



ARUNA HOTELS LIMITED

CIN: L15421TN1960PLC004255

September 22, 2021
Chennai

To,
The Listing Department,
BSE Limited,
P.J.Towers,
Dalal Street,
Mumbai 400001

Security Code: 500016
ISIN: INE957C01019

Dear Sir,

Sub: Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015



We inform your good selves that we are hereby enclosing the soft copy of the Letter of Offer for the proposed Rights Issue of our Company, which was approved and adopted in the Board Meeting of Directors, held on September 17, 2021.

Please take the same into your records and do the needful.

Thanking you

Yours faithfully,

for **ARUNA HOTELS LIMITED**

K.LAKSHMI
COMPANY SECRETARY & COMPLIANCE OFFICER

Encl: a/a



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. The registered office of our Company was originally located at Dhun Building, 175/1 Mount Road, Madras – 600 002, Tamil Nadu, India, thereafter pursuant to a resolution passed by our Board of Directors on March 15, 1972, it was changed to 5th floor, Mecco House, 11A/1, Mount Road, Madras – 600 002, Tamil Nadu, India. Pursuant to a resolution passed by our Board of Directors dated April 30, 1976, the registered office of our Company was changed to Aruna Centre, 26, Sterling Road, Nungambakkam, Madras 600 034, Tamil Nadu, India. Subsequently, pursuant to a resolution passed by our Board of Directors dated August 03, 1978 the registered office of our Company was changed to Aruna Centre, 145, Sterling Road, Nungambakkam Madras - 600 034, Tamil Nadu, India.

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@ah Chennai.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

WE HEREBY CONFIRM THAT NEITHER OUR PROMOTER NOR OUR DIRECTORS IS A WILFUL DEFAULTER AS ON DATE OF THIS LETTER OF OFFER

ISSUE OF UP TO 2,49,00,000 EQUITY SHARES WITH A FACE VALUE OF ₹ 10/- EACH (“RIGHTS EQUITY SHARES”) OF OUR COMPANY FOR CASH AT A PRICE OF ₹ 10/- PER EQUITY SHARE (THE “ISSUE PRICE”) FOR AN AMOUNT AGGREGATING UP TO ₹ 2,490 LAKHS ON A RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF 83 (EIGHTY THREE) RIGHTS EQUITY SHARE(S) FOR EVERY 30 (THIRTY) FULLY PAID UP EQUITY SHARE(S) HELD BY THE EXISTING EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON FRIDAY, JULY 23, 2021 (THE “ISSUE”). THE ISSUE PRICE IS 01 TIMES THE FACE VALUE OF THE EQUITY SHARES. FOR FURTHER DETAILS, PLEASE REFER TO THE CHAPTER TITLED “TERMS OF THE ISSUE” ON PAGE 166 OF THIS 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 Letter of Offer. Specific attention of the Investors is invited to the statements in the section titled “Risk Factors” beginning on page 21 of this Letter of Offer.

ISSUER’S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this 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 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 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 October 27, 2020. 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 / priya@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

WEDNESDAY, SEPTEMBER 29, 2021

LAST DATE FOR ON MARKET RENUMCINATION

FRIDAY, OCTOBER 8, 2021

ISSUE CLOSES ON

WEDNESDAY, OCTOBER 13,
2021

// Certified true copy //
K. Lakshmi

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

This 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 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 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 “Industry Overview”, “Summary of this Letter of Offer”, “Financial Information”, “Statement of Special Tax Benefits”, “Outstanding Litigation and Material Developments” and “Issue Related Information” on pages 71, 18, 100, 68, 151, and 166, 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 2021, 2020 and 2019, 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 “Our Management” on page 88 of this 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 Responsibility Committee/ Committee” | Social CSR 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. |
| “Executive Directors” | Executive directors of our Company. |
| “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 sub-section titled “Our Management – Key Managerial Personnel” on page 95 of this Letter of Offer. |

| Term | Description |
|---|--|
| Materiality Policy | A policy adopted by our Company, in the Board meeting held on August 26, 2020 for identification of material creditors and material litigation(s) for the purpose of disclosure of the same in this 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 88 of this 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</i> ” on page 97 of this 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 Bhawan, 26 Haddows Road, Chennai – 600 034, Tamil Nadu, India. |
| Restated Financial Statements/ Restated Financial Information | Restated financial statements of our Company for the Fiscals 2021, 2020 and 2019 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> ” 100. |
| “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 88 of this 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 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 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) |

