details (such as copies of self-attested PAN and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to the Company or the Registrar not later than two Working Days prior to the Issue Closing Date to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to the Company or the Registrar account is active to facilitate the aforementioned transfer.

4) *Application by Eligible Equity Shareholders holding Equity Shares in physical form:*

In accordance with the SEBI Rights Issue Circulars, (a) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date; or (b) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Rights Equity Shares may also apply in this Issue during the Issue Period. Application by such Eligible Equity Shareholders is subject to following conditions:

- (i) the Eligible Equity Shareholders apply only through the R-WAP;
- (ii) the Eligible Equity Shareholders are residents;
- (iii) the Eligible Equity Shareholders are not making payment from non-resident account;
- (iv) the Eligible Equity Shareholders shall not be able to renounce their Rights Entitlements; and
- (v) the Eligible Equity Shareholders shall receive Rights Equity Shares, in respect of their Application, only in demat mode.

Accordingly, such resident Eligible Equity Shareholders are required to, within 6 (six) months from the Allotment Date, send a communication to our Company or the Registrar containing the name(s), Indian address, email address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by post, speed post, courier, electronic mail or hand delivery, to enable process of credit of Rights Equity Shares in such demat account.

Such resident Eligible Equity Shareholders must check the procedure for Application by and credit of Rights Equity Shares in “*Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*” and “*Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner*” on pages 210 and 218, respectively.

5) *Other important links and helpline:*

The Investors can visit following links for the below-mentioned purposes:

- a) Frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors: <https://rights.cameoindia.com/Aruna>
- b) Updation of Indian address/ email address/ mobile number in the records maintained by the Registrar or our Company: <https://rights.cameoindia.com/Aruna>
- c) Updation of demat account details by Eligible Equity Shareholders holding shares in physical form: <https://rights.cameoindia.com/Aruna>

Renounees

All rights or obligations of the Eligible Equity Shareholders in relation to Applications and refunds relating to the Issue shall, unless otherwise specified, apply to the Renounee(s) as well.

Authority for the Issue

The Issue has been authorized by a resolution of Board of Directors of our Company passed at their meeting held on August 05, 2020 pursuant to Section 62(1)(a) of the Companies Act.

The Board of Directors in their meeting held on [●] have determined the Issue Price at ₹ [●] per Equity Share and the Rights Entitlement as [●] Rights Equity Share(s) for every [●] fully paid up Equity Share(s) held on the Record Date. The Issue Price has been arrived at in consultation with the Lead Manager.

Our Company has received in-principle approvals from BSE in accordance with Regulation 28 of the SEBI Listing Regulations for listing of the Rights Equity Shares to be Allotted in the Issue pursuant to letter dated [●].

Basis for the Issue

The Rights Equity Shares are being offered for subscription for cash to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of the Equity Shares held dematerialized form and on the register of members of our Company in respect of the Equity Shares held in physical form at the close of business hours on the Record Date, decided in consultation with the Designated Stock Exchange, but excludes persons not eligible under the applicable laws, rules, regulations and guidelines.

Rights Entitlement (“REs”) (Rights Equity Shares)

Eligible Equity Shareholders whose names appear as a beneficial owner in respect of the Equity Shares held in dematerialized form or appear in the register of members as an Equity Shareholder of our Company in respect of the Equity Shares held in physical form as on the Record Date, i.e., [●], are entitled to the number of Rights Equity Shares as set out in the Application Form.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar to the Issue (<https://rights.cameoindia.com/Aruna>) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form). The link for the same shall also be available on the website of our Company (www.arunahotels.com).

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialised form. If the Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to communicate with the Registrar to the Issue in the manner provided on their

website <https://rights.cameoindia.com/Aruna>. They may also communicate with the Registrar with the help of the helpline number -7338808559 and their email address investor@cameoindia.com

Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts, except in case of resident Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and applying through R-WAP.

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and will send the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form only to email addresses of Eligible Equity Shareholders who have provided an Indian address to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions.

The Letter of Offer will be provided, only through email, by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and in each case who make a request in this regard. The Letter of Offer, the Abridged Letter of Offer and the Application Form may also be accessed on the websites of the Registrar, our Company and the Lead Manager through a link contained in the aforementioned email sent to email addresses of Eligible Equity Shareholders (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) and on the Stock Exchange websites. The distribution of the Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Letter of Offer will be filed with SEBI and the Stock Exchange. Accordingly, the Rights Entitlements and Rights Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed. Accordingly, persons receiving a copy of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations. If the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who acquires Rights Entitlements or makes an Application will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, that it is entitled to subscribe for the Rights Equity Shares under the laws of any jurisdiction which apply to such person.

Further, our Company along with the Lead Manager will undertake all adequate steps to reach out the Eligible Equity Shareholders by other means if feasible in the current COVID-19 situation. However, our Company, Lead Manager and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form.

PRINCIPAL TERMS OF THE RIGHTS EQUITY SHARES ISSUED UNDER THIS ISSUE

Face Value

Each Rights Equity Share will have the face value of ₹10.

Issue Price

Each Rights Equity Share is being offered at a price of ₹ [●] per Rights Equity Share (including a premium of ₹

[●] per Rights Equity Share) in the Issue. The Issue Price has been arrived at by our Company in consultation with the Lead Manager prior to the determination of the Record Date.

The Issue Price and other relevant conditions are in accordance with Regulation 10(4) of the SEBI Takeover Regulations.

The Board, at its meeting held on [●], has determined the Issue Price, in consultation with the Lead Manager.

Rights Entitlement Ratio

The Rights Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of [●] Rights Equity Share(s) for every [●] Equity Share(s) held on the Record Date.

Rights of instrument holder

Each Rights Equity Share shall rank *pari passu* with the existing Equity Shares of the Company.

Terms of Payment

The full amount of ₹ [●] per Rights Issue is payable on application.

Fractional Entitlements

The Rights Equity Shares are being offered on a rights basis to Eligible Equity Shareholders in the ratio of [●] Rights Equity Share(s) for every [●] Equity Share(s) held on the Record Date. For Rights Equity Shares being offered on a rights basis under the Issue, if the shareholding of any of the Eligible Equity Shareholders is less than [●] Equity Share(s) or not in the multiple of [●], the fractional entitlement of such Eligible Equity Shareholders shall be ignored in the computation of the Rights Entitlement. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored as above will be given preferential consideration for the Allotment of one Additional Rights Equity Share each if they apply for Additional Rights Equity Shares over and above their Rights Entitlement.

For example, if an Eligible Equity Shareholder holds [●] Equity Shares, such Shareholder will be entitled to [●] Rights Equity Shares on a rights basis and will also be given a preferential consideration for the Allotment of one Additional Rights Equity Share if the Shareholder has applied for additional Rights Equity Shares.

Also, those Equity Shareholders holding less than [●] Equity Shares and therefore entitled to 'Zero' Rights Equity Share under this Issue shall be dispatched an Application Form with 'Zero' entitlement. Such Eligible Equity Shareholders are entitled to apply for Additional Rights Equity Shares and would be given preference in the Allotment of 1 (One) Additional Rights Equity Share, if such Equity Shareholders have applied for the Additional Rights Equity Shares. However, they cannot renounce the same to third parties. **Application Forms with zero entitlement will be non-negotiable/non-renounceable.**

Ranking

The Rights Equity Shares to be issued and allotted pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and the Articles of Association. The Rights Equity Shares to be issued and Allotted pursuant to the Issue shall rank *pari passu* with the existing Equity Shares of our Company, in all respects including dividends.

Mode of payment of dividend

In the event of declaration of dividend, our Company shall pay dividend to the Eligible Equity Shareholders as per the provisions of the Companies Act and the provisions of the Articles of Association.

Listing and trading of the Rights Equity Shares to be issued pursuant to the Issue

As per the SEBI – Rights Issue Circular, the Rights Entitlements with a separate ISIN would be credited to the demat account of the respective Eligible Equity Shareholders before the issue opening date. On the Issue Closing date the depositories will suspend the ISIN of REs for transfer and once the allotment is done post the

basis of allotment approved by the designated stock exchange, the separate ISIN no. [●] for REs so obtained will be permanently deactivated from the depository system.

The existing Equity Shares of our Company are listed and traded under the ISIN: INE957C01019 on BSE (Scrip Code: 500016). The Equity Shares of our Company are not listed on NSE.

The Rights Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on BSE subject to necessary approvals. Our Company has received in-principle approval from BSE through letter no. [●] dated [●]. All steps for completion of necessary formalities for listing and commencement of trading in the equity shares will be taken within 7 working days from the finalisation of the Basis of Allotment. Our Company will apply to BSE for final approval for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under the Issue will trade after the listing thereof.

Upon receipt of such listing and trading approval, the Rights Equity Shares proposed to be issued pursuant to the Issue shall be debited from such temporary ISIN and credited in the existing ISIN and thereafter be available for trading under the existing ISIN as fully paid-up Equity Shares of our Company. The temporary ISIN shall be kept blocked till the receipt of final listing and trading approval from the Stock Exchange.

The Rights Equity Shares allotted pursuant to the Issue will be listed as soon as practicable and all steps for completion of the necessary formalities for listing and commencement of trading of the Rights Equity Shares shall be taken within the specified time.

If permissions to list, deal in and for an official quotation of the Rights Equity Shares are not granted by BSE, our Company will forthwith repay, without interest, all moneys received from the Applicants in pursuance of the Letter of Offer. If such money is not repaid beyond eight days after our Company becomes liable to repay it, then our Company and every Director who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest as applicable.

For details of trading and listing of partly paid-up Rights Equity Shares, please refer to the heading “*Terms of Payment*” at page 199 of this Draft Letter of Offer.

Subscription to the Issue by our Promoter and Promoter Group

For details of the intent and extent of the subscription by our Promoter and Promoter Group, see “*General Information – Subscription by our Promoter and Promoter Group*” on page 70.

Compliance with SEBI (ICDR) Regulations

Our Company shall comply with all requirements of the SEBI (ICDR) Regulations. Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of holders of Equity Shares

Subject to applicable laws, the Equity Shareholders shall have the following rights:

- The right to receive dividend, if declared;
- The right to vote in person, or by proxy;
- The right to receive offers for rights shares and be allotted bonus shares, if announced;
- The right to receive surplus on liquidation;
- The right of free transferability of Equity Shares;
- The right to attend general meetings and exercise voting powers in accordance with law, unless prohibited by law; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act, the Memorandum of Association and the Articles of Association

General terms of the Issue

Market Lot

The Equity Shares of our Company are tradable only in dematerialized form. The market lot for Equity Shares in dematerialized mode is one Equity Share.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold such Equity Share as the joint holders with the benefit of survivorship subject to the provisions contained in the Articles of Association. Application Forms would be required to be signed by all the joint holders to be considered valid.

Nomination

Nomination facility is available in respect of the Rights Equity Shares in accordance with the provisions of the Section 72 of the Companies Act read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014. An Investor can nominate any person by filling the relevant details in the Application Form in the space provided for this purpose.

Since the Allotment of Rights Equity Shares is in dematerialized form only, there is no need to make a separate nomination for the Rights Equity Shares to be Allotted in the Issue. Nominations registered with respective Depository Participant of the Investor would prevail. Any Investor desirous of changing the existing nomination is requested to inform its respective Depository Participant.

Arrangements for Disposal of Odd Lots

Our Equity Shares are traded in dematerialized form only and therefore the marketable lot is one Equity Share and hence, no arrangements for disposal of odd lots are required.

New Financial Instruments

There are no new financial instruments like deep discount bonds, debentures with warrants, secured premium notes etc. issued by our Company.

Restrictions on transfer and transmission of shares and on their consolidation/splitting

There are no restrictions on transfer and transmission and on their consolidation/splitting of shares issued pursuant to this Issue.

However, the Investors should note that pursuant to provisions of the SEBI Listing Regulations, with effect from April 1, 2019, except in case of transmission or transposition of securities, the request for transfer of securities shall not effected unless the securities are held in the dematerialized form with a depository

Notices

In accordance with the SEBI ICDR Regulations, SEBI Rights Issue Circulars and MCA General Circular No. 21/2020, our Company will send, only through email, the Abridged Letter of Offer, the Rights Entitlement Letter, Application Form and other issue material to the email addresses of all the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions. The Letter of Offer will be provided, only through email, by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and in each case who make a request in this regard.

Further, our Company along with the Lead Manager will undertake all adequate steps to dispatch the physical copies of the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, if feasible in the current COVID-19 situation. However, our Company, Lead Manager and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form.

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in one

English language national daily newspaper with wide circulation, one Hindi language national daily newspaper with wide circulation and one (1) Tamil language daily newspaper with wide circulation at the place where our Registered Office is situated.

In accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 and SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, our Company will make use of advertisements in television channels, radio, internet etc., including in the form of crawlers/ tickers, to disseminate information relating to the Application process in India. The Letter of Offer, the Abridged Letter of Offer and the Application Form shall also be submitted with the Stock Exchange for making the same available on their websites.

PROCEDURE FOR APPLICATION

How to Apply

In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circulars and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use either the ASBA process or the optional mechanism instituted only for resident Investors in this Issue, ie., R-WAP. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA or the R-WAP. For details of procedure for application by the resident Eligible Equity Shareholders holding Equity Shares in physical form as on the Record Date, see “*Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*” on page 210.

Our Company, its directors, its employees, affiliates, associates and their respective directors and officers, the Lead Manager, and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

Application Form

The Application Form for the Rights Equity Shares offered as part of this Issue would be sent to email address of the Eligible Equity Shareholders who have provided an Indian address to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions.

The Application Form along with the Abridged Letter of Offer and the Rights Entitlement Letter shall be sent through email at least three days before the Issue Opening Date. In case of non-resident Eligible Equity Shareholders, the Application Form along with the Abridged Letter of Offer and the Rights Entitlement Letter shall be sent through email to email address if they have provided an Indian address to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions.

Further, our Company along with the Lead Manager will undertake all adequate steps to reach out the Eligible Equity Shareholders by other means if feasible in the current COVID-19 situation. However, our Company, Lead Manager and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form.

Please note that neither our Company nor the Registrar nor the Lead Manager shall be responsible for delay in the receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non availability of the email addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit.

Investors can access the Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) on the websites of:

- a) Our Company at www.arunahotels.com
- b) the Registrar to the Issue at <https://rights.cameoindia.com/Aruna>

- c) the Lead Manager at www.saffronadvisor.com
- d) the Stock Exchange at www.bseindia.com; and
- e) the Registrar's web-based application platform at <https://rights.cameoindia.com/Aruna> (“R-WAP”)

The Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., <https://rights.cameoindia.com/Aruna>) by entering their DP ID and Client ID or Folio Number (in case of resident Eligible Equity Shareholders holding Equity Shares in physical form). The link for the same shall also be available on the website of our Company (i.e., www.arunahotels.com). The Application Form can be used by the Investors, Eligible Equity Shareholders as well as the Renounees, to make Applications in this Issue basis the Rights Entitlements credited in their respective demat accounts or demat suspense escrow account, as applicable. Please note that one single Application Form shall be used by the Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense escrow account in case of resident Eligible Equity Shareholders holding shares in physical form as on Record Date and applying in this Issue, as applicable.

In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Rights Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account. Investors may accept this Issue and apply for the Rights Equity Shares (i) submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, or (ii) filling the online Application Form available on RWAP platform available at <https://rights.cameoindia.com/Aruna> and make online payment using the internet banking or UPI facility from their own bank account thereat. Please note that Applications made with payment using third party bank accounts are liable to be rejected.

Investors are also advised to ensure that the Application Form is correctly filled up stating therein, (i) the ASBA Account (in case of Application through ASBA process) in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB; or (ii) the requisite internet banking or UPI details (in case of Application through R-WAP which is available only for resident Investors).

Please note that Applications without depository account details shall be treated as incomplete and shall be rejected, except in case of Eligible Equity Shareholders who hold Equity Shares in physical form and are applying in this Issue in accordance with the SEBI Rights Issue Circulars through the optional mechanism i.e. R-WAP, available only for resident investors. Applicants should note that they should very carefully fill-in their depository account details and PAN number in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB) and R-WAP. Incorrect depository account details or PAN number could lead to rejection of the Application. For details see “*Grounds for Technical Rejection*” on page 214. Our Company, the Lead Manager, the Registrar and the SCSB shall not be liable for any incorrect demat details provided by the Applicants.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, see “*Application on Plain Paper under ASBA process*” on page 207.

Options available to the Eligible Equity Shareholders

Details of each Eligible Equity Shareholders RE will be sent to the Eligible Equity shareholder separately along with the Application Form and would also be available on the website of the Registrar to the Issue at <https://rights.cameoindia.com/Aruna> and link of the same would also be available on the website of our Company at (www.arunahotels.com). Respective Eligible Equity Shareholder can check their entitlement by keying their requisite details therein.

The Eligible Equity Shareholders will have the option to:

- Apply for his Rights Entitlement in full;
- Apply for his Rights Entitlement in part (without renouncing the other part);

- Apply for his Rights Entitlement in full and apply for additional Rights Equity Shares;
- Apply for his Rights Entitlement in part and renounce the other part of the Rights Equity Shares; and
- Renounce his Rights Entitlement in full.

