



To,

**The Board of Directors**  
**Aruna Hotels Limited**  
Aruna Centre, 145, Sterling Road,  
Nungambakkam, Chennai – 600 034,  
Tamil Nadu, India

**Saffron Capital Advisors Private Limited**  
605, Center Point, Sixth Floor,  
Andheri - Kurla Road, J.B. Nagar  
Andheri (East), Mumbai - 400 059

(Saffron Capital Advisors Private Limited referred to as the “Lead Manager” or “LM”)

25<sup>th</sup> May, 2021

Dear Sirs / Madam,

**Sub: Proposed rights issue (the “Issue”) of Equity Shares (“Rights Equity Shares”) of Rs. 10/- each of Aruna Hotels Limited (the “Company”)**

#### **Introduction**

1. This Arrangement Letter sets out the scope and limitations of the work to be performed by us in connection with the above transaction, namely the proposed issue Rights Equity Shares (“the Issue”) which will involve the preparation by the Issuer, and for which the Issuer will be solely responsible, of a Draft Letter of Offer and a Letter of Offer, and any amendments and supplements thereto (collectively, the “Offering Circular”) [in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“ICDR Regulations”)]. This letter is written in the context of the respective roles of the Directors of the Issuer, the Lead Manager (“the Lead Manager”) and ourselves.

#### **Addressees**

2. This Arrangement Letter is addressed to the Directors of the Issuer and to the Lead Manager who have agreed or, prior to the issue of our comfort letter, will agree to participate in the Proposed Issue.
3. Up to the date of the relevant comfort letter, a manager may be added by the Issuer or by the Lead Manager by written notice to us and the Issuer or the Lead Manager.

#### **Comfort Letter**

4. The Lead Manager will be reviewing certain information relating to the Company that will be included in the Offering Circular, which may be accessible to investors and utilised by them as a basis for their investment decision. The Lead Manager are knowledgeable with



respect to the due diligence review process required under the ICDR Regulations. This review process, applied to the information relating to the issuer, will be substantially consistent with the due diligence review process required under the ICDR Regulations. It is recognised that what is substantially consistent may vary from situation to situation and may not be the same as that done in another offering of the same securities for the same issuer. Whether the procedure being or to be followed will be 'substantially consistent' will be determined by the Lead Manager on a case-by-case basis.

5. Our comfort letter will be provided to the addressees of this letter solely in the context of the due diligence procedures that you undertake, or procure to be undertaken, pursuant to the guidance referred to in Paragraph 4 above in connection with the contents of the Offering Circular for the purpose of any defence in such context that you may wish to advance in any claim or proceeding in connection with the contents of the Offering Circular. Accordingly, our comfort letter will be addressed to you for that purpose and may not be relied on by you for any other purpose.
6. For the avoidance of doubt and subject to the limitations or exclusions which are contained in or referred to in Paragraphs 7, 8, 26, 32 and 33 of this letter, nothing in this letter shall preclude the Lead Manager from obtaining compensation from us in respect of any liability that the Manager incur to an investor arising out of the contents of the Offering Circular to the extent that such liability arises because the work undertaken pursuant to this arrangement letter or the comfort letter was undertaken negligently.
7. Our comfort letter will not be prepared in connection with, nor is it intended for use in any connection with, any offer or sale of securities outside India. We will accept no duty or responsibility to and deny any liability to any party in respect of any use of our comfort letter in connection with an offer or sale of securities outside India.
8. Our work and findings shall not in any way constitute advice or recommendations (and we accept no liability in relation to any advice or recommendations) regarding any commercial decisions associated with the Issue, including, in particular, but without limitation, any which may be taken by the Manager (or any person connected to the Manager or any one of them) in the capacity of investor or in providing investment advice to their clients.
9. Our comfort letter will be provided solely for your private information and should not be used for any purpose other than as set out in Paragraph 5. Our comfort letter may not be referred to in any other document (except that reference may be made to its existence in any contract or other communication between the Issuer and/or the Lead Manager, and/or ourselves), nor made available to any other party (except that a copy may be included in the bible of transaction documents memorialising the Issue prepared for the Issuer and the Lead Manager).
10. Nothing in Paragraphs 7 and 9 shall prevent you from disclosing our comfort letter to your professional advisers or as may be required by law or regulation, and/or referring to and/or producing our comfort letter in court proceedings relating to the Issue or the Offering Circular. Provided that you first obtain our prior written consent, you may disclose our comfort letter to third parties where to do so would reasonably be necessary in the interest of a resolution of a dispute with that third party.