| Term | Description |
|---|---|
| | 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 | As per the SEBI Circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, all investors (including renouncee) shall make an application for a rights issue only through ASBA facility. |
| 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, in this case being HDFC Bank Limited. |
| Bankers to the Issue Agreement | Agreement dated June 17, 2021 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 166. |
| 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&in tmId=35 , updated from time to time, or at such other website as may be prescribed by SEBI from time to time. |
| Designated Stock Exchange | 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 | The draft letter of offer dated September 14, 2020 filed with the Stock Exchange. |
| 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 HDFC Bank Limited. |
| Eligible Equity Shareholders | 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 “ <i>Notice to Investors</i> ” on page 12. |
| Issue / Rights Issue | Issue of up to 2,49,00,000 Equity Shares of face value of ₹ 10 each of our Company for cash at a price of ₹ 10 per Rights Equity Share aggregating up to ₹ 2,490 lakhs |

| Term | Description |
|--|---|
| | on a rights basis to the Eligible Equity Shareholders of our Company in the ratio of 83 (eighty three) Rights Equity Shares for every 30 (thirty) fully paid up Equity Shares held by the Eligible Equity Shareholders of our Company on the Record Date, i.e. Friday, July 23, 2021. |
| 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 | Wednesday, October 13, 2021 |
| Issue Opening Date | Wednesday, September 29, 2021 |
| 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 | ₹ 10/- per Rights Equity Share. |
| Issue Proceeds | Gross proceeds of the Issue. |
| Issue Size | Amount aggregating up to ₹ 2,490 lakhs |
| Lead Manager/ LM | Saffron Capital Advisors Private Limited |
| Letter of Offer/LOF | This letter of offer dated September 17, 2021 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 " <i>Objects of the Issue</i> " on page 64 of this 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 Bidders or NIIs | 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 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 Exchanges, from time to time, and other applicable laws, on or before Friday, October 8, 2021. |
| 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, SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021 and SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021, for accessing/submitted online Application Forms by Resident Individual Investors. |
| Record Date | Designated date for the purpose of determining the Equity Shareholders eligible to apply for Rights Equity Shares, being Friday, July 23, 2021. |
| Refund Bank(s) | The Banker(s) to the Issue with whom the Refund Account(s) will be opened, in this case being HDFC Bank Limited. |
| "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. |

| Term | Description |
|---|--|
| 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 Friday, October 8, 2021 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 83 (eight three) Rights Equity Shares for every 30 (thirty) fully paid up Equity Shares held on Friday, July 23, 2021. The Rights Entitlements with a separate ISIN: INE957C20019 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, SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021 and SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021. |
| 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 |

| Term | Description |
|-------------|--|
| | 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 | Goods and Services Tax |
| 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 |
| 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. |

| Term | Description |
|----------------------------------|--|
| 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 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. |

| Term | Description |
|---------------------------|--|
| 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, 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 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 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 this 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 this Letter of Offer / Abridged Letter of Offer and Application Form and Rights Entitlement Letter, shall not be sent this Letter of Offer/ Abridged Letter of Offer and Application Form and Rights Entitlement Letter. Investors can also access this 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 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 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 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 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 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 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 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 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 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 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 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 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 this 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 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 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 Letter of Offer is in Indian Standard Time (“IST”). Unless indicated otherwise, all references to a year in this 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 Letter of Offer are to the page numbers of this Letter of Offer.

Financial Data

Unless stated otherwise or the context otherwise requires, the financial information and financial ratios in this Letter of Offer has been derived from our Financial Statements. For details, please see “*Financial Information*” on page 100. 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 Letter of Offer as at and for the Fiscals 2021, 2020 and 2019 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 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 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 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 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 Letter of Offer should accordingly be limited. For further information, see “*Financial Information*” on page 100.

Certain figures contained in this 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 Letter of Offer rounded-off to such number of decimal points as provided in such respective sources. In this 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 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 Letter of Offer, unless otherwise indicated, have been calculated based on our Restated Financial Information.

Exchange Rates

This 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, 2021 | March 31, 2021 | March 31, 2020 | March 31, 2019* |
| 1 USD | 74.33 | 73.53 | 75.38 | 69.17 |
| 1 Euro | 88.36 | 86.10 | 83.04 | 77.70 |

(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.

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

Industry and Market Data

Unless stated otherwise, industry and market data used in this 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 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 21, this Letter of Offer