In accordance with the SEBI Rights Issue Circulars, (a) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date; or (b) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Rights Equity Shares may also apply in this Issue during the Issue Period. Such resident Eligible Equity Shareholders must check the procedure for Application by and credit of Rights Equity Shares in “*Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*” and “*Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner*” on pages 210 and 218, respectively.

Procedure for Application through the ASBA process

Investors desiring to make an Application in this Issue through ASBA process, may submit the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors should ensure that they have correctly submitted the Application Form, or have otherwise provided an authorisation to the SCSB, *via* the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

Self-Certified Syndicate Banks

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34>. For details on Designated Branches of SCSBs collecting the Application Form, please refer the above-mentioned link. Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at the Designated Branches of the SCSBs, in case of Applications made through ASBA facility.

Procedure for Application through R-WAP:

Resident Investors, making an Application through R-WAP, shall make online payment using internet banking or UPI facility. Prior to making an Application, such Investors should enable the internet banking or UPI facility of their respective bank accounts and such Investors should ensure that the respective bank accounts have sufficient funds. Our Company, the Registrar and the Lead Manager shall not be responsible if the Application is not successfully submitted or rejected during Basis of Allotment on account of failure to be in compliance with the same. R-WAP facility will be operational from the Issue Opening Date. For risks associated with the R-WAP process, see “*Risk Factor No. 55 - The R-WAP payment mechanism facility proposed to be used for this issue may be exposed to risks, including risks associated with payment gateways*” on page 49.

Set out below is the procedure followed using the R-WAP:

- Resident Investors should visit R-WAP (accessible at <https://rights.cameoindia.com/Aruna>) and fill the online Application Form available on R-WAP in electronic mode. Please ensure to provide correct DP ID, Client ID, Folio number (only for resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date), PAN details and all other details sought for while submitting the online Application Form.
- Non-resident Investors are not eligible to apply in this Issue through R-WAP.
- The Investors should ensure that Application process is verified through the email / mobile number. Post due verification, the Investors can obtain details of their respective Rights Entitlements and apply in this Issue by filling-up the online Application Form which, among others, will require details of total number of Rights Equity Shares to be applied for. Please note that the Application Money will be determined based on number of Rights Equity Shares applied for.

- (d) The Investors who are Renounees should select the category of 'Renounee' at the application page of R-WAP and provide DP ID, Client ID, PAN and other required demographic details for validation. The Renounees shall also be required to provide the required Application details, such as total number of Rights Equity Shares to be applied for.
- (e) Prior to making an Application, the Investors should enable the internet banking or UPI facility of their respective bank accounts and the Investors should ensure that the respective bank accounts have sufficient funds. If the funds available in the bank account are less than total amount payable on submission of online Application Form, such Application shall be rejected. Please note that R-WAP is a non-cash mode mechanism in accordance with the SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020.
- (f) The Investors shall make online payment using internet banking or UPI facility from their own bank account only. Such Application Money will be adjusted for either Allotment or refund. Applications made using payment from third party bank accounts will be rejected.
- (g) Verification in respect of Application through Investors' own bank account, shall be done through the latest beneficial position data of our Company containing Investor's bank account details, beneficiary account details provided to the depository, penny drop, cancelled cheque for joint holder verification and such other industry accepted and tested methods for online payment.
- (h) The Application Money collected through Applications made on the R-WAP will be credited to the Escrow Account, opened by our Company with the Escrow Collection Bank.

Acceptance of this Issue

Investors may accept this Issue and apply for the Rights Equity Shares (i) submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, or (ii) filling the online Application Form available on R-WAP, the optional mechanism devised by the Lead Manager and the Registrar and make online payment using their internet banking or UPI facility from their own bank account thereat. Please note that on the Issue Closing Date, (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange, and (ii) the R-WAP facility, will be available until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange.

Applications submitted to anyone other than the Designated Branches of the SCSB are liable to be rejected.

Investors can also make Application on plain paper under ASBA process mentioning all necessary details as mentioned under the section "*Application on Plain Paper under ASBA process*" on page 207.

Additional Rights Equity Shares

Investors are eligible to apply for additional Rights Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Rights Equity Shares under applicable law and they have applied for all the Rights Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Applications for additional Rights Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board, subject to applicable sectoral caps, and in consultation if necessary with the Designated Stock Exchange and in the manner prescribed under the section titled "*Terms of the Issue*" on page 194. Applications for additional Rights Equity Shares shall be considered and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner prescribed under the section "*Basis of Allotment*" on page 216.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for additional Rights Equity Shares.

Applications by Overseas Corporate Bodies

By virtue of the Circular No. 14 dated September 16, 2003, issued by the RBI, Overseas Corporate Bodies ("OCBs"), have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to OCBs) Regulations, 2003.

Accordingly, the existing Eligible Equity Shareholders of our Company who do not wish to subscribe to the Rights Equity Shares being offered but wish to renounce the same in favour of Renounee shall not be able to

renounce the same (whether for consideration or otherwise), in favour of OCB(s). The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003, that OCBs which are incorporated and are not and were not at any time subject to any adverse notice from the RBI, are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/2000-RB dated May 3, 2000, under the foreign direct investment scheme with the prior approval of Government of India if the investment is through the government approval route and with the prior approval of RBI if the investment is through automatic route on case by case basis. Eligible Equity Shareholders renouncing their rights in favour of such OCBs may do so provided such Renounee obtains a prior approval from the RBI. On submission of such RBI approval to our Company at our Registered Office, the OCB shall receive the Abridged Letter of Offer and the Application Form.

Procedure for Renunciation of Rights Entitlements

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchange; or (b) through an off - market transfer, during the Renunciation Period. The Investors should have the demat Rights Entitlements credited/lying in his/her own demat account prior to the renunciation.

Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Investors who intend to trade in the Rights Entitlements should consult their tax advisor or stock broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements. The Lead Manager and our Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.

(a) On Market Renunciation

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchange through a registered stock broker in the same manner as the existing Equity Shares of our Company.

In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI Rights Issue Circulars, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchange under ISIN [●] subject to requisite approvals. The details for trading in Rights Entitlements will be as specified by the Stock Exchange from time to time. The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is 1 (one) Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., [●] to [●] (both days inclusive). The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock brokers by quoting the ISIN [●] and indicating the details of the Rights Entitlements they intend to sell. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The On Market Renunciation shall take place electronically on secondary market platform of BSE under automatic order matching mechanism and on 'T+2 rolling settlement basis', where 'T' refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stock broker will issue a contract note in accordance with the requirements of the Stock Exchange and the SEBI.

(b) Off Market Renunciation

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off-market transfer through a depository participant. The Rights Entitlements can be transferred in dematerialised form only. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renounees on or prior to the Issue Closing Date.

The Investors holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the ISIN [●], the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights

Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Investors can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants. The detailed rules for transfer of Rights Entitlements through off-market transfer shall be as specified by the NSDL and CDSL from time to time.

Applications on Plain Paper under ASBA process

An Eligible Equity Shareholder who has neither received the Application Form nor is in a position to obtain the Application Form either from our Company, Registrar to the Issue, Manager to the Issuer or from the website of the Registrar, can make an Application to subscribe to the Issue on plain paper through ASBA process. Eligible Equity Shareholders shall submit the plain paper application to the Designated Branch of the SCSB for authorizing such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any address outside India.

The envelope should be super scribed “***Aruna Hotels Limited – Rights Issue***” and should be postmarked in India. The application on plain paper, duly signed by the Eligible Equity Shareholders including joint holders, in the same order and as per the specimen recorded with our Company/Depositories, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

Please note that the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilize the Application Form for any purpose including renunciation even if it is received subsequently. may make an Application to subscribe to the Issue on plain paper, along with an account payee cheque or demand draft drawn at par, net of bank and postal charges, payable at Mumbai and the Investor should send such plain paper Application by registered post directly to the Registrar to the Issue. For details of the mode of payment, see “*Modes of Payment*” on page 209.

PLEASE NOTE THAT APPLICATION ON PLAIN PAPER CANNOT BE SUBMITTED THROUGH R-WAP

The application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with his bank, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

- Name of our Issuer, being Aruna Hotels Limited;
- Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository);
- Registered Folio Number/ DP and Client ID No.;
- Number of Equity Shares held as on Record Date;
- Allotment option preferred - only Demat form;
- Number of Rights Equity Shares entitled to;
- Number of Rights Equity Shares applied for;
- Number of Additional Rights Equity Shares applied for, if any;
- Total number of Rights Equity Shares applied for within the Right Entitlements;
- Total amount paid at the rate of ₹ [●] per Rights Equity Share;
- Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
- In case of NR Eligible Equity Shareholders making an application with an Indian address, details of the NRE/FCNR/NRO Account such as the account number, name, address and branch of the SCSB with which the account is maintained;
- Except for Applications on behalf of the Central or State Government, the residents of Sikkim and officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to the Issue. Documentary evidence for exemption to be provided by the applicants;
- Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;
- Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and

order as they appear in the records of the SCSB);

- Additionally, all such Applicants are deemed to have accepted the following:

“I/We understand that neither the Rights Entitlement nor the Rights Equity Shares have been, and will be, registered under the United States Securities Act of 1933, as amended (“US Securities Act”) or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (“United States”) or to, or for the account or benefit of a United States person as defined in the Regulation S of the US Securities Act (“Regulation S”). I/ we understand the Rights Equity Shares referred to in this application are being offered in India but not in the United States. I/ we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Rights Equity Shares or Rights Entitlement in the United States. Accordingly, I/ we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/ we confirm that I/ we are not in the United States and understand that neither us, nor the Registrar, the Lead Manager or any other person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar, the Lead Manager or any other person acting on behalf of us have reason to believe is a resident of the United States “U.S. Person” (as defined in Regulation S) or is ineligible to participate in the Issue under the securities laws of their jurisdiction.

“I/ We will not offer, sell or otherwise transfer any of the Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/ We understand and agree that the Rights Entitlement and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

I/We (i) am/are, and the person, if any, for whose account I/we am/are acquiring such Rights Entitlement, and/or the Equity Shares, is/are outside the United States or a Qualified Institutional Buyer (as defined in the US Securities Act), and (ii) is/are acquiring the Rights Entitlement and/or the Equity Shares in an offshore transaction meeting the requirements of Regulation S or in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act.

I/We acknowledge that the Company, the Lead Manager, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.”

In cases where multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account or in demat suspense escrow account, including cases where an Investor submits Application Forms along with a plain paper Application, such Applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an Application being rejected, with our Company, Lead Manager and the Registrar not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrar at . Our Company, the Lead Manager and the Registrar shall not be responsible if the Applications are not uploaded by SCSB or funds are not blocked in the Investors’ ASBA Accounts on or before the Issue Closing Date.

Last date for Application

The last date for submission of the duly filled in Application Form is [●]. Our Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the provisions of the Articles of Association, and subject to the Issue Period not exceeding 30 days from the Issue Opening Date.

If the Application together with the amount payable is either (i) not blocked with an SCSB; or (ii) not received by the Bankers to the Issue or the Registrar on or before the close of banking hours on the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in the

Letter of Offer shall be deemed to have been declined and our Board or any committee thereof shall be at liberty to dispose of the Equity Shares hereby offered, as provided under “*Terms of the Issue - Basis of Allotment*” on page 216.

Modes of Payment

All payments against the Application Forms shall be made only through ASBA facility or internet banking or UPI facility if applying through R-WAP. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility or internet banking or UPI facility.

Mode of payment for Resident Investors

All payments against the Application Forms shall be made only through ASBA facility or internet banking or UPI facility if applying through the R-WAP. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility or internet banking or UPI facility.

Mode of payment for Non-Resident Investors

As regards Applications by Non-Resident Investors, the following conditions shall apply:

- Individual non-resident Indian Applicants who are permitted to subscribe to Rights Equity Shares by applicable local securities laws can obtain Application Forms on the websites of the Registrar, our Company or the Lead Manager.

Note: In case of non-resident Eligible Equity Shareholders, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form shall be sent to their email addresses if they have provided their Indian address to our Company or if they are located in certain jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions. The Letter of Offer will be provided, only through email, by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and in each case who make a request in this regard.

- Application Forms will not be accepted from non-resident Investors in any jurisdiction where the offer or sale of the Rights Entitlements and Rights Equity Shares may be restricted by applicable securities laws.
- Payment by non-residents must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by the RBI.
- Eligible Non-Resident Equity Shareholders applying on a repatriation basis by using the Non-Resident Forms should authorize their SCSB to block their Non-Resident External (“**NRE**”) accounts, or Foreign Currency Non-Resident (“**FCNR**”) Accounts, and Eligible Non-Resident Equity Shareholders applying on a non-repatriation basis by using Resident Forms should authorize their SCSB to block their Non-Resident Ordinary (“**NRO**”) accounts for the full amount payable, at the time of the submission of the Application Form to the SCSB. Applications received from NRIs and non-residents for allotment of the Rights Equity Shares shall be inter alia, subject to the conditions imposed from time to time by the RBI under the FEMA in the matter of refund of Application Money, allotment of Rights Equity Shares and issue of letter of allotment. If an NR or NRI Investors has specific approval from RBI, in connection with his shareholding, he should enclose a copy of such approval with the Application Form.

Application by Eligible Equity Shareholders holding Equity Shares in physical form

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Rights Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company, in the manner provided on the website of the Registrar to the Issue at <https://rights.cameoindia.com/Aruna> at least two Working Days prior to the Issue Closing Date. They may also communicate with the Registrar with the help of the helpline number 7338808559

and their email address investors@cameoindia.com.

Prior to the Issue Opening Date, the Rights Entitlements of those resident Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company or the Registrar, shall be credited in a demat suspense escrow account opened by our Company.

In accordance with the SEBI Rights Issue Circulars, (a) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date; or (b) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Rights Equity Shares may also apply in this Issue during the Issue Period. Such Eligible Equity Shareholders must check the procedure for Application by and credit of Rights Equity Shares in “*Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*” and “*Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner*” on pages 210 and 218, respectively.

Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form

Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in this Issue:

- (a) The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, email address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by email, post, speed post, courier, or hand delivery so as to reach to the Registrar no later than two Working Days prior to the Issue Closing Date. The Eligible Equity Shareholders are encouraged to send the details by email due to lockdown and restrictions imposed due to current pandemic COVID-19;
- (b) The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date;
- (c) The Eligible Equity Shareholders can access the Application Form from:
 - the website of the Registrar at (<https://rights.cameoindia.com/Aruna>) ;
 - our Company at (www.arunahotels.com);
 - the Lead Manager at (www.saffronadvisor.com) ; and
 - the Stock Exchange at (www.bseindia.com).

Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., <https://rights.cameoindia.com/Aruna>) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form). The link for the same shall also be available on the website of our Company (i.e., www.arunahotels.com);

The Eligible Equity Shareholders shall, who are, (a) Resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date; or (b) resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date, and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, may also apply in this Issue during the Issue Period by filling the online Application Form available on and make online payment using their internet banking or UPI facility from their own bank account thereat, on or before the Issue Closing Date. Such resident Eligible Equity Shareholders may be required to submit address, email address, contact details, copy of PAN and Client Master List, for verification of their Application. Further, such resident Eligible Equity Shareholder can:

- (a) apply for its Rights Equity Shares to the full extent of its Rights Entitlements;
- (b) apply for its Rights Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); and
- (c) apply for its Rights Equity Shares to the full extent of its Rights Entitlements and apply for additional Rights Equity Shares.

PLEASE NOTE THAT NON-RESIDENT ELIGIBLE EQUITY SHAREHOLDERS, WHO HOLD EQUITY SHARES IN PHYSICAL FORM AS ON RECORD DATE AND WHO HAVE NOT FURNISHED THE DETAILS OF THEIR RESPECTIVE DEMAT ACCOUNTS TO THE REGISTRAR OR OUR COMPANY AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE, SHALL NOT BE ELIGIBLE TO MAKE AN APPLICATION FOR RIGHTS EQUITY SHARES AGAINST THEIR RIGHTS ENTITLEMENTS WITH RESPECT TO THE EQUITY SHARES HELD IN PHYSICAL FORM.

For details of credit of the Rights Equity Shares to such resident Eligible Equity Shareholders, see “*Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner*” on page 218.

Allotment of the Rights Equity Shares in Dematerialized Form

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR IN THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE.

FOR DETAILS, SEE “ALLOTMENT ADVICES/ REFUND ORDERS” ON PAGE 217.

General instructions for Investors

- (a) Please read this Draft Letter of Offer, Letter of Offer and Application Form carefully to understand the Application process and applicable settlement process.
- (b) In accordance with the SEBI Rights Issue Circulars, (a) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date; or (b) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Rights Equity Shares may also apply in this Issue during the Issue Period. Such Eligible Equity Shareholders must check the procedure for Application by and credit of Rights Equity Shares in “*Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*” and “*Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner*” on pages 210 and 218, respectively.
- (c) Please read the instructions on the Application Form sent to you.
- (d) The Application Form can be used by both the Eligible Equity Shareholders and the Renounees.
- (e) Application should be made only through the ASBA facility or using R-WAP.
- (f) Application should be complete in all respects. The Application Form found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected.
- (g) In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under the section “*Application on Plain Paper under ASBA process*” on page 207.
- (h) In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circulars and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use either the ASBA process or the optional mechanism instituted only for resident Investors in this Issue, i.e., R-WAP. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA or using R-WAP.

- (i) An Investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with an SCSB, prior to making the Application.
- (j) In case of Application through R-WAP, the Investors should enable the internet banking or UPI facility of their respective bank accounts.
- (k) Applications should be (i) submitted to the Designated Branch of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, or (ii) filled on R-WAP. Please note that on the Issue Closing Date, (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange, and (ii) R-WAP facility will be available until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange.
- (l) Applications should not be submitted to the Bankers to the Issue or Escrow Collection Bank (assuming that such Escrow Collection Bank is not an SCSB), our Company or the Registrar and the Lead Manager.
- (m) In case of Application through ASBA facility, Investors are required to provide necessary details, including details of the ASBA Account, authorization to the SCSB to block an amount equal to the Application Money in the ASBA Account mentioned in the Application Form.
- (n) All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention their PAN allotted under the Income-tax Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, Applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be “suspended for credit” and no Allotment and credit of Rights Equity Shares pursuant to this Issue shall be made into the accounts of such Investors.
- (o) In case of Application through ASBA facility, all payments will be made only by blocking the amount in the ASBA Account. Furthermore, in case of Applications submitted using the optional facility, payments shall be made using internet banking or UPI facility. Cash payment or payment by cheque or demand draft or pay order or NEFT or RTGS or through any other mode is not acceptable for application through ASBA process. In case payment is made in contravention of this, the Application will be deemed invalid and the Application Money will be refunded and no interest will be paid thereon.
- (p) For physical Applications through ASBA at Designated Branches of SCSB, signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in any such language or thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the Application as per the specimen signature recorded with the SCSB.
- (q) In case of joint holders and physical Applications through ASBA process, all joint holders must sign the relevant part of the Application Form in the same order and as per the specimen signature(s) recorded with the SCSB. In case of joint Applicants, reference, if any, will be made in the first Applicant’s name and all communication will be addressed to the first Applicant.
- (r) All communication in connection with Application for the Rights Equity Shares, including any change in address of the Eligible Equity Shareholders should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first/sole Applicant, folio numbers/DP ID and Client ID and Application Form number, as applicable. In case of any change in address of the Eligible Equity Shareholders, the Eligible Equity Shareholders should also send the intimation for such change to the respective depository participant, or to our Company or the Registrar in case of Eligible Equity Shareholders holding Equity Shares in physical form.
- (s) Only persons outside restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Rights Equity Shares under applicable securities laws are eligible to participate.

- (t) Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, Applications made through ASBA facility may be submitted at the Designated Branches of the SCSBs. Application through ASBA facility in electronic mode will only be available with such SCSBs who provide such facility.
- (u) In terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on their own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public/ rights issues and clear demarcated funds should be available in such account for ASBA applications.

Do's:

- (a) Ensure that the Application Form and necessary details are filled in.
- (b) Except for Application submitted on behalf of the Central or the State Government, residents of Sikkim and the officials appointed by the courts, each Applicant should mention their PAN allotted under the Income-tax Act.
- (c) Ensure that the demographic details such as address, PAN, DP ID, Client ID, bank account details and occupation (“**Demographic Details**”) are updated, true and correct, in all respects.
- (d) Investors should provide correct DP ID and client ID/ folio number while submitting the Application. Such DP ID and Client ID/ folio number should match the demat account details in the records available with Company and/or Registrar, failing which such Application is liable to be rejected. Investor will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, the Lead Manager, SCSBs or the Registrar will not be liable for any such rejections.

Don'ts:

- (a) Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.
- (b) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- (c) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.
- (d) Do not pay the Application Money in cash, by money order, pay order or postal order.
- (e) Do not submit multiple Applications.

Do's for Investors applying through ASBA:

- (a) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Rights Equity Shares will be Allotted in the dematerialized form only.
- (b) Ensure that the Applications are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application.
- (c) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares (including additional Rights Equity Shares) applied for} X {Application Money of Rights Equity Shares}) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branch of the SCSB.
- (d) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the

Application and have signed the same.

- (e) Ensure that you have a bank account with an SCSB providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.
- (f) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the Application Form in physical form or plain paper Application.
- (g) Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form and the Rights Entitlement Letter.

Don'ts for Investors applying through ASBA:

- a) Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or vice versa.
- b) Do not send your physical Application to the Lead Manager, the Registrar, the Escrow Collection Bank (assuming that such Escrow Collection Bank is not an SCSB), a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only.
- c) Do not instruct the SCSBs to unblock the funds blocked under the ASBA process.

Do's for Investors applying through R-WAP:

- (a) Ensure that the details of the correct bank account have been provided while making payment along with submission of the Application.
- (b) Ensure that there are sufficient funds (equal to { number of Rights Equity Shares (including additional Rights Equity Shares) applied for} X {Application Money of Rights Equity Shares}) available in the bank account through which payment is made using the R-WAP.
- (c) Ensure that you make the payment towards your application through your bank account only and not use any third party bank account for making the payment
- (d) Ensure that you receive a confirmation email on successful transfer of funds.
- (e) Ensure you have filled in correct details of PAN, folio number, DP ID and Client ID, as applicable, and all such other details as may be required.
- (f) Ensure that you receive an acknowledgement from the R-WAP for your submission of the Application

Don'ts for Investors applying through R-WAP:

- (a) Do not apply from bank account of third parties.
- (b) Do not apply if you are a non-resident Investor.
- (c) Do not apply from non-resident account.

Grounds for Technical Rejection

Applications made in this Issue are liable to be rejected on the following grounds:

- (a) DP ID and Client ID mentioned in Application not matching with the DP ID and Client ID records available with the Registrar.
- (b) Sending an Application to the Lead Manager, Registrar, Escrow Collection Banks (assuming that such Escrow Collection Bank is not a SCSB), to a branch of a SCSB which is not a Designated Branch of the SCSB or our Company.
- (c) Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.
- (d) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.

- (e) Account holder not signing the Application or declaration mentioned therein.
- (f) Submission of more than one application Form for Rights Entitlements available in a particular demat account.
- (g) Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.
- (h) Submitting the GIR number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts).
- (i) Applications by persons not competent to contract under the Indian Contract Act, 1872, except Applications by minors having valid demat accounts as per the demographic details provided by the Depositories.
- (j) Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.
- (k) Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and the Draft Letter of Offer and the Letter of Offer.
- (l) Physical Application Forms not duly signed by the sole or joint Investors.
- (m) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.
- (n) If an Investor is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlements.
- (o) Applications which have evidence of being executed or made in contravention of applicable securities laws.

Applications under the R-WAP process are liable to be rejected on the following grounds (in addition to above applicable grounds):

- (a) Applications by non-resident Investors.
- (b) Payment from third party bank accounts.

IT IS MANDATORY FOR ALL THE INVESTORS APPLYING UNDER THIS ISSUE TO APPLY THROUGH THE ASBA PROCESS OR THROUGH THE R-WAP, TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY THE INVESTOR AS ON THE RECORD DATE. ALL INVESTORS APPLYING UNDER THIS ISSUE SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DP ID AND BENEFICIARY ACCOUNT NUMBER/ FOLIO NUMBER IN THE APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE APPLICATION FORM OR PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.

Investors applying under this Issue should note that on the basis of name of the Investors, Depository Participant's name and identification number and beneficiary account number provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Hence, Investors applying under this Issue should carefully fill in their Depository Account details in the Application.

These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants. By signing the Application Forms, the Investors would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

The Allotment advice and the email intimating unblocking of ASBA Account or refund (if any) would be emailed to the address of the Investor as per the email address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not Allotted to such Investor.

Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs, Registrar or the Lead Manager shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) the DP ID, and (c) the beneficiary account number, then such Application Forms are liable to be rejected.

Multiple Applications

A separate Application can be made in respect of each scheme of a Mutual Fund registered with the SEBI and such Applications shall not be treated as multiple applications. For details, see “*Investment by Mutual Funds*” below on page 223.

In cases where multiple Applications are submitted, including cases where an Investor submits Application Forms along with a plain paper Application or multiple plain paper Applications, such Applications shall be treated as multiple applications and are liable to be rejected (other than multiple applications submitted by any of the Promoter or members of the Promoter Group to meet the minimum subscription requirements applicable to the Issue as described in “*General Information-Subscription by our Promoter and Promoter Group*” on page 70).

Underwriting

The Issue is not underwritten.

Withdrawal of Application

An Investor who has applied in this Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted or sending the email withdrawal request to priya@cameoindia.com / prashant@cameoindia.com in case of Application through R-WAP facility. However, no Investor, whether applying through ASBA facility or R-WAP facility, may withdraw their Application post the Issue Closing Date.

Issue schedule

Issue Opening Date	[●]
Last date for receiving requests for Application Form and Rights Entitlement Letter	[●]
Issue Closing Date	[●]
Finalising the basis of allotment with the Designated Stock Exchange	
Date of Allotment (on or about)	[●]
Initiation of refunds	
Date of credit (on or about)	[●]
Date of listing (on or about)	[●]

**Our Board may, however, decide to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).*

***Investors are advised to ensure that the Application Forms are submitted on or before the Issue Closing Date. Our Company, the Lead Manager and/or the Registrar to the Issue will not be liable for any loss on account of non-submission of Application Forms or on before the Issue Closing Date.*

Basis of Allotment

Subject to the provisions contained in this Draft Letter of Offer, Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter, the Articles of Association of our Company and the approval of the Designated Stock Exchange, our Board will proceed to allot the Rights Equity Shares in the following order of priority:

- (a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s) who has/have applied for Rights Equity Shares renounced in its/their favor, in full or in part, as adjusted for fractional entitlement.

- (b) As per SEBI Rights Issue Circulars, the fractional entitlements are to be ignored, therefore those Equity Shareholders holding less than [●] ([●]) Equity Shares would be entitled to 'Zero' Rights Equity Shares under this Issue, Application Form with 'Zero' entitlement will be send to such shareholders. Such Eligible Equity Shareholders are entitled to apply for Additional Rights Equity Shares and would be given preference in the allotment of 1 (One) Rights Equity Share if, such Equity Shareholders have applied for the Additional Rights Equity Shares, subject to availability of Rights Equity shares post allocation towards Rights Entitlement applied for. Allotment under this head shall be considered if there are any un-subscribed Equity Shares after Allotment under (a) above. If the number of Rights Equity Shares required for Allotment under this head is more than number of Rights Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.
- (c) Allotment to the Eligible Equity Shareholders who have applied for the full extent of their Rights Entitlement and have also applied for Additional Rights Equity Shares shall be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there are unsubscribed Rights Equity Shares after making full Allotment under (a) and (b) above. The Allotment of such Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.
- (d) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour and also have applied for Additional Rights Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Rights Equity Shares shall be made on a proportionate basis as part of the Issue and will not be a preferential allotment.
- (e) Allotment to any other person that our Board may deem fit provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board in this regard shall be final and binding.
- (f) After taking into account Allotment to be made under (a) to (e) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed' for the purpose of Regulation 3(1)(b) of the SEBI Takeover Regulations.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Designated Branches, a list of the ASBA Investors who have been Allotted Rights Equity Shares in the Issue, along with:

- (a) The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for the Issue, for each successful ASBA Application;
- (b) The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
- (c) The details of rejected ASBA Applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

In the event of over subscription, Allotment shall be made within the overall size of the Issue.

Allotment Advices/Refund Orders

Our Company will issue and dispatch Allotment advice, refund instructions (including in respect of Applications made through the optional facility) or demat credit of securities and/or letters of regret, along with crediting the Allotted Rights Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or in a demat suspense account (in respect of Eligible Equity Shareholders holding Equity Shares in physical form on the Allotment Date) or unblocking the funds in the respective ASBA Accounts, if any, within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at 15% p.a. and such other rate as specified under applicable law from the expiry of such 15 days' period.

In case of Applications through the R-WAP, refunds, if any, will be made to the registered bank account details in demat account. Therefore, the Investors should ensure that such bank accounts remain valid and active.

Investors residing at centers where clearing houses are managed by the RBI will get refunds through National Automated Clearing House (“NACH”) except where Investors have not provided the details required to send electronic refunds or where the investors are otherwise disclosed as applicable or eligible to get refunds through direct credit and real-time gross settlement (“RTGS”).

In case of those investors who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, and the Allotment advice regarding their credit of the Rights Equity Shares shall be sent at the address recorded with the Depository. Investors to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 days of the Issue Closing Date.

In accordance with the SEBI ICDR Regulations, the option to receive the Rights Equity Shares in physical form was available only for a period of six months from the date of coming into force of the SEBI ICDR Regulations, i.e., until May 10, 2019. Since Allotment in this Issue will occur subsequent to May 10, 2019, the entitlement of Rights Equity Shares to be Allotted to the Applicants who have applied for Allotment of the Rights Equity Shares in physical form will be kept in abeyance in electronic mode by our Company until six months.

The letter of allotment or refund order would be sent by registered post or speed post to the sole/ first Investor’s address provided by the Eligible Equity Shareholders to our Company. Such refund orders would be payable at par at all places where the Applications were originally accepted. The same would be marked ‘Account Payee only’ and would be drawn in favor of the sole/ first Investor. Adequate funds would be made available to the Registrar for this purpose.

Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner

In case of Allotment to resident Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date, have paid the Application Money and have not provided the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, the following procedure shall be adhered to:

- (a) the Registrar shall send Allotment advice and credit the Rights Equity Shares to a demat suspense account to be opened by our Company;
- (b) within 6 (six) months from the Allotment Date, such Eligible Equity Shareholders shall be required to send a communication to our Company or the Registrar containing the name(s), Indian address, email address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by post, speed post, courier, electronic mail or hand delivery;
- (c) Our Company (with the assistance of the Registrar) shall, after verification of the details of such demat account by the Registrar, transfer the Rights Equity Shares from the demat suspense account to the demat accounts of such Eligible Equity Shareholders;
- (d) In case of non-receipt of details of demat account as per (b) above, our Company shall conduct a sale of such Rights Equity Shares lying in the demat suspense account on the floor of the Stock Exchange at the prevailing market price and remit the proceeds of such sale (net of brokerage, applicable taxes and administrative and incidental charges) to the bank account mentioned by the resident Eligible Equity Shareholders in their respective Application Forms and from which the payment for Application Money was made. In case such bank accounts cannot be identified due to any reason or bounce back from such account, our Company may use payment mechanisms such as cheques, demand drafts, etc. to such Eligible Equity Shareholders to remit such proceeds. Such Rights Equity Shares may be sold over such period of time as may be required, depending on liquidity and other market conditions on the floor of the Stock Exchange after the expiry of the period mentioned under (b) above. Therefore, such proceeds (net of brokerage, applicable taxes and administrative and incidental charges) by way of sale of such Rights Equity Shares may be higher or lower than the Application Money paid by such Eligible Equity Shareholders;
- (e) Our Company shall send reminder notices seeking the requisite details of demat account prior to expiry of

time period under (b) above, in due course, to such resident Eligible Equity Shareholders who have not provided the requisite details. After expiry of time period under (b) above, our Company or the Registrar shall not accept any requests by such Eligible Equity Shareholders for updation of details of demat account under any circumstances, including in case of failure to sell such Rights Equity Shares;

- (f) After the consummation of the sale of Rights Equity Shares on the floor of the Stock Exchange, our Company shall send an intimation to the respective Eligible Equity Shareholders, giving details of such sale, including the sale price and break-up of net brokerage, taxes and administrative and incidental charges; and
- (g) If at the time of transfer of sale proceeds for default cases, the bank account from which Application Money was received is closed or non-operational, such sale proceeds will be transferred to IEPF in accordance with practice on Equity Shares and as per applicable law.
- (h) In case the details of demat account provided by the Eligible Equity Shareholders are not of his/ her own demat account, the Rights Equity Shares shall be subject to sale process specified under (d) above.

Notes:

1. Our Company will open a separate demat suspense account to credit the Rights Equity Shares in respect of such Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date and have not provided details of their demat accounts to our Company or the Registrar, at least two Working Days prior to the Issue Closing Date. Our Company, with the assistance of the Registrar, will initiate transfer of such Rights Equity Shares from the demat suspense account to the demat account of such Eligible Equity Shareholders, upon receipt of details of demat accounts from the Eligible Equity Shareholders.
2. The Eligible Equity Shareholders cannot trade in such Rights Equity Shares until the receipt of demat account details and transfer to such Eligible Equity Shareholders' respective account.
3. There will be no voting rights against such Rights Equity Shares kept in the demat suspense account. However, the respective Eligible Equity Shareholders will be eligible to receive dividends, if declared, in respect of such Rights Equity Shares in proportion to amount paid-up on the Rights Equity Shares, as permitted under applicable laws.
4. Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of buying or selling of Rights Equity Shares or Rights Entitlements. The Eligible Equity Shareholders should obtain their own independent tax and legal advice and may not rely on our Company or any of their affiliates including any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates when evaluating the tax consequences in relation to the Rights Equity Shares (including but not limited to any applicable short-term capital gains tax, or any other applicable taxes or charges in case of any gains made by such Eligible Equity Shareholders from the sale of such Rights Equity Shares).
5. The Lead Manager, our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar shall not be liable in any manner and not be responsible for acts, mistakes, errors, omissions and commissions, etc., in relation to any delay in furnishing details of demat account by such Eligible Equity Shareholders, any resultant loss to the Eligible Equity Shareholders due to sale of the Rights Equity Shares, if such details are not correct, demat account is frozen or not active or in case of non-availability of details of bank account of such Eligible Equity Shareholders, profit or loss to such Eligible Equity Shareholders due to aforesaid process, tax deductions or other costs charged by our Company, or on account of aforesaid process in any manner.

Payment of Refund

Mode of making refunds

In case of Applicants not eligible to make an application through ASBA process, the payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through any of the following modes:

1. Unblocking amounts blocked using ASBA facility;

2. National Automated Clearing House (“NACH”) – NACH is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centers specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including MICR code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centers where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the Depositories), except where the Applicant is otherwise disclosed as eligible to get refunds through NEFT, Direct Credit or RTGS.

3. National Electronic Fund Transfer (“NEFT”) – Payment of refund shall be undertaken through NEFT wherever the Investors’ bank has been assigned the Indian Financial System Code (“**IFSC Code**”), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the Registrar to our Company or with the Depository Participant while opening and operating the demat account, such MICR number and the bank account number will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.

4. Direct Credit – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for such refund would be borne by our Company.

5. RTGS – If the refund amount exceeds ₹ 200,000, Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Application Form. In the event such IFSC Code is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the refund bank(s) for such refund would be borne by our Company. Charges, if any, levied by the Investor’s bank receiving the credit would be borne by the Investor.

6. For all other Investors, the refund orders will be dispatched through speed post or registered post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favor of the sole/first Investor and payable at par.

7. Credit of refunds to Investors in any other electronic manner, permissible under the banking laws, which are in force, and is permitted by SEBI from time to time.

In case of Application through R-WAP, refunds, if any, will be made to the same bank account from which Application Money was received. Therefore, the Investors should ensure that such bank accounts remain valid and active.

Refund payment to Non-residents

The Application Money will be unblocked in the ASBA Account of the non-resident Applicants, details of which were provided in the Application Form.

Printing of Bank Particulars on Refund Orders

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor’s bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars, where available, will be printed on the refund orders or refund warrants which can then be deposited only in the account specified. Our Company will, in no way, be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

Allotment advice or Demat Credit

The demat credit of securities to the respective beneficiary accounts or the demat suspense account (pending receipt of demat account details for Eligible Equity Shareholders holding Equity Shares in physical form/ with

IEPF authority/ in suspense, etc.) will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

Option to receive Right Equity Shares in Dematerialised Form

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR UNDER THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO (A) THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO OUR COMPANY OR THE REGISTRAR AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE ELIGIBLE EQUITY SHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM AS ON THE RECORD DATE, OR (C) DEMAT SUSPENSE ACCOUNT PENDING RECEIPT OF DEMAT ACCOUNT DETAILS FOR RESIDENT ELIGIBLE EQUITY SHAREHOLDERS HOLDING EQUITY SHARES IN PHYSICAL FORM/ WHERE THE CREDIT OF THE RIGHTS ENTITLEMENTS RETURNED/REVERSED/FAILED.

Investors shall be Allotted the Rights Equity Shares in dematerialized (electronic) form.

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES OF OUR COMPANY CAN BE TRADED ON THE STOCK EXCHANGE ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Rights Equity Shares in the Issue in the electronic form is as under:

- Open a beneficiary account with any Depository Participant (*care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company*). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for each such holding. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.
- It should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company or the Depositories.
- The responsibility for correctness of information filled in the Application Form vis-a-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in Application Form should be the same as registered with the Investor's depository participant.
- If incomplete or incorrect beneficiary account details are given in the Application Form, the Investor will not get any Rights Equity Shares and the Application Form will be rejected.
- The Rights Equity Shares will be allotted to Applicants only in dematerialized form and would be directly credited to the beneficiary account as given in the Application Form after verification or demat suspense account (pending receipt of demat account details for resident Eligible Equity Shareholders holding Equity Shares in physical form/ with IEPF authority/ in suspense, etc.). Allotment advice, refund order (if any) would be sent directly to the Applicant by email and, if the printing is feasible, through physical dispatch, by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Applicant's depository account.
- Renounees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in the Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.
- Non-transferable allotment advice/ refund orders will be sent directly to the Investors by the Registrar to the Issue.
- Dividend or other benefits with respect to the Equity Shares held in dematerialized form would be paid to

those Equity Shareholders whose names appear in the list of beneficial owners given by the Depository Participant to our Company as on the date of the book closure.

Resident Eligible Equity Shareholders, who hold Equity Shares in physical form and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Rights Equity Shares in this Issue must check the procedure for application by and credit of Rights Equity Shares to such Eligible Equity Shareholders in “Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form” and “Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form” on pages 210 and 218, respectively.

Investment by FPIs

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the multiple entities having common ownership, directly or indirectly, of more than 50% or common control) must be below 10% of our post- Issue Equity Share capital. Further, in terms of FEMA Rules, the total holding by each FPI shall be below 10% of the total paid-up equity share capital of a company on a fully-diluted basis and the total holdings of all FPIs put together shall not exceed 24% of the paid-up equity share capital of a company on a fully diluted basis.

Further, pursuant to the FEMA Rules the investments made by a SEBI registered FPI in a listed Indian company will be reclassified as FDI if the total shareholding of such FPI increases to more than 10% of the total paid-up equity share capital on a fully diluted basis or 10% or more of the paid up value of each series of debentures or preference shares or warrants.

FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. The FPIs who wish to participate in the Issue are advised to use the ASBA Form for non-residents. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, only Category I FPIs, may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons eligible to be registered as Category I FPIs; and (ii) such offshore derivative instruments are issued after compliance with ‘know your client’ norms. An FPI may transfer offshore derivative instruments to persons compliant with the requirements of Regulation 21(1) of the SEBI FPI Regulations and subject to receipt of consent, except where pre-approval is provided.

All non-resident investors should note that refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

Investment by Systemically Important Non-Banking Financial Companies (NBFC – SI)

In case of an application made by Systemically Important NBFCs registered with the RBI, (a) the certificate of registration issued by the RBI under Section 45 –IA of the RBI Act, 1934 and (b) net worth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

Investment by AIFs, FVCIs and VCFs

The SEBI (Venture Capital Funds) Regulations, 1996, as amended (“**SEBI VCF Regulations**”) and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, as amended (“**SEBI FVCI Regulations**”) prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI (Alternative Investments Funds) Regulations, 2012 (“**SEBI AIF Regulations**”) prescribe, among other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue.

Venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations.

Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection

Applications will not be accepted from FPIs in restricted jurisdictions.

FPIs which are QIBs, Non-Institutional Investors or whose application amount exceeds ₹ 2 lakhs can participate in the Rights Issue only through the ASBA process. Further, FPIs which are QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ₹ 2 lakhs.

Investment by NRIs

Investments by NRIs are governed by Rule 12 of FEMA Rules. Applications will not be accepted from NRIs in Restricted Jurisdictions.

NRIs may please note that only such Applications as are accompanied by payment in free foreign exchange shall be considered for Allotment under the reserved category. The NRIs who intend to make payment through NRO accounts shall use the Application form meant for resident Indians and shall not use the Application forms meant for reserved category.

As per Rule 12 of the FEMA Rules read with Schedule III of the FEMA Rules, an NRI or OCI may purchase or sell capital instruments of a listed Indian company on repatriation basis, on a recognised stock exchange in India, subject to the conditions, inter alia, that the total holding by any individual NRI or OCI will not exceed 5% of the total paid-up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together will not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10% may be raised to 24%, if a special resolution to that effect is passed by the general body of the Indian company.

Investment by Mutual Funds

Applications made by asset management companies or custodians of Mutual Funds should clearly and specifically state names of the concerned schemes for which such Applications are made.

In case of a Mutual Fund, a separate Application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple Applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Procedure for applications by Systemically Important NBFCs

In case of application made by Systemically Important NBFCs registered with the RBI, (i) the certificate of registration issued by the RBI under Section 45 –IA of the RBI Act, 1934 and (ii) networth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

Payment by stock invest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stock invest Scheme has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of Section 38 of the Companies Act, 2013 which is reproduced below:

“Any person who:

- (i) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- (ii) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (iii) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,*

shall be liable for action under Section 447.”

The liability prescribed under Section 447 of the Companies Act, 2013 for fraud involving an amount of at least ₹ 10 lakhs or 1% of the turnover of the Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to ten years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. Where such fraud (i) involves an amount which is less than ₹ 10 lakhs or 1% of the turnover of the Company, whichever is lower, and (ii) does not involve public interest, then such fraud is punishable with imprisonment for a term extending up to five years or fine of an amount extending up to ₹ 50 lakhs or with both.

Dematerialised Dealing

Our Company has entered into tripartite agreements dated April 19, 2017 and April 18, 2017 with NSDL and CDSL, respectively, and our Equity Shares bear the ISIN: INE957C01019.

Disposal of Applications and Application Money

No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branch of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form and the R-WAP platform would generate an electronic acknowledgment to the Eligible Equity Shareholders upon submission of the Application. Our Board reserves its full, unqualified and absolute right to accept or reject any Application, in whole or in part, and in either case without assigning any reason thereto.

In case an Application is rejected in full, the whole of the Application Money will be unblocked in the respective ASBA Accounts, in case of Applications through ASBA or refunded to the Investors in the registered bank account, in case of an application using the R-WAP facility. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Rights Equity Shares Allotted, will be refunded / unblocked in the respective bank accounts from which Application Money was received / ASBA Accounts of the Investor within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the Application Form carefully.

Utilization of Issue Proceeds

Our Board of Directors declares that:

- (a) All monies received out of the Issue shall be transferred to a separate bank account;
- (b) Details of all monies utilized out of the Issue shall be disclosed, and shall continue to be disclosed until the time any part of the Issue Proceeds remains unutilized, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilized;

- (c) Details of all unutilized monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested; and
- (d) Our Company may utilize the funds collected in the Issue only after final listing and trading approvals for the Rights Equity Shares Allotted in the Issue is received.

Undertakings by our Company

Our Company undertakes the following:

- (i) The complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily.
- (ii) All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchange where the Rights Equity Shares are to be listed will be taken within the time prescribed by the SEBI.
- (iii) The funds required for making refunds to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.
- (iv) Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
- (v) Other than any Equity Shares that may be issued pursuant to exercise options under the ESOP 2016 and ESOP 2018, no further issue of securities affecting our Company's Equity Share capital shall be made until the Rights Equity Shares are listed or until the Application Money is refunded on account of non-listing, under subscription etc.
- (vi) In case of unblocking of the application amount for unsuccessful Applicants or part of the application amount in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.
- (vii) Adequate arrangements shall be made to collect all ASBA Applications and to consider them similar to non-ASBA Applications while finalizing the Basis of Allotment.
- (viii) At any given time, there shall be only one denomination for the Rights Equity Shares of our Company.
- (ix) Our Company shall comply with all disclosure and accounting norms specified by the SEBI from time to time.
- (x) Our Company accepts full responsibility for the accuracy of information given in this Draft Letter of Offer and confirms that to the best of its knowledge and belief, there are no other facts the omission of which makes any statement made in this Draft Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.

Minimum subscription

In accordance with Regulation 86 of the SEBI ICDR Regulations, for this Issue the minimum subscription which is required to be achieved is of at least 90% of the Issue. However, SEBI vide its circular dated April 21, 2020 bearing number SEBI/HO/CFD/CIR/CFD/DIL/67/2020 has relaxed the requirement of minimum subscription and has reduced the threshold of subscription from 90% to 75% of the Issue. Further, as per the said circular if the Issue is subscribed between 75% to 90%, Issue will be considered successful subject to the condition that out of the funds raised at least 75% of the Issue size shall be utilized for the objects of the Issue other than general corporate purpose. The relaxation is subject to the condition that this Issue opens before March 31, 2021.

If our Company does not receive the minimum subscription of at least 75% of the Issue, our Company shall refund the entire subscription amount received within 15 days from the Issue Closing Date. If there is delay in

the refund of the subscription amount within the prescribed time after the Issue Closing Date, our Company and the Directors who are “officers in default” become liable to refund the subscription amount along with interest for the delayed period, as prescribed under applicable law.

Withdrawal of the Issue

Subject to provisions of the SEBI ICDR Regulations, the Companies Act and other applicable laws, Our Company in consultation with the Lead Manager, reserves the right not to proceed with the Issue at any time before the Issue Opening Date without assigning any reason thereof.

If our Company withdraws the Issue anytime after the Issue Opening Date, a public notice within two (2) Working Days of the Issue Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Issue shall be issued by our Company. The notice of withdrawal will be issued in the same newspapers where the pre-Issue advertisement has appeared and the Stock Exchange will also be informed promptly.

The Lead Manager, through the Registrar to the Issue, will instruct the SCSBs to unblock the ASBA Accounts within one (1) working Day from the day of receipt of such instruction. Our Company shall also inform the same to the Stock Exchange.

If our Company withdraws the Issue at any stage including after the Issue Closing Date and subsequently decides to proceed with an Issue of the Equity Shares, our Company will file a fresh offer document with the stock exchange where the Equity Shares may be proposed to be listed.

Important

Please read this Draft Letter of Offer carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of the Letter of Offer and must be carefully followed; otherwise the Application is liable to be rejected. It is to be specifically noted that this Issue of Rights Equity Shares is subject to the risk factors mentioned in “*Risk Factors*” on page 25.

All enquiries in connection with this Draft Letter of Offer, the Letter of Offer or Application Form and the Rights Entitlement Letter must be addressed (quoting the Registered Folio Number or the DP and Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and super scribed “*Aruna Hotels Limited – Rights Issue*” on the envelope to the Registrar at the following address:

Cameo Corporate Services Limited

Subramanian Building,
No.1, Club House Road,
Chennai 600 002

Telephone: +91 44 4002 0700 / 2846 0390

Email: priya@cameoindia.com

Website: www.cameoindia.com/https://rights.cameoindia.com/Aruna

Contact person: Ms. Sreepriya .K

Investor grievance: investor@cameoindia.com

SEBI Registration No: INR000003753

Validity of Registration: Permanent

In accordance with SEBI Rights Issue Circulars, frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar <https://rights.cameoindia.com/Aruna> . Further, helpline number provided by the Registrar for guidance on the Application process and resolution of difficulties is 7338808559

The Issue will remain open for a minimum period of 15 days. However, our Board will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Closing Date).

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991, of the Government of India and FEMA. While the Industrial Policy, 1991, of the Government of India, prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. The Union Cabinet, as provided in the Cabinet Press Release dated May 24, 2017, has given its approval for phasing out the FIPB. Under the Industrial Policy, 1991, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Accordingly, the process for foreign direct investment (“FDI”) and approval from the Government of India will now be handled by the concerned ministries or departments, in consultation with the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly known as the Department of Industrial Policy and Promotion) (“DPIIT”), Ministry of Finance, Department of Economic Affairs, FIPB section, through a memorandum dated June 5, 2017, has notified the specific ministries handling relevant sectors.

The Government has, from time to time, made policy pronouncements on FDI through press notes and press releases. The DPIIT issued the Consolidated FDI Policy Circular of 2017 (“**FDI Circular 2017**”), which, with effect from August 28, 2017, consolidated and superseded all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on August 28, 2017. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Circular 2017 will be valid until the DPIIT issues an updated circular.

The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendments to FEMA. In case of any conflict between FEMA and such policy pronouncements, FEMA prevails. The Consolidated FDI Policy, issued by the DIPP, consolidates the policy framework in place as on August 27, 2017, and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP that were in force and effect as on August 27, 2017. The Government proposes to update the consolidated circular on FDI Policy once every year and therefore the Consolidated FDI Policy will be valid until the DIPP issues an updated circular.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company falls under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

As per the existing policy of the Government of India, erstwhile OCBs cannot participate in this Issue.

The above information is given for the benefit of the Applicants / Investors. Our Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.

SECTION VIII - DESCRIPTION OF EQUITY SHARES AND TERMS OF ARTICLES OF ASSOCIATION

Capitalised terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company. Pursuant to Schedule I of the Companies Act, 2013 and the SEBI ICDR Regulations, the main provisions of the Articles of Association of our Company are detailed below:

Pursuant to the Companies Act and the SEBI ICDR Regulations the main provisions of our Articles of Association relating to, among others, voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or on their consolidation/splitting are detailed below. Please note that each provision herein below is numbered as per the corresponding article number in our Articles and capitalised/ defined terms herein have the same meaning given to them in our Articles. Subject to our Articles, any words or expression defined in the Companies Act, 2013 shall, except so where the subject or context forbids; bear the same meaning in these Articles.

Article No.	Articles	Particulars
1.	Table Applicable.	F No regulation contained in Table “F” in the First Schedule to Companies Act, 2013 shall apply to the Company but the regulations for the Management of the Company and for the observance of the Members thereof and their representatives shall be as set out in the relevant provisions of the Companies Act, 2013 and subject to any exercise of the statutory powers of the Company with reference to the repeal or alteration of or addition to its regulations by Special Resolution as prescribed by the said Companies Act, 2013 be such as are contained in these Articles unless the same are repugnant or contrary to the provisions of the Companies Act, 2013 or any amendment thereto.
CAPITAL		
3.	Authorised Capital.	The Authorized Share Capital of the Company shall be such amount as may be mentioned in Clause V of Memorandum of Association of the Company from time to time.
4.	Increase of capital by the Company how carried into effect.	The Company may in General Meeting from time to time by Ordinary Resolution increase its capital by creation of new Shares which may be unclassified and may be classified at the time of issue in one or more classes and of such amount or amounts as may be deemed expedient. The new Shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the resolution shall prescribe and in particular, such Shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a right of voting at General Meeting of the Company in conformity with Section 47 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article the Directors shall comply with the provisions of Section 64 of the Act.
5.	New Capital same as existing capital.	Except so far as otherwise provided by the conditions of issue or by these Presents, any capital raised by the creation of new Shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and instalments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.
6.	Non-Voting Shares.	The Board shall have the power to issue a part of authorized capital by way of non-voting Shares at price(s) premia, dividends, eligibility, volume, quantum, proportion and other terms and conditions as they deem fit, subject however to provisions of law, rules, regulations, notifications and enforceable guidelines for the time being in force.
7.	Redeemable Preference Shares.	Subject to the provisions of the Act and these Articles, the Board of Directors may issue redeemable preference shares to such persons, on such terms and conditions and at such times as Directors think fit either at premium or at par, and with full power to give any person the option to call for or be allotted shares of the company either at premium or at par, such option being exercisable at such times and for such consideration as the

Article No.	Articles	Particulars
		Board thinks fit.
8.	Voting rights of preference shares.	The holder of Preference Shares shall have a right to vote only on Resolutions, which directly affect the rights attached to his Preference Shares.
9.	Provisions to apply on issue of Redeemable Preference Shares.	<p>On the issue of redeemable preference shares under the provisions of Article 7 hereof, the following provisions shall take effect:</p> <p>(a) No such Shares shall be redeemed except out of profits of which would otherwise be available for dividend or out of proceeds of a fresh issue of shares made for the purpose of the redemption;</p> <p>(b) No such Shares shall be redeemed unless they are fully paid;</p> <p>(c) Subject to section 55(2)(d)(i) the premium, if any payable on redemption shall have been provided for out of the profits of the Company or out of the Company's security premium account, before the Shares are redeemed;</p> <p>(d) Where any such Shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "the Capital Redemption Reserve Account", a sum equal to the nominal amount of the Shares redeemed, and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 55 of the Act apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company; and</p> <p>(e) Subject to the provisions of Section 55 of the Act, the redemption of preference shares hereunder may be effected in accordance with the terms and conditions of their issue and in the absence of any specific terms and conditions in that behalf, in such manner as the Directors may think fit. The reduction of Preference Shares under the provisions by the Company shall not be taken as reducing the amount of its Authorized Share Capital.</p>
10.	Reduction of capital.	<p>The Company may (subject to the provisions of sections 52, 55, 66, both inclusive, and other applicable provisions, if any, of the Act) from time to time by Special Resolution reduce:</p> <p>(a) the share capital;</p> <p>(b) any capital redemption reserve account; or</p> <p>(c) any security premium account.</p> <p>In any manner for the time being, authorized by law and in particular capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power the Company would have, if it were omitted.</p>
11.	Debentures.	Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.
12.	Issue of Sweat Equity Shares.	The Company may exercise the powers of issuing sweat equity shares conferred by Section 54 of the Act of a class of shares already issued subject to such conditions as may be specified in that sections and rules framed thereunder.
13.	ESOP.	The Company may issue shares to Employees including its Directors other than independent directors and such other persons as the rules may allow, under Employee Stock Option Scheme (ESOP) or any other scheme, if authorized by a Special Resolution of the Company in general meeting subject to the provisions of the Act, the Rules and applicable guidelines made there under, by whatever name called.
14.	Buy Back of	Notwithstanding anything contained in these articles but subject to the

Article No.	Articles	Particulars
	shares.	provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the company may purchase its own shares or other specified securities.
15.	Consolidation, Sub-Division And Cancellation.	Subject to the provisions of Section 61 of the Act, the Company in general meeting may, from time to time, sub-divide or consolidate all or any of the share capital into shares of larger amount than its existing share or sub-divide its shares, or any of them into shares of smaller amount than is fixed by the Memorandum; subject nevertheless, to the provisions of clause (d) of sub-section (1) of Section 61; Subject as aforesaid the Company in general meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.
16.	Issue of Depository Receipts.	Subject to compliance with applicable provision of the Act and rules framed thereunder the company shall have power to issue depository receipts in any foreign country.
17.	Issue of Securities.	Subject to compliance with applicable provision of the Act and rules framed thereunder the company shall have power to issue any kind of securities as permitted to be issued under the Act and rules framed thereunder.
MODIFICATION OF CLASS RIGHTS		
18. (a)	Modification of rights.	<p>If at any time the share capital, by reason of the issue of Preference Shares or otherwise is divided into different classes of shares, all or any of the rights privileges attached to any class (unless otherwise provided by the terms of issue of the shares of the class) may, subject to the provisions of Section 48 of the Act and whether or not the Company is being wound-up, be varied, modified or dealt, with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of these Articles relating to general meetings shall mutatis mutandis apply to every such separate class of meeting.</p> <p>Provided that if variation by one class of shareholders affects the rights of any other class of shareholders, the consent of three-fourths of such other class of shareholders shall also be obtained and the provisions of this section shall apply to such variation.</p>
18. (b)	New Issue of Shares not to affect rights attached to existing shares of that class.	The rights conferred upon the holders of the Shares including Preference Share, if any) of any class issued with preferred or other rights or privileges shall, unless otherwise expressly provided by the terms of the issue of shares of that class, be deemed not to be modified, commuted, affected, abrogated, dealt with or varied by the creation or issue of further shares ranking <i>pari passu</i> therewith.
19.	Shares at the disposal of the Directors.	Subject to the provisions of Section 62 of the Act and these Articles, the shares in the capital of the company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit and with the sanction of the company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares.
20.	Power to issue shares on preferential basis.	The Company may issue shares or other securities in any manner whatsoever including by way of a preferential offer, to any persons whether or not those persons include the persons referred to in clause (a) or clause (b) of sub-section (1) of section 62 subject to compliance with section 42

Article No.	Articles	Particulars
		and 62 of the Act and rules framed thereunder.
21.	Shares should be Numbered progressively and no share to be subdivided.	The shares in the capital shall be numbered progressively according to their several denominations, and except in the manner hereinbefore mentioned no share shall be sub-divided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.
22.	Acceptance of Shares.	An application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any shares therein, shall be an acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is on the Register shall for the purposes of these Articles, be a Member.
23.	Directors may allot shares as full paid-up	Subject to the provisions of the Act and these Articles, the Directors may allot and issue shares in the Capital of the Company as payment or part payment for any property (including goodwill of any business) sold or transferred, goods or machinery supplied or for services rendered to the Company either in or about the formation or promotion of the Company or the conduct of its business and any shares which may be so allotted may be issued as fully paid-up or partly paid-up otherwise than in cash, and if so issued, shall be deemed to be fully paid-up or partly paid-up shares as aforesaid.
24.	Deposit and call etc. to be a debt payable immediately.	The money (if any) which the Board shall on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them shall become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him, accordingly.
25.	Liability of Members.	Every Member, or his heirs, executors, administrators, or legal representatives, shall pay to the Company the portion of the Capital represented by his share or shares which may, for the time being, remain unpaid thereon, in such amounts at such time or times, and in such manner as the Board shall, from time to time in accordance with the Company's regulations, require on date fixed for the payment thereof.
26.	Registration of Shares.	Shares may be registered in the name of any limited company or other corporate body but not in the name of a firm, an insolvent person or a person of unsound mind.
RETURN ON ALLOTMENTS TO BE MADE OR RESTRICTIONS ON ALLOTMENT		
27.	The Board shall observe the restrictions as regards allotment of shares to the public, and as regards return on allotments contained in Section 39 of the Act.	
28.	Share Certificates	(a) Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as provided in the relevant laws) to several certificates, each for one or more of such shares and the company shall complete and have ready for delivery such certificates within two months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application for registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holder. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in cases of issues against letter of acceptance or of renunciation or in cases

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		<p>of issue of bonus shares. Every such certificate shall be issued under the seal of the Company, which shall be affixed in the presence of two Directors or persons acting on behalf of the Directors under a duly registered power of attorney and the Secretary or some other person appointed by the Board for the purpose and two Directors or their attorneys and the Secretary or other person shall sign the share certificate, provided that if the composition of the Board permits of it, at least one of the aforesaid two Directors shall be a person other than a Managing or whole-time Director. Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person, to whom it has been issued, indicating the date of issue.</p> <p>(b) Any two or more joint allottees of shares shall, for the purpose of this Article, be treated as a single member, and the certificate of any shares which may be the subject of joint ownership, may be delivered to anyone of such joint owners on behalf of all of them. For any further certificate the Board shall be entitled, but shall not be bound, to prescribe a charge not exceeding Rupees Fifty. The Company shall comply with the provisions of Section 39 of the Act.</p> <p>(c) A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography, but not by means of a rubber stamp provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.</p>
29.	<p>Issue of new certificates in place of those defaced, lost or destroyed.</p>	<p>If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given, a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every Certificate under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.50/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.</p> <p>Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956, or any other Act, or rules applicable in this behalf.</p> <p>The provisions of this Article shall mutatis mutandis apply to debentures of the Company.</p>
30. (a)	<p>The first named joint holder deemed Sole holder.</p>	<p>If any share stands in the names of two or more persons, the person first named in the Register shall as regard receipts of dividends or bonus or service of notices and all or any other matter connected with the Company except voting at meetings, and the transfer of the shares, be deemed sole holder thereof but the joint-holders of a share shall be severally as well as jointly liable for the payment of all calls and other payments due in respect of such share and for all incidentals thereof according to the Company's regulations</p>
30. (b)	<p>Maximum number of joint holders.</p>	<p>The Company shall not be bound to register more than three persons as the joint holders of any share.</p>
31.	<p>Company not bound to recognise</p>	<p>Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise any equitable,</p>

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	any interest in share other than that of registered holders.	contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as the holder thereof but the Board shall be at liberty at its sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.
32.	Installment on shares to be duly paid.	If by the conditions of allotment of any share the whole or part of the amount or issue price thereof shall be payable by installment, every such installment shall when due be paid to the Company by the person who for the time being and from time to time shall be the registered holder of the share or his legal representative.
UNDERWRITING AND BROKERAGE		
33.	Commission	Subject to the provisions of Section 40 (6) of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing, to subscribe (whether absolutely or conditionally) for any shares or debentures in the Company, or procuring, or agreeing to procure subscriptions (whether absolutely or conditionally) for any shares or debentures in the Company but so that the commission shall not exceed the maximum rates laid down by the Act and the rules made in that regard. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid shares or partly in one way and partly in the other.
34.	Brokerage	The Company may pay on any issue of shares and debentures such brokerage as may be reasonable and lawful.
CALLS		
35.	Directors may make calls	(1) The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board and not by a circular resolution, make such calls as it thinks fit, upon the Members in respect of all the moneys unpaid on the shares held by them respectively and each Member shall pay the amount of every call so made on him to the persons and at the time and places appointed by the Board. (2) A call may be revoked or postponed at the discretion of the Board. (3) A call may be made payable by installments.
36.	Notice of Calls	Fifteen days' notice in writing of any call shall be given by the Company specifying the time and place of payment, and the person or persons to whom such call shall be paid.
37.	Calls to date from resolution.	A call shall be deemed to have been made at the time when the resolution of the Board of Directors authorising such call was passed and may be made payable by the members whose names appear on the Register of Members on such date or at the discretion of the Directors on such subsequent date as may be fixed by Directors.
38.	Calls on uniform basis.	Whenever any calls for further share capital are made on shares, such calls shall be made on uniform basis on all shares falling under the same class. For the purposes of this Article shares of the same nominal value of which different amounts have been paid up shall not be deemed to fall under the same class.
39.	Directors may extend time.	The Board may, from time to time, at its discretion, extend the time fixed for the payment of any call and may extend such time as to all or any of the members who on account of the residence at a distance or other cause, which the Board may deem fairly entitled to such extension, but no member shall be entitled to such extension save as a matter of grace and favour.
40.	Calls to carry interest.	If any Member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board not exceeding 21% per annum but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such member.

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41.	Sums deemed to be calls.	If by the terms of issue of any share or otherwise any amount is made payable at any fixed time or by installments at fixed time (whether on account of the amount of the share or by way of premium) every such amount or installment shall be payable as if it were a call duly made by the Directors and of which due notice has been given and all the provisions herein contained in respect of calls shall apply to such amount or installment accordingly.
42.	Proof on trial of suit for money due on shares.	On the trial or hearing of any action or suit brought by the Company against any Member or his representatives for the recovery of any money claimed to be due to the Company in respect of his shares, if shall be sufficient to prove that the name of the Member in respect of whose shares the money is sought to be recovered, appears entered on the Register of Members as the holder, at or subsequent to the date at which the money is sought to be recovered is alleged to have become due on the share in respect of which such money is sought to be recovered in the Minute Books: and that notice of such call was duly given to the Member or his representatives used in pursuance of these Articles: and that it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum of Directors was present at the Board at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.
43.	Judgment, decree, partial payment motto proceed for forfeiture.	Neither a judgment nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereunder nor the receipt by the Company of a portion of any money which shall from time to time be due from any Member of the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce forfeiture of such shares as hereinafter provided.
44.	Payments in Anticipation of calls may carry interest	<p>(a) The Board may, if it thinks fit, receive from any Member willing to advance the same, all or any part of the amounts of his respective shares beyond the sums, actually called up and upon the moneys so paid in advance, or upon so much thereof, from time to time, and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the shares on account of which such advances are made the Board may pay or allow interest, at such rate as the member paying the sum in advance and the Board agree upon. The Board may agree to repay at any time any amount so advanced or may at any time repay the same upon giving to the Member three months' notice in writing: provided that moneys paid in advance of calls on shares may carry interest but shall not confer a right to dividend or to participate in profits.</p> <p>(b) No Member paying any such sum in advance shall be entitled to voting rights in respect of the moneys so paid by him until the same would but for such payment become presently payable. The provisions of this Article shall mutatis mutandis apply to calls on debentures issued by the Company.</p>
LIEN		
45.	Company to have Lien on shares.	The Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the

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		Company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.
46.	As to enforcing lien by sale.	For the purpose of enforcing such lien the Directors may sell the shares subject thereto in such manner as they shall think fit, but no sale shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such member or the person (if any) entitled by transmission to the shares and default shall have been made by him in payment, fulfillment of discharge of such debts, liabilities or engagements for seven days after such notice. To give effect to any such sale the Board may authorise some person to transfer the shares sold to the purchaser thereof and purchaser shall be registered as the holder of the shares comprised in any such transfer. Upon any such sale as the Certificates in respect of the shares sold shall stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a new Certificate or Certificates in lieu thereof to the purchaser or purchasers concerned.
47.	Application of proceeds of sale.	The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.
FORFEITURE AND SURRENDER OF SHARES		
48.	If call or installment not paid, notice may be given.	If any Member fails to pay the whole or any part of any call or installment or any moneys due in respect of any shares either by way of principal or interest on or before the day appointed for the payment of the same, the Directors may, at any time thereafter, during such time as the call or installment or any part thereof or other moneys as aforesaid remains unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such Member or on the person (if any) entitled to the shares by transmission, requiring him to pay such call or installment of such part thereof or other moneys as remain unpaid together with any interest that may have accrued and all reasonable expenses (legal or otherwise) that may have been accrued by the Company by reason of such non-payment. Provided that no such shares shall be forfeited if any moneys shall remain unpaid in respect of any call or installment or any part thereof as aforesaid by reason of the delay occasioned in payment due to the necessity of complying with the provisions contained in the relevant exchange control laws or other applicable laws of India, for the time being in force.
49.	Terms of notice.	The notice shall name a day (not being less than fourteen days from the date of notice) and a place or places on and at which such call or installment and such interest thereon as the Directors shall determine from the day on which such call or installment ought to have been paid and expenses as aforesaid are to be paid. The notice shall also state that, in the event of the non-payment at or before the time and at the place or places appointed, the shares in respect of which the call was made or installment is payable will be liable to be forfeited.
50.	On default of payment, shares to be forfeited.	If the requirements of any such notice as aforesaid shall not be complied with, every or any share in respect of which such notice has been given, may at any time thereafter but before payment of all calls or installments, interest and expenses, due in respect thereof, be forfeited by resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited share and not actually paid before the forfeiture.
51.	Notice of forfeiture to a Member	When any shares have been forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof shall forthwith be made

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		in the Register of Members.
52.	Forfeited shares to be property of the Company and may be sold etc.	Any shares so forfeited, shall be deemed to be the property of the Company and may be sold, re-allotted, or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board in their absolute discretion shall think fit.
53.	Members still liable to pay money owing at time of forfeiture and interest.	Any Member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, on demand all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture, together with interest thereon from the time of the forfeiture until payment, at such rate as the Board may determine and the Board may enforce the payment of the whole or a portion thereof as if it were a new call made at the date of the forfeiture, but shall not be under any obligation to do so.
54.	Effect of forfeiture.	The forfeiture shares shall involve extinction at the time of the forfeiture, of all interest in all claims and demand against the Company, in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.
55.	Evidence of Forfeiture.	A declaration in writing that the declarant is a Director or Secretary of the Company and that shares in the Company have been duly forfeited in accordance with these articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares.
56.	Title of purchaser and allottee of Forfeited shares.	The Company may receive the consideration, if any, given for the share on any sale, re-allotment or other disposition thereof and the person to whom such share is sold, re-allotted or disposed of may be registered as the holder of the share and he shall not be bound to see to the application of the consideration: if any, nor shall his title to the share be affected by any irregularly or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the shares.
57.	Cancellation of share certificate in respect of forfeited shares.	Upon any sale, re-allotment or other disposal under the provisions of the preceding Article, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a duplicate certificate or certificates in respect of the said shares to the person or persons entitled thereto.
58.	Forfeiture may be remitted.	In the meantime and until any share so forfeited shall be sold, re-allotted, or otherwise dealt with as aforesaid, the forfeiture thereof may, at the discretion and by a resolution of the Directors, be remitted as a matter of grace and favour, and not as was owing thereon to the Company at the time of forfeiture being declared with interest for the same unto the time of the actual payment thereof if the Directors shall think fit to receive the same, or on any other terms which the Director may deem reasonable.
59.	Validity of sale	Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the Shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the Shares sold, and the purchasers shall not be bound to see to the regularity of the proceedings or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such Shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.
60.	Surrender of shares.	The Directors may, subject to the provisions of the Act, accept a surrender of any share from or by any Member desirous of surrendering on such terms the Directors may think fit.
TRANSFER AND TRANSMISSION OF SHARES		
61.	Execution of the	(a) The instrument of transfer of any share in or debenture of the Company

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	instrument of shares.	shall be executed by or on behalf of both the transferor and transferee. (b) The transferor shall be deemed to remain a holder of the share or debenture until the name of the transferee is entered in the Register of Members or Register of Debenture holders in respect thereof.
62.	Transfer Form.	The instrument of transfer of any share or debenture shall be in writing and all the provisions of Section 56 and statutory modification thereof including other applicable provisions of the Act shall be duly complied with in respect of all transfers of shares or debenture and registration thereof. The instrument of transfer shall be in a common form approved by the Exchange;
63.	Transfer not to be registered except on production of instrument of transfer.	The Company shall not register a transfer in the Company other than the transfer between persons both of whose names are entered as holders of beneficial interest in the records of a depository, unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation if any, of the transferee, has been delivered to the Company along with the certificate relating to the shares or if no such share certificate is in existence along with the letter of allotment of the shares: Provided that where, on an application in writing made to the Company by the transferee and bearing the stamp, required for an instrument of transfer, it is proved to the satisfaction of the Board of Directors that the instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost, the Company may register the transfer on such terms as to indemnity as the Board may think fit, provided further that nothing in this Article shall prejudice any power of the Company to register as shareholder any person to whom the right to any shares in the Company has been transmitted by operation of law.
64.	Directors may refuse to register transfer.	Subject to the provisions of Section 58 of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Directors may, decline to register- (a) any transfer of shares on which the company has a lien. That registration of transfer shall however not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever;
65.	Notice of refusal to be given to transferor and transferee.	If the Company refuses to register the transfer of any share or transmission of any right therein, the Company shall within one month from the date on which the instrument of transfer or intimation of transmission was lodged with the Company, send notice of refusal to the transferee and transferor or to the person giving intimation of the transmission, as the case may be, and there upon the provisions of Section 56 of the Act or any statutory modification thereof for the time being in force shall apply.
66.	No fee on transfer.	No fee shall be charged for registration of transfer, transmission, Probate, Succession Certificate and letter of administration, Certificate of Death or Marriage, Power of Attorney or similar other document with the Company.
67.	Closure of Register of Members or debenture holder or other security holders.	The Board of Directors shall have power on giving not less than seven days pervious notice in accordance with section 91 and rules made thereunder close the Register of Members and/or the Register of debentures holders and/or other security holders at such time or times and for such period or periods, not exceeding thirty days at a time, and not exceeding in the aggregate forty five days at a time, and not exceeding in the aggregate forty five days in each year as it may seem expedient to the Board.
68.	Custody of transfer Deeds.	The instrument of transfer shall after registration be retained by the Company and shall remain in its custody. All instruments of transfer which the Directors may decline to register shall on demand be returned to the persons depositing the same. The Directors may cause to be destroyed all

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		the transfer deeds with the Company after such period as they may determine.
69.	Application for transfer of partly paid shares.	Where an application of transfer relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.
70.	Notice to transferee.	For this purpose the notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post/speed post/ courier to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.
71.	Recognition of legal representative.	<p>(a) On the death of a Member, the survivor or survivors, where the Member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only person recognized by the Company as having any title to his interest in the shares.</p> <p>(b) Before recognising any executor or administrator or legal representative, the Board may require him to obtain a Grant of Probate or Letters Administration or other legal representation as the case may be, from some competent court in India. Provided nevertheless that in any case where the Board in its absolute discretion thinks fit, it shall be lawful for the Board to dispense with the production of Probate or letter of Administration or such other legal representation upon such terms as to indemnity or otherwise, as the Board in its absolute discretion, may consider adequate</p> <p>(c) Nothing in clause (a) above shall release the estate of the deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.</p>
72.	Titles of Shares of deceased Member	The Executors or Administrators of a deceased Member or holders of a Succession Certificate or the Legal Representatives in respect of the Shares of a deceased Member (not being one of two or more joint holders) shall be the only persons recognized by the Company as having any title to the Shares registered in the name of such Members, and the Company shall not be bound to recognize such Executors or Administrators or holders of Succession Certificate or the Legal Representative unless such Executors or Administrators or Legal Representative shall have first obtained Probate or Letters of Administration or Succession Certificate as the case may be from a duly constituted Court in the Union of India provided that in any case where the Board of Directors in its absolute discretion thinks fit, the Board upon such terms as to indemnity or otherwise as the Directors may deem proper dispense with production of Probate or Letters of Administration or Succession Certificate and register Shares standing in the name of a deceased Member, as a Member. However, provisions of this Article are subject to Sections 72 of the Companies Act.
73.	Notice of application when to be given	Where, in case of partly paid Shares, an application for registration is made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of Section 56 of the Act.
74.	Registration of persons entitled to share otherwise than by transfer. (transmission clause).	Subject to the provisions of the Act and these Articles, any person becoming entitled to any share in consequence of the death, lunacy, bankruptcy, insolvency of any member or by any lawful means other than by a transfer in accordance with these presents, may, with the consent of the Directors (which they shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of this title as the Director shall require either be registered as member in respect of such shares or elect to have some person nominated by him and approved by the Directors registered as Member in respect of such shares; provided nevertheless that if such person shall elect to have his nominee registered he shall testify his election by executing in favour of his nominee an instrument of transfer in

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		accordance so he shall not be freed from any liability in respect of such shares. This clause is hereinafter referred to as the 'Transmission Clause'.
75.	Refusal to register nominee.	Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse or suspend register a person entitled by the transmission to any shares or his nominee as if he were the transferee named in an ordinary transfer presented for registration.
76.	Board may require evidence of transmission.	Every transmission of a share shall be verified in such manner as the Directors may require and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.
77.	Company not liable for disregard of a notice prohibiting registration of transfer.	The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made, or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register or Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the same shares notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice or referred thereto in any book of the Company and the Company shall not be bound or require to regard or attend or give effect to any notice which may be given to them of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto, if the Directors shall so think fit.
78.	Form of transfer Outside India.	In the case of any share registered in any register maintained outside India the instrument of transfer shall be in a form recognized by the law of the place where the register is maintained but subject thereto shall be as near to the form prescribed in Form no. SH-4 hereof as circumstances permit.
79.	No transfer to insolvent etc.	No transfer shall be made to any minor, insolvent or person of unsound mind.
NOMINATION		
80.	Nomination	<ul style="list-style-type: none"> i) Notwithstanding anything contained in the articles, every holder of securities of the Company may, at any time, nominate a person in whom his/her securities shall vest in the event of his/her death and the provisions of Section 72 of the Companies Act, 2013 shall apply in respect of such nomination. ii) No person shall be recognized by the Company as a nominee unless an intimation of the appointment of the said person as nominee has been given to the Company during the lifetime of the holder(s) of the securities of the Company in the manner specified under Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014 iii) The Company shall not be in any way responsible for transferring the securities consequent upon such nomination. iv) If the holder(s) of the securities survive(s) nominee, then the nomination made by the holder(s) shall be of no effect and shall automatically stand revoked.
81.	Transmission Securities nominee of by	<p>A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either-</p> <ul style="list-style-type: none"> i) to be registered himself as holder of the security, as the case may be; or ii) to make such transfer of the security, as the case may be, as the deceased security holder, could have made; iii) if the nominee elects to be registered as holder of the security, himself,

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		<p>as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased security holder as the case may be;</p> <p>iv) a nominee shall be entitled to the same dividends and other advantages to which he would be entitled to, if he were the registered holder of the security except that he shall not, before being registered as a member in respect of his security, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.</p> <p>Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable or rights accruing in respect of the share or debenture, until the requirements of the notice have been complied with.</p>
DEMATERIALIZATION OF SHARES		
82.	Dematerialisation of Securities	Subject to the provisions of the Act and Rules made thereunder the Company may offer its members facility to hold securities issued by it in dematerialized form.
JOINT HOLDER		
83.	Joint Holders	Where two or more persons are registered as the holders of any share they shall be deemed to hold the same as joint Shareholders with benefits of survivorship subject to the following and other provisions contained in these Articles.
84.(a)	Joint and several liabilities for all payments in respect of shares.	The Joint holders of any share shall be liable severally as well as jointly for and in respect of all calls and other payments which ought to be made in respect of such share.
84.(b)	Title of survivors.	on the death of any such joint holders the survivor or survivors shall be the only person recognized by the Company as having any title to the share but the Board may require such evidence of death as it may deem fit and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability of shares held by them jointly with any other person;
84.(c)	Receipts of one sufficient.	Any one of two or more joint holders of a share may give effectual receipts of any dividends or other moneys payable in respect of share; and
84.(d)	Delivery of certificate and giving of notices to first named holders.	only the person whose name stands first in the Register of Members as one of the joint holders of any share shall be entitled to delivery of the certificate relating to such share or to receive documents from the Company and any such document served on or sent to such person shall deemed to be service on all the holders.
SHARE WARRANTS		
85.	Power to issue share warrants	The Company may issue warrants subject to and in accordance with provisions of the Act and accordingly the Board may in its discretion with respect to any Share which is fully paid upon application in writing signed by the persons registered as holder of the Share, and authenticated by such evidence(if any) as the Board may, from time to time, require as to the identity of the persons signing the application and on receiving the certificate (if any) of the Share, and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, issue a share warrant.
86.	Deposit of share warrants	(a) The bearer of a share warrant may at any time deposit the warrant at the Office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for call in a meeting of the Company, and of attending and voting and exercising the other privileges of a Member at any meeting

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		held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of Members as the holder of the Share included in the deposit warrant. (b) Not more than one person shall be recognized as depositor of the Share warrant. (c) The Company shall, on two day's written notice, return the deposited share warrant to the depositor.
87.	Privileges and disabilities of the holders of share warrant	(a) Subject as herein otherwise expressly provided, no person, being a bearer of a share warrant, shall sign a requisition for calling a meeting of the Company or attend or vote or exercise any other privileges of a Member at a meeting of the Company, or be entitled to receive any notice from the Company. (b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the Share included in the warrant, and he shall be a Member of the Company.
88.	Issue of new share warrant coupons	The Board may, from time to time, make bye-laws as to terms on which (if it shall think fit), a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.
CONVERSION OF SHARES INTO STOCK		
89.	Conversion of shares into stock or reconversion.	The Company may, by ordinary resolution in General Meeting. (a) convert any fully paid-up shares into stock; and (b) re-convert any stock into fully paid-up shares of any denomination.
90.	Transfer of stock.	The holders of stock may transfer the same or any part thereof in the same manner as and subject to the same regulation under which the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit, provided that, the Board may, from time to time, fix the minimum amount of stock transferable so however that such minimum shall not exceed the nominal amount of the shares from which the stock arose.
91.	Rights of stock holders.	The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, participation in profits, voting at meetings of the Company, and other matters, as if they hold the shares for which the stock arose but no such privilege or advantage shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.
92.	Regulations.	Such of the regulations of the Company (other than those relating to share warrants), as are applicable to paid up share shall apply to stock and the words "share" and "shareholders" in those regulations shall include "stock" and "stockholders" respectively.
BORROWING POWERS		
93.	Power to borrow.	Subject to the provisions of the Act and these Articles, the Board may, from time to time at its discretion, by a resolution passed at a meeting of the Board generally raise or borrow money by way of deposits, loans, overdrafts, cash credit or by issue of bonds, debentures or debenture-stock (perpetual or otherwise) or in any other manner, or from any person, firm, company, co-operative society, any body corporate, bank, institution, whether incorporated in India or abroad, Government or any authority or any other body for the purpose of the Company and may secure the payment of any sums of money so received, raised or borrowed; provided that the total amount borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) shall not without the consent of the Company in General Meeting exceed the aggregate of the paid up capital of the Company and its free reserves that is to say reserves not set apart for any specified purpose.
94.	Issue of discount etc. or with special privileges.	Subject to the provisions of the Act and these Articles, any bonds, debentures, debenture-stock or any other securities may be issued at a discount, premium or otherwise and with any special privileges and

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		conditions as to redemption, surrender, allotment of shares, appointment of Directors or otherwise; provided that debentures with the right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in General Meeting.
95.	Securing payment or repayment of Moneys borrowed.	The payment and/or repayment of moneys borrowed or raised as aforesaid or any moneys owing otherwise or debts due from the Company may be secured in such manner and upon such terms and conditions in all respects as the Board may think fit, and in particular by mortgage, charge, lien or any other security upon all or any of the assets or property (both present and future) or the undertaking of the Company including its uncalled capital for the time being, or by a guarantee by any Director, Government or third party, and the bonds, debentures and debenture stocks and other securities may be made assignable, free from equities between the Company and the person to whom the same may be issued and also by a similar mortgage, charge or lien to secure and guarantee, the performance by the Company or any other person or company of any obligation undertaken by the Company or any person or Company as the case may be.
96.	Bonds, Debentures etc. to be under the control of the Directors.	Any bonds, debentures, debenture-stock or their securities issued or to be issued by the Company shall be under the control of the Board who may issue them upon such terms and conditions, and in such manner and for such consideration as they shall consider to be for the benefit of the Company.
97.	Mortgage of uncalled Capital.	If any uncalled capital of the Company is included in or charged by any mortgage or other security the Directors shall subject to the provisions of the Act and these Articles make calls on the members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security is executed.
98.	Indemnity may be given.	Subject to the provisions of the Act and these Articles if the Directors or any of them or any other person shall incur or be about to incur any liability whether as principal or surety for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability.
MEETINGS OF MEMBERS		
99.	Distinction between AGM & EGM.	All the General Meetings of the Company other than Annual General Meetings shall be called Extra-ordinary General Meetings.
100. (a)	Extra-Ordinary General Meeting by Board and by requisition	The Directors may, whenever they think fit, convene an Extra-Ordinary General Meeting and they shall on requisition of requisition of Members made in compliance with Section 100 of the Act, forthwith proceed to convene Extra-Ordinary General Meeting of the members
100. (b)	When a Director or any two Members may call an Extra-Ordinary General Meeting	If at any time there are not within India sufficient Directors capable of acting to form a quorum, or if the number of Directors be reduced in number to less than the minimum number of Directors prescribed by these Articles and the continuing Directors fail or neglect to increase the number of Directors to that number or to convene a General Meeting, any Director or any two or more Members of the Company holding not less than one-tenth of the total paid up share capital of the Company may call for an Extra-Ordinary General Meeting in the same manner as nearly as possible as that in which meeting may be called by the Directors.
101.	Meeting not to transact business not mentioned in notice.	No General Meeting, Annual or Extraordinary shall be competent to enter upon, discuss or transfer any business which has not been mentioned in the notice or notices upon which it was convened.
102.	Chairman of General Meeting	The Chairman (if any) of the Board of Directors shall be entitled to take the chair at every General Meeting, whether Annual or Extraordinary. If there is

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		no such Chairman of the Board of Directors, or if at any meeting he is not present within fifteen minutes of the time appointed for holding such meeting or if he is unable or unwilling to take the chair, then the Members present shall elect another Director as Chairman, and if no Director be present or if all the Directors present decline to take the chair then the Members present shall elect one of the members to be the Chairman of the meeting.
103.	Business confined to election of Chairman whilst chair is vacant.	No business, except the election of a Chairman, shall be discussed at any General Meeting whilst the Chair is vacant.
104.	Chairman with consent may adjourn meeting.	<p>a) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.</p> <p>b) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.</p> <p>c) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.</p> <p>d) Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.</p>
105.	Chairman's casting vote.	In the case of an equality of votes the Chairman shall both on a show of hands, on a poll (if any) and e-voting, have casting vote in addition to the vote or votes to which he may be entitled as a Member.
106.	In what case poll taken without adjournment.	Any poll duly demanded on the election of Chairman of the meeting or any question of adjournment shall be taken at the meeting forthwith.
107.	Demand for poll not to prevent transaction of other business.	The demand for a poll except on the question of the election of the Chairman and of an adjournment shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.
VOTES OF MEMBERS		
108.	Members in arrears not to vote.	No Member shall be entitled to vote either personally or by proxy at any General Meeting or Meeting of a class of shareholders either upon a show of hands, upon a poll or electronically, or be reckoned in a quorum in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised, any right or lien.
109.	Number of votes each member entitled.	Subject to the provision of these Articles and without prejudice to any special privileges, or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the capital of the company, every Member, not disqualified by the last preceding Article shall be entitled to be present, and to speak and to vote at such meeting, and on a show of hands every member present in person shall have one vote and upon a poll the voting right of every Member present in person or by proxy shall be in proportion to his share of the paid-up equity share capital of the Company, Provided, however, if any preference shareholder is present at any meeting of the Company, save as provided in sub-section (2) of Section 47 of the Act, he shall have a right to vote only on resolution placed before the meeting which directly affect the rights attached to his preference shares.
110.	Casting of votes by a member entitled to more than one vote.	On a poll taken at a meeting of the Company a member entitled to more than one vote or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.
111.	Vote of member of	A member of unsound mind, or in respect of whom an order has been made

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	unsound mind and of minor	by any court having jurisdiction in lunacy, or a minor may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.
112.	Postal Ballot	Notwithstanding anything contained in the provisions of the Companies Act, 2013, and the Rules made there under, the Company may, and in the case of resolutions relating to such business as may be prescribed by such authorities from time to time, declare to be conducted only by postal ballot, shall, get any such business/ resolutions passed by means of postal ballot, instead of transacting the business in the General Meeting of the Company.
113.	E-Voting	A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.
114.	Votes of joint members.	<p>a) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. If more than one of the said persons remain present than the senior shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased Member in whose name share stands shall for the purpose of these Articles be deemed joints holders thereof.</p> <p>b) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.</p>
115.	Votes may be given by proxy or by representative	Votes may be given either personally or by attorney or by proxy or in case of a company, by a representative duly Authorised as mentioned in Articles
116.	Representation of a body corporate.	A body corporate (whether a company within the meaning of the Act or not) may, if it is member or creditor of the Company (including being a holder of debentures) authorise such person by resolution of its Board of Directors, as it thinks fit, in accordance with the provisions of Section 113 of the Act to act as its representative at any Meeting of the members or creditors of the Company or debentures holders of the Company. A person authorised by resolution as aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate as if it were an individual member, creditor or holder of debentures of the Company.
117. (a)	Members paying money in advance.	A member paying the whole or a part of the amount remaining unpaid on any share held by him although no part of that amount has been called up, shall not be entitled to any voting rights in respect of the moneys paid until the same would, but for this payment, become presently payable.
117. (b)	Members not prohibited if share not held for any specified period.	A member is not prohibited from exercising his voting rights on the ground that he has not held his shares or interest in the Company for any specified period preceding the date on which the vote was taken.
118.	Votes in respect of shares of deceased or insolvent members.	Any person entitled under Article 73 (transmission clause) to transfer any share may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that at least forty-eight hours before the time of holding the meeting or adjourned meeting, as the case may be at which he proposes to vote he shall satisfy the Directors of his right to transfer such shares and give such indemnify (if any) as the Directors may require or the directors shall have previously admitted his right to vote at such meeting in respect thereof.
119.	No votes by proxy on show of hands.	No Member shall be entitled to vote on a show of hands unless such member is present personally or by attorney or is a body Corporate present by a representative duly Authorised under the provisions of the Act in which case such members, attorney or representative may vote on a show of hands as if he were a Member of the Company. In the case of a Body Corporate the production at the meeting of a copy of such resolution duly signed by a Director or Secretary of such Body Corporate and certified by

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		him as being a true copy of the resolution shall be accepted by the Company as sufficient evidence of the authority of the appointment.
120.	Appointment of a Proxy.	The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.
121.	Form of proxy.	An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105.
122.	Validity of votes given by proxy notwithstanding death of a member.	A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the Member, or revocation of the proxy or of any power of attorney which such proxy signed, or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death or insanity, revocation or transfer shall have been received at the office before the meeting or adjourned meeting at which the proxy is used.
123.	Time for objections to votes.	No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.
124.	Chairperson of the Meeting to be the judge of validity of any vote.	Any such objection raised to the qualification of any voter in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.
DIRECTORS		
125.	Number of Directors	Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 149 of the Act, the number of Directors (including Debenture and Alternate Directors) shall not be less than three and not more than fifteen. Provided that a company may appoint more than fifteen directors after passing a special resolution
126.	Qualification shares.	A Director of the Company shall not be bound to hold any Qualification Shares in the Company.
127.	Nominee Directors.	<p>(a) Subject to the provisions of the Companies Act, 2013 and notwithstanding anything to the contrary contained in these Articles, the Board may appoint any person as a director nominated by any institution in pursuance of the provisions of any law for the time being in force or of any agreement</p> <p>(b) The Nominee Director/s so appointed shall not be required to hold any qualification shares in the Company nor shall be liable to retire by rotation. The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s so appointed. The said Nominee Director/s shall be entitled to the same rights and privileges including receiving of notices, copies of the minutes, sitting fees, etc. as any other Director of the Company is entitled.</p> <p>(c) If the Nominee Director/s is an officer of any of the financial institution the sitting fees in relation to such nominee Directors shall accrue to such financial institution and the same accordingly be paid by the Company to them. The Financial Institution shall be entitled to depute observer to attend the meetings of the Board or any other Committee constituted by the Board.</p> <p>(d) The Nominee Director/s shall, notwithstanding anything to the Contrary contained in these Articles, be at liberty to disclose any information obtained by him/them to the Financial Institution appointing him/them as such Director/s.</p>
128.	Appointment of	The Board may appoint an Alternate Director to act for a Director

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	alternate Director.	(hereinafter called “The Original Director”) during his absence for a period of not less than three months from India. An Alternate Director appointed under this Article shall not hold office for period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to India. If the term of Office of the Original Director is determined before he so returns to India, any provision in the Act or in these Articles for the automatic re-appointment of retiring Director in default of another appointment shall apply to the Original Director and not to the Alternate Director.
129.	Additional Director	Subject to the provisions of the Act, the Board shall have power at any time and from time to time to appoint any other person to be an Additional Director. Any such Additional Director shall hold office only upto the date of the next Annual General Meeting.
130.	Directors power to fill casual vacancies.	Subject to the provisions of the Act, the Board shall have power at any time and from time to time to appoint a Director, if the office of any director appointed by the company in general meeting is vacated before his term of office expires in the normal course, who shall hold office only upto the date upto which the Director in whose place he is appointed would have held office if it had not been vacated by him.
131.	Sitting Fees.	Until otherwise determined by the Company in General Meeting, each Director other than the Managing/Whole-time Director (unless otherwise specifically provided for) shall be entitled to sitting fees not exceeding a sum prescribed in the Act (as may be amended from time to time) for attending meetings of the Board or Committees thereof.
132.	Travelling expenses Incurred by Director on Company's business.	The Board of Directors may subject to the limitations provided in the Act allow and pay to any Director who attends a meeting at a place other than his usual place of residence for the purpose of attending a meeting, such sum as the Board may consider fair, compensation for travelling, hotel and other incidental expenses properly incurred by him, in addition to his fee for attending such meeting as above specified.
PROCEEDING OF THE BOARD OF DIRECTORS		
133.	Meetings of Directors.	(a) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings as it thinks fit. (b) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.
134.	Chairperson	(a) The Directors may from time to time elect from among their members a Chairperson of the Board and determine the period for which he is to hold office. If at any meeting of the Board, the Chairman is not present within five minutes after the time appointed for holding the same, the Directors present may choose one of the Directors then present to preside at the meeting. (b) Subject to Section 203 of the Act and rules made there under, one person can act as the Chairman as well as the Managing Director or Chief Executive Officer at the same time.
135.	Questions at Board meeting how decided.	Questions arising at any meeting of the Board of Directors shall be decided by a majority of votes and in the case of an equality of votes, the Chairman will have a second or casting vote.
136.	Continuing directors may act notwithstanding any vacancy in the Board	The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.
137.	Directors may appoint committee.	Subject to the provisions of the Act, the Board may delegate any of their powers to a Committee consisting of such member or members of its body as it thinks fit, and it may from time to time revoke and discharge any such committee either wholly or in part and either as to person, or purposes, but

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		every Committee so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such Committee in conformity with such regulations and in fulfillment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board.
138.	Committee Meetings how to be governed.	The Meetings and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding Article.
139.	Chairperson of Committee Meetings	(a) A committee may elect a Chairperson of its meetings. (b) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.
140.	Meetings of the Committee	(a) A committee may meet and adjourn as it thinks fit. (b) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.
141.	Acts of Board or Committee shall be valid notwithstanding defect in appointment.	Subject to the provisions of the Act, all acts done by any meeting of the Board or by a Committee of the Board, or by any person acting as a Director shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Director or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, and was qualified to be a Director.
RETIREMENT AND ROTATION OF DIRECTORS		
142.	Power to fill casual vacancy	Subject to the provisions of Section 161 of the Act, if the office of any Director appointed by the Company in General Meeting vacated before his term of office will expire in the normal course, the resulting casual vacancy may in default of and subject to any regulation in the Articles of the Company be filled by the Board of Directors at the meeting of the Board and the Director so appointed shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if had not been vacated as aforesaid.
POWERS OF THE BOARD		
143.	Powers of the Board	The business of the Company shall be managed by the Board who may exercise all such powers of the Company and do all such acts and things as may be necessary, unless otherwise restricted by the Act, or by any other law or by the Memorandum or by the Articles required to be exercised by the Company in General Meeting. However no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.
144.	Certain powers of the Board	Without prejudice to the general powers conferred by the Articles and so as not in any way to limit or restrict these powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the Articles, it is hereby, declared that the Directors shall have the following powers, that is to say: (1) Subject to the provisions of the Act, to purchase or otherwise acquire any lands, buildings, machinery, premises, property, effects, assets, rights, creditors, royalties, business and goodwill of any person firm or company carrying on the business which this Company is authorised to carry on, in any part of India. (2) Subject to the provisions of the Act to purchase, take on lease for any term or terms of years, or otherwise acquire any land or lands, with or without buildings and out-houses thereon, situate in any part of India, at

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		such conditions as the Directors may think fit, and in any such purchase, lease or acquisition to accept such title as the Directors may believe, or may be advised to be reasonably satisfy.
		(3) To erect and construct, on the said land or lands, buildings, houses, warehouses and sheds and to alter, extend and improve the same, to let or lease the property of the company, in part or in whole for such rent and subject to such conditions, as may be thought advisable; to sell such portions of the land or buildings of the Company as may not be required for the company; to mortgage the whole or any portion of the property of the company for the purposes of the Company; to sell all or any portion of the machinery or stores belonging to the Company.
		(4) At their discretion and subject to the provisions of the Act, the Directors may pay property rights or privileges acquired by, or services rendered to the Company, either wholly or partially in cash or in shares, bonds, debentures or other securities of the Company, and any such share may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon; and any such bonds, debentures or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.
		(5) To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as they may think proper all or any part of the buildings, machinery, goods, stores, produce and other moveable property of the Company either separately or co-jointly; also to insure all or any portion of the goods, produce, machinery and other articles imported or exported by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power.
		(6) To open accounts with any Bank or Bankers and to pay money into and draw money from any such account from time to time as the Directors may think fit.
		(7) To secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge on all or any of the property of the Company including its whole or part of its undertaking as a going concern and its uncalled capital for the time being or in such manner as they think fit.
		(8) To accept from any member, so far as may be permissible by law, a surrender of the shares or any part thereof, on such terms and conditions as shall be agreed upon.
		(9) To appoint any person to accept and hold in trust, for the Company property belonging to the Company, or in which it is interested or for any other purposes and to execute and to do all such deeds and things as may be required in relation to any such trust, and to provide for the remuneration of such trustee or trustees.
		(10) To institute, conduct, defend, compound or abandon any legal proceeding by or against the Company or its Officer, or otherwise concerning the affairs and also to compound and allow time for payment or satisfaction of any debts, due, and of any claims or demands by or against the Company and to refer any difference to arbitration, either according to Indian or Foreign law and either in India or abroad and observe and perform or challenge any award thereon.
		(11) To act on behalf of the Company in all matters relating to bankruptcy insolvency.
		(12) To make and give receipts, release and give discharge for moneys payable to the Company and for the claims and demands of the Company.
		(13) Subject to the provisions of the Act, and these Articles to invest and deal with any moneys of the Company not immediately required for the purpose thereof, upon such authority (not being the shares of this

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		<p>Company) or without security and in such manner as they may think fit and from time to time to vary or realise such investments. Save as provided in Section 187 of the Act, all investments shall be made and held in the Company's own name.</p> <p>(14) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or as surety, for the benefit of the Company, such mortgage of the Company's property (present or future) as they think fit, and any such mortgage may contain a power of sale and other powers, provisions, covenants and agreements as shall be agreed upon;</p> <p>(15) To determine from time to time persons who shall be entitled to sign on Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose, whether by way of a resolution of the Board or by way of a power of attorney or otherwise.</p> <p>(16) To give to any Director, Officer, or other persons employed by the Company, a commission on the profits of any particular business or transaction, or a share in the general profits of the company; and such commission or share of profits shall be treated as part of the working expenses of the Company.</p> <p>(17) To give, award or allow any bonus, pension, gratuity or compensation to any employee of the Company, or his widow, children, dependents, that may appear just or proper, whether such employee, his widow, children or dependents have or have not a legal claim on the Company.</p> <p>(18) To set aside out of the profits of the Company such sums as they may think proper for depreciation or the depreciation funds or to insurance fund or to an export fund, or to a Reserve Fund, or Sinking Fund or any special fund to meet contingencies or repay debentures or debenture-stock or for equalizing dividends or for repairing, improving, extending and maintaining any of the properties of the Company and for such other purposes (including the purpose referred to in the preceding clause) as the Board may, in the absolute discretion think conducive to the interests of the Company, and subject to Section 179 of the Act, to invest the several sums so set aside or so much thereof as may be required to be invested, upon such investments (other than shares of this Company) as they may think fit and from time to time deal with and vary such investments and dispose of and apply and extend all or any part thereof for the benefit of the Company notwithstanding the matters to which the Board apply or upon which the capital moneys of the Company might rightly be applied or expended and divide the reserve fund into such special funds as the Board may think fit; with full powers to transfer the whole or any portion of a reserve fund or division of a reserve fund to another fund and with the full power to employ the assets constituting all or any of the above funds, including the deprecation fund, in the business of the company or in the purchase or repayment of debentures or debenture-stocks and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with the power to the Board at their discretion to pay or allow to the credit of such funds, interest at such rate as the Board may think proper.</p> <p>(19) To appoint, and at their discretion remove or suspend such general manager, managers, secretaries, assistants, supervisors, scientists, technicians, engineers, consultants, legal, medical or economic advisers, research workers, labourers, clerks, agents and servants, for permanent, temporary or special services as they may from time to time think fit, and to determine their powers and duties and to fix their salaries or emoluments or remuneration and to require security in such instances</p>

Article No.	Articles	Particulars
		<p>and for such amounts they may think fit and also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit and the provisions contained in the next following clauses shall be without prejudice to the general powers conferred by this clause.</p> <p>(20) At any time and from time to time by power of attorney under the seal of the Company, to appoint any person or persons to be the Attorney or attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and excluding the power to make calls and excluding also except in their limits authorised by the Board the power to make loans and borrow moneys) and for such period and subject to such conditions as the Board may from time to time think fit, and such appointments may (if the Board think fit) be made in favour of the members or any of the members of any local Board established as aforesaid or in favour of any Company, or the shareholders, directors, nominees or manager of any Company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such powers of attorney may contain such powers for the protection or convenience for dealing with such Attorneys as the Board may think fit, and may contain powers enabling any such delegated Attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretion for the time being vested in them.</p> <p>(21) Subject to Sections 188 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purpose of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.</p> <p>(22) From time to time to make, vary and repeal rules for the regulations of the business of the Company its Officers and employees.</p> <p>(23) To effect, make and enter into on behalf of the Company all transactions, agreements and other contracts within the scope of the business of the Company.</p> <p>(24) To apply for, promote and obtain any act, charter, privilege, concession, license, authorization, if any, Government, State or municipality, provisional order or license of any authority for enabling the Company to carry any of this objects into effect, or for extending and any of the powers of the Company or for effecting any modification of the Company's constitution, or for any other purpose, which may seem expedient and to oppose any proceedings or applications which may seem calculated, directly or indirectly to prejudice the Company's interests.</p> <p>(25) To pay and charge to the capital account of the Company any commission or interest lawfully payable there out under the provisions of Sections 40 of the Act and of the provisions contained in these presents.</p> <p>(26) To redeem preference shares.</p> <p>(27) To subscribe, incur expenditure or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or any other institutions or subjects which shall have any moral or other claim to support or aid by the Company, either by reason of locality or operation or of public and general utility or otherwise.</p> <p>(28) To pay the cost, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company.</p> <p>(29) To pay and charge to the capital account of the Company any commission or interest lawfully payable thereon under the provisions of Sections 40 of the Act.</p>

Article No.	Articles	Particulars
		<p>(30) To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and their wives, widows and families or the dependents or connections of such persons, by building or contributing to the building of houses, dwelling or chawls, or by grants of moneys, pension, gratuities, allowances, bonus or other payments, or by creating and from time to time subscribing or contributing, to provide other associations, institutions, funds or trusts and by providing or subscribing or contributing towards place of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit and subject to the provision of Section 181 of the Act, to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or object which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of the public and general utility or otherwise.</p> <p>(31) To purchase or otherwise acquire or obtain license for the use of and to sell, exchange or grant license for the use of any trade mark, patent, invention or technical know-how.</p> <p>(32) To sell from time to time any Articles, materials, machinery, plants, stores and other Articles and thing belonging to the Company as the Board may think proper and to manufacture, prepare and sell waste and by-products.</p> <p>(33) From time to time to extend the business and undertaking of the Company by adding, altering or enlarging all or any of the buildings, factories, workshops, premises, plant and machinery, for the time being the property of or in the possession of the Company, or by erecting new or additional buildings, and to expend such sum of money for the purpose aforesaid or any of them as they be thought necessary or expedient.</p> <p>(34) To undertake on behalf of the Company any payment of rents and the performance of the covenants, conditions and agreements contained in or reserved by any lease that may be granted or assigned to or otherwise acquired by the Company and to purchase the reversion or reversions, and otherwise to acquire on free hold sample of all or any of the lands of the Company for the time being held under lease or for an estate less than freehold estate.</p> <p>(35) To improve, manage, develop, exchange, lease, sell, resell and re-purchase, dispose off, deal or otherwise turn to account, any property (movable or immovable) or any rights or privileges belonging to or at the disposal of the Company or in which the Company is interested.</p> <p>(36) To let, sell or otherwise dispose of subject to the provisions of Section 180 of the Act and of the other Articles any property of the Company, either absolutely or conditionally and in such manner and upon such terms and conditions in all respects as it thinks fit and to accept payment in satisfaction for the same in cash or otherwise as it thinks fit.</p> <p>(37) Generally subject to the provisions of the Act and these Articles, to delegate the powers/authorities and discretions vested in the Directors to any person(s), firm, company or fluctuating body of persons as aforesaid.</p> <p>(38) To comply with the requirements of any local law which in their opinion it shall in the interest of the Company be necessary or expedient to comply with.</p>
MANAGING AND WHOLE-TIME DIRECTORS		
145.	Powers to appoint Managing/ Whole - time Directors.	(a) Subject to the provisions of the Act and of these Articles, the Directors may from time to time in Board Meetings appoint one or more of their body to be a Managing Director or Managing Directors or whole-time Director or whole-time Directors of the Company for such term not exceeding five years at a time as they may think fit to manage the affairs

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		<p>and business of the Company, and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.</p> <p>(b) The Managing Director or Managing Directors or whole-time Director or whole-time Directors so appointed shall be liable to retire by rotation. A Managing Director or Whole-time Director who is appointed as Director immediately on the retirement by rotation shall continue to hold his office as Managing Director or Whole-time Director and such re-appointment as such Director shall not be deemed to constitute a break in his appointment as Managing Director or Whole-time Director.</p>
146.	Remuneration of Managing or Whole-time Director.	The remuneration of a Managing Director or a Whole-time Director (subject to the provisions of the Act and of these Articles and of any contract between him and the Company) shall from time to time be fixed by the Directors, and may be, by way of fixed salary, or commission on profits of the Company, or by participation in any such profits, or by any, or all of these modes.
147.	Powers and duties of Managing Director or Whole-time Director.	<p>(1) Subject to control, direction and supervision of the Board of Directors, the day-to-day management of the company will be in the hands of the Managing Director or Whole-time Director appointed in accordance with regulations of these Articles of Association with powers to the Directors to distribute such day-to-day management functions among such Directors and in any manner as may be directed by the Board.</p> <p>(2) The Directors may from time to time entrust to and confer upon the Managing Director or Whole-time Director for the time being save as prohibited in the Act, such of the powers exercisable under these presents by the Directors as they may think fit, and may confer such objects and purposes, and upon such terms and conditions, and with such restrictions as they think expedient; and they may subject to the provisions of the Act and these Articles confer such powers, either collaterally with or to the exclusion of, and in substitution for, all or any of the powers of the Directors in that behalf, and may from time to time revoke, withdraw, alter or vary all or any such powers.</p> <p>(3) The Company's General Meeting may also from time to time appoint any Managing Director or Managing Directors or Whole-time Director or Whole-time Directors of the Company and may exercise all the powers referred to in these Articles.</p> <p>(4) The Managing Director shall be entitled to sub-delegate (with the sanction of the Directors where necessary) all or any of the powers, authorities and discretions for the time being vested in him in particular from time to time by the appointment of any attorney or attorneys for the management and transaction of the affairs of the Company in any specified locality in such manner as they may think fit.</p> <p>(5) Notwithstanding anything contained in these Articles, the Managing Director is expressly allowed generally to work for and contract with the Company and especially to do the work of Managing Director and also to do any work for the Company upon such terms and conditions and for such remuneration (subject to the provisions of the Act) as may from time to time be agreed between him and the Directors of the Company.</p>
CHIEF EXECUTIVE OFFICER, MANAGER, COMPANY SECRETARY OR CHIEF FINANCIAL OFFICER		
148.	Board to appoint Chief Executive Officer/ Manager/ Company Secretary/ Chief Financial Officer	<p>(a) Subject to the provisions of the Act,—</p> <p>i. A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the</p>

Article No.	Articles	Particulars
		Board; ii. A director may be appointed as chief executive officer, manager, company secretary or chief financial officer. (b) A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.
THE SEAL		
149.	The seal, its custody and use.	(a) The Board shall provide a Common Seal for the purposes of the Company, and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof, and the Board shall provide for the safe custody of the Seal for the time being, and the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given. (b) The Company shall also be at liberty to have an Official Seal in accordance with of the Act, for use in any territory, district or place outside India.
150.	Deeds executed.	how The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorized by it in that behalf, and except in the presence of at least two directors and of the secretary or such other person as the Board may appoint for the purpose; and those two directors and the secretary or other person aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence.
DIVIDEND AND RESERVES		
151.	Division of profits.	(1) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares. (2) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share. (3) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.
152.	The company in General Meeting may declare Dividends.	The Company in General Meeting may declare dividends, to be paid to members according to their respective rights and interests in the profits and may fix the time for payment and the Company shall comply with the provisions of Section 127 of the Act, but no dividends shall exceed the amount recommended by the Board of Directors, but the Company may declare a smaller dividend in general meeting.
153.	Transfer reserves	to (a) The Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company) as the Board may, from time to time, think fit. (b) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.
154.	Interim Dividend.	Subject to the provisions of section 123, the Board may from time to time

Article No.	Articles	Particulars
		pay to the members such interim dividends as appear to it to be justified by the profits of the company.
155.	Debts may be deducted.	The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists.
156.	Capital paid up in advance not to earn dividend.	No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this articles as paid on the share.
157.	Dividends in proportion to amount paid-up	All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid but if any share is issued on terms providing that it shall rank for dividends as from a particular date such share shall rank for dividend accordingly.
158.	Retention of dividends until completion of transfer under Articles.	The Board of Directors may retain the dividend payable upon shares in respect of which any person under Articles has become entitled to be a member, or any person under that Article is entitled to transfer, until such person becomes a member, in respect of such shares or shall duly transfer the same.
159.	No Member to receive dividend whilst indebted to the company and the Company's right of reimbursement thereof.	No member shall be entitled to receive payment of any interest or dividend or bonus in respect of his share or shares, whilst any money may be due or owing from him to the Company in respect of such share or shares (or otherwise however, either alone or jointly with any other person or persons) and the Board of Directors may deduct from the interest or dividend payable to any member all such sums of money so due from him to the Company.
160.	Effect of transfer of shares.	A transfer of shares does not pass the right to any dividend declared thereon before the registration of the transfer.
161.	Dividend to joint holders.	Any one of several persons who are registered as joint holders of any share may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of such share.
162.	Dividends how remitted.	(a) Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct. (b) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.
163.	Notice of dividend.	Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.
164.	No interest on Dividends.	No unclaimed dividend shall be forfeited before the claim becomes barred by law and no unpaid dividend shall bear interest as against the Company.
CAPITALIZATION		
165.	Capitalization.	(1) The Company in General Meeting may, upon the recommendation of the Board, resolve: (a) that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the Profit and Loss account, or otherwise available for distribution; and (b) that such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions. (2) The sums aforesaid shall not be paid in cash but shall be applied subject to the provisions contained in clause (3) either in or towards: (i) paying up any amounts for the time being unpaid on any shares held by such members respectively;

Article No.	Articles	Particulars
		<ul style="list-style-type: none"> (ii) paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportions aforesaid; or (iii) partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii). <p>(3) A Securities Premium Account and Capital Redemption Reserve Account may, for the purposes of this regulation, only be applied in the paying up of unissued shares to be issued to members of the Company and fully paid bonus shares.</p> <p>(4) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.</p>
166.	Fractional Certificates.	<p>(1) Whenever such a resolution as aforesaid shall have been passed, the Board shall —</p> <ul style="list-style-type: none"> (a) make all appropriations and applications of the undivided profits resolved to be capitalized thereby and all allotments and issues of fully paid shares, if any, and (b) generally to do all acts and things required to give effect thereto. <p>(2) The Board shall have full power -</p> <ul style="list-style-type: none"> (a) to make such provision, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, in case of shares becoming distributable in fractions; and also (b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares to which they may be entitled upon such capitalization, or (as the case may require) for the payment by the Company on their behalf, by the application thereto of their respective proportions, of the profits resolved to be capitalized, of the amounts or any part of the amounts remaining unpaid on their existing shares. <p>(3) Any agreement made under such authority shall be effective and binding on all such members.</p> <p>(4) That for the purpose of giving effect to any resolution, under the preceding paragraph of this Article, the Directors may give such directions as may be necessary and settle any questions or difficulties that may arise in regard to any issue including distribution of new equity shares and fractional certificates as they think fit.</p>
167.	Inspection of Minutes Books of General Meetings.	<p>(1) The books containing the minutes of the proceedings of any General Meetings of the Company shall be open to inspection of members without charge on such days and during such business hours as may consistently with the provisions of Section 119 of the Act be determined by the Company in General Meeting and the members will also be entitled to be furnished with copies thereof on payment of regulated charges.</p> <p>(2) Any member of the Company shall be entitled to be furnished within seven days after he has made a request in that behalf to the Company with a copy of any minutes referred to in sub-clause (1) hereof on payment of Rs. 10 per page or any part thereof.</p>
168.	Inspection of Accounts	<ul style="list-style-type: none"> (a) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the company, or any of them, shall be open to the inspection of members not being directors. (b) No member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by law or authorised by the Board or by the company in general meeting.
FOREIGN REGISTER		
169.	Foreign Register.	The Company may exercise the powers conferred on it by the provisions of the Act with regard to the keeping of Foreign Register of its Members or Debenture holders, and the Board may, subject to the provisions of the Act,

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		make and vary such regulations as it may think fit in regard to the keeping of any such Registers.
DOCUMENTS AND SERVICE OF NOTICES		
170.	Signing of documents & notices to be served or given.	Any document or notice to be served or given by the Company be signed by a Director or such person duly authorised by the Board for such purpose and the signature may be written or printed or lithographed.
171.	Authentication of documents and proceedings.	Save as otherwise expressly provided in the Act, a document or proceeding requiring authentication by the company may be signed by a Director, the Manager, or Secretary or other Authorised Officer of the Company and need not be under the Common Seal of the Company.
WINDING UP		
172.		Subject to the provisions of Chapter XX of the Act and rules made thereunder— (i) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not. (ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. (iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.
INDEMNITY		
173.	Directors' and others' right to indemnity.	Subject to provisions of the Act, every Director, or Officer or Servant of the Company or any person (whether an Officer of the Company or not) employed by the Company as Auditor, shall be indemnified by the Company against and it shall be the duty of the Directors to pay, out of the funds of the Company, all costs, charges, losses and damages which any such person may incur or become liable to, by reason of any contract entered into or act or thing done, concurred in or omitted to be done by him in any way in or about the execution or discharge of his duties or supposed duties (except such if any as he shall incur or sustain through or by his own wrongful act neglect or default) including expenses, and in particular and so as not to limit the generality of the foregoing provisions, against all liabilities incurred by him as such Director, Officer or Auditor or other officer of the Company in defending any proceedings whether civil or criminal in which judgment is given in his favor, or in which he is acquitted or in connection with any application under Section 463 of the Act on which relief is granted to him by the Court.
174.	Not responsible for acts of others	Subject to the provisions of the Act, no Director, Managing Director or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Directors or Officer, or for joining in any receipt or other act for conformity, or for any loss or expense happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person, company or corporation, with whom any moneys, securities or effects shall be entrusted or deposited, or for any loss occasioned by any error of judgment or oversight on his part, or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own dishonesty.
SECURITY		
175 (a)	Secrecy	Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed

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		<p>in the business of the company shall, if so required by the Directors, before entering upon his duties, sign a declaration pleading himself to observe strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matter which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by any meeting or by a Court of Law and except so far as may be necessary in order to comply with any of the provisions in these presents contained.</p>
175 (b)	Access to property information etc.	<p>No member or other person (other than a Director) shall be entitled to enter the property of the Company or to inspect or examine the Company's premises or properties or the books of accounts of the Company without the permission of the Board of Directors of the Company for the time being or to require discovery of or any information in respect of any detail of the Company's trading or any matter which is or may be in the nature of trade secret, mystery of trade or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Board it will be inexpedient in the interest of the Company to disclose or to communicate.</p>

SECTION IX - OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Draft Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. Copies of the documents for inspection referred to hereunder, would be available on the website of the Company at www.arunahotels.com from the date of this Draft Letter of Offer until the Issue Closing Date.

1. Material Contracts for the Issue

- (i) Issue Agreement dated September 14, 2020 entered into between our Company and the Lead Manager.
- (ii) Registrar Agreement dated September 14, 2020 entered into amongst our Company and the Registrar to the Issue.
- (iii) Escrow Agreement dated [●] amongst our Company, the Lead Manager, the Registrar to the Issue and the Bankers to the Issue.

2. Material Documents

- (i) Certified copies of the updated Memorandum of Association and Articles of Association of our Company as amended from time to time.
- (ii) Certificate of incorporation dated September 09, 1960.
- (iii) Fresh certificate of incorporation dated July 03, 1986 pursuant to change of name of our Company to 'Aruna Sugars & Enterprises Limited'.
- (iv) Fresh certificate of incorporation dated October 25, 2000 pursuant to change of name of our Company to 'Aruna Sunrise Hotels Limited'.
- (v) Fresh certificate of incorporation dated January 14, 2003 pursuant to change of name of our Company to 'Aruna Hotels Limited'.
- (vi) Resolution of the Board of Directors dated August 05, 2020 in relation to the Issue.
- (vii) Resolution of the Rights Issue Committee dated September 14, 2020 approving and adopting this Draft Letter of Offer.
- (viii) Resolution of the Board of Directors dated [●] approving and adopting the Letter of Offer.
- (ix) Resolution of our Board dated [●], finalizing the terms of the Issue including Issue Price, Record Date and the Rights Entitlement Ratio.
- (x) Consent of our Directors, Company Secretary and Compliance Officer, Statutory Auditor, Lead manager Bankers to our Company, Legal Advisor, the Registrar to the Issue for inclusion of their names in the Draft Letter of Offer in their respective capacities.
- (xi) The examination reports dated September 14, 2020 of the Statutory Auditor, on our Company's Restated Financial Statements, included in this Draft Letter of Offer.
- (xii) Statement of Tax Benefits dated September 14, 2020 from the Statutory Auditor included in this Draft Letter of Offer.
- (xiii) Tripartite Agreement dated April 19, 2017 between our Company, NSDL and the Registrar to the Issue.

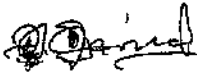
- (xiv) Tripartite Agreement dated April 18, 2017 between our Company, CSDL and the Registrar to the Issue.
- (xv) Due Diligence Certificate dated [●] addressed to SEBI from the Lead Manager.
- (xvi) In principle listing approvals dated [●] issued by BSE.

Any of the contracts or documents mentioned in this Draft Letter of Offer may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We hereby declare that all relevant provisions of the Companies Act and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Letter of Offer is contrary to the provisions of the Companies Act, the Securities and Exchange Board of India Act, 1992 or the rules made or guidelines or regulations issued thereunder, as the case may be. We further certify that all statements in this Draft Letter of Offer are true and correct.

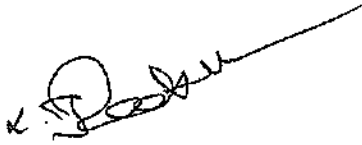
SIGNED BY THE DIRECTORS OF OUR COMPANY



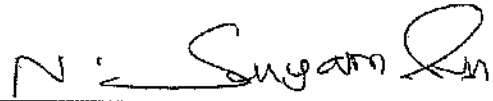
David Susaindar
(Managing Director)



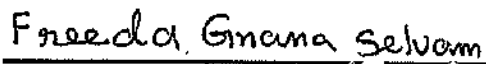
Murlidharan Ramasamy
(Chairperson, Non-Executive Non-Independent Director)



Rajakumar Kumaravelayatha
Nadar
(Non-Executive Non-Independent Director)



Suyambu Narayanan
(Non-Executive Independent Director)



Freeda Gnanaselvam Kanagiah
(Non-Executive Independent Director)

SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY



Nagaraj Ponnusamy

Date: September 14, 2020

Place: Chennai