11. Other than to those who have validly accepted this arrangement letter, we will not accept any responsibility to any party to whom our comfort letter is shown or into whose hands it may come.
12. You may only rely on information and comments set out in our comfort letter on the basis of this arrangement letter.

**Work and procedures**

13. Our work will, where appropriate, be conducted in accordance with Standards on Auditing in India. In other jurisdictions, Standards and practice relevant to reporting accountants may be different and may not provide for reporting in the manner contemplated herein. Accordingly, our report should not be relied on as if it had been provided in accordance with the standards and practice of any professional body in any other jurisdiction.
14. We have not carried out an audit in accordance with any generally accepted auditing standards of any financial information relating to the Issuer for any period subsequent to 31<sup>st</sup> March 2021. The procedures we will use to perform the work set out in this arrangement letter will not constitute an audit or review made in accordance with any generally accepted auditing standards. Furthermore, they will not necessarily reveal matters of significance with respect to any material misstatement of the information referred to below.
15. The procedures that we plan to conduct have been discussed between and agreed to by the Issuer, the Lead Manager and us and will be recorded in the comfort letter itself. If during the course of carrying out such procedures as are planned and agreed upon under this letter, and solely as a result of information provided to us in so doing, we conclude that there has been any withholding, concealment or misrepresentation in relation to such information, (or otherwise we conclude that such information contains an inconsistency which clearly indicates that there may have been such a withholding, concealment or misrepresentation), we will discuss with you whether further procedures can be designed to seek to resolve the matter. Where such procedures are agreed between us, we will carry them out and amend the comfort letter accordingly.
16. We will only carry out those verification procedures expressly provided for in the comfort letter. Accordingly, we make no representations as to the sufficiency for your purposes of such procedures and, therefore, our responsibility shall be limited to performing the work agreed upon in this arrangement letter and/or recorded in the comfort letter with due skill, care and attention. If we were to perform additional procedures or if we were to conduct an audit or review of the financial statements of the Issuer in accordance with auditing standards generally accepted in India, other matters might come to our attention which we would report to you. The procedures to be performed by us should not be taken to supplant any additional enquiries or procedures that may be appropriate in the performance of your role under the proposed offering.
17. In relation to the contents of the Offering Circular, we will address ourselves solely to such financial information in the Offering Circular as is identified in the comfort letter and we will make no representations as to the adequacy of disclosure in the Offering Circular or as to whether any material facts have been omitted by the Issuer.



18. Any opinions expressed on financial information outside the context of this arrangement letter were or are expressed solely in the context of the specific terms and conditions governing their preparation. In particular, the terms of this arrangement letter and any action pursuant to it shall be additional to and shall not detract from or change in any way any legal rights which any party to this letter may otherwise have acquired, whether in contract or in tort, in connection with our audits of the financial statements of the Issuer.
19. Save as may be expressly recorded in the comfort letter, we do not accept any responsibility for any other reports or letters beyond any responsibility that we owed to those to whom our reports or letters were addressed at the date of their issue.

#### **Contents of the Comfort Letter**

20. We will prepare and expect to issue a comfort letter addressed to the Issuer and the Lead Manager in connection with their due diligence enquiries in connection with the contents of the Offering Circular on the basis described above. [Based upon our present understanding of your requirements we expect to be able to provide you with a comfort letter, setting out the procedures that we expect to carry out prior to issuing our comfort letter.] Your acceptance of our comfort letter in final form constitutes your agreement to the scope and extent of such procedures.
21. We would be grateful if you would review the draft comfort letter that we expect to be able to provide you with and let us have any amendments you propose to the procedures as soon as possible, so that we can provide you with a revised draft for your further consideration and approval.
22. Once an advanced draft of the Offering Circular is available and you have identified, and we have agreed, the detailed financial information whose extraction or calculation you require to be covered in the comfort letter, we will provide you with a further revised draft of the comfort letter for your approval of its scope prior to finalisation.
23. For the avoidance of doubt, we will not comment on, or otherwise give comfort in relation to, the prospects or trading position or, save as expressly stated in the comfort letter, comment on or provide any opinion or other conclusion as to the current overall financial position of the Issuer.

#### **Drafts**

24. During the course of the arrangement, we may show drafts of or report orally on, our comfort letter to you. In so far as any such draft or oral report is inconsistent with the subsequent final comfort letter, it will be deemed to be superseded by such final comfort letter.

#### **Audit Opinion**

25. The Issuer may not include our audit opinion in the Offering Circular without our prior written approval.

#### **Meetings**



26. It will be necessary for us to receive copies of the draft Offering Circular as it is produced and it may be necessary for us to attend meetings (including, but not limited to, meetings with the Issuer, and its directors and/or employees, and the Lead Manager and its employees or agents) at which the Offering Circular is discussed and drafted or at which other related matters are discussed. We shall answer queries raised at such meetings on an informal basis, but you should neither act nor refrain from acting on the basis of such informal answers unless and until they are confirmed in writing by us, whether in the final comfort letter or otherwise. In the absence of such written confirmation, we shall have no liability to you in contract or in tort (including negligence) for our answers.
27. Unless otherwise specifically agreed between the parties, we are authorised by the Issuer to speak to the Lead Manager and other professional advisers advising on the proposed Issue. In connection with our work pursuant to this arrangement letter, we may release to the Lead Manager and such other professional advisers any information relating to the Issuer, whether confidential or not and obtained during the course of our work or otherwise and shall not be liable to the Issuer for any use subsequently made of that information.

#### **Timetable**

28. We will endeavour to carry out our work in accordance with a timetable to be agreed between all parties that will satisfy the requirements of the Issue. We intend to provide [(i) a comfort letter on each of the date of (a) the filing of the Draft Letter of Offer with SEBI, (b) the filing of the Letter of Offer with the Registrar of the Companies in India ("ROC") and (ii) a bring down comfort letter on the date of the closing of the Issue i.e. the date of allotment,] or on such other date as may be agreed in writing among the Issuer, the Lead Manager and us. [We will discuss with you any difficulties we encounter with this arrangement or with meeting the timetable as soon as any problems arise.]

#### **Applicable law and jurisdiction**

29. This arrangement letter shall be governed by and construed in accordance with the laws of India.

The Courts of India shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning the arrangement letter or any comfort letter and any matter arising from them. Each party irrevocably waives any right it may have to object to an action being brought in any of those Courts, to claim that the action has been brought in an inconvenient forum or to claim that those Courts do not have jurisdiction.

#### **Fees**

30. Our fees will be the responsibility of and will be paid by the Issuer.

#### **Representations from the Issuer**

31. We will ask the Board of Directors to provide us with appropriate representations at the date of the comfort letter either by means of a board minute or by letter of representation from a duly authorised director of the Issuer. A draft will be provided separately, which will reflect the specific issues on which we are required to provide a comfort letter.



**Other terms and conditions**

32. In no circumstances shall we be liable, other than in the event of our bad faith or wilful default, for any loss or damage, of whatsoever nature, arising from information material to our work being withheld or concealed from us or misrepresented to us by the directors, employees or agents of the Issuer or any other person of whom we may make enquiries, unless detection of such withholding, concealment or misrepresentation should reasonably have been expected because the fact of such withholding, concealment or misrepresentation was evident without further enquiry from the information provided to us or required to be considered by us pursuant to the procedures finally agreed upon under this letter. This clause, and any assessment of our work made pursuant to it, will have regard to the limited scope of procedures agreed under this letter.
33. The terms and conditions, which are attached [engagement letter], also form part of this arrangement letter. These terms and conditions shall apply, as indicated in such terms and conditions, to us, the Issuer and the Lead Manager (as the case may be).
34. In the event of any inconsistency between this arrangement letter and such terms and conditions, the terms of this letter shall prevail as between the relevant parties.

**Prohibition on Assignment**

35. No party may assign any of its rights in relation to this arrangement letter without the prior written consent of the others against whom the rights may be asserted, save that any Manager may assign any of such rights, or such rights may pass by operation of law, to any successor to all or part of its business without such consent, provided that notice is given to us prior to any step being taken by you to enforce any rights hereunder.

**Entire Agreement**

36. This arrangement letter and the Appendices to it constitute the entire agreement between us and, save as provided in this arrangement letter, no change in the terms of our agreement will be effective unless agreed in writing and signed by all parties to this arrangement letter or their respective attorney.

**For Bala & Co**  
**Chartered Accountants**  
**Firm's Registration No. 000318S**

*V. Sriram*

**CA V. Sriram.**  
**Partner**  
**Membership No. 216203**

**Place of Signature: Chennai**  
**Date: 14<sup>th</sup> July 2021**



Acknowledgement and Acceptance

[by the Issuer and Lead Manager]

I hereby confirm the agreement of the Company stated below my signature to the terms set out above.

1. Signed:

(Director of Aruna Hotels Limited)

Name: *R. Muralidharan*



For and on behalf of Board of Directors of Aruna Hotels Limited

Date: *14.07.2021*

2. Signed:

For and on behalf of Saffron Capital Advisors Private Limited

Name:

Date: *14.07.2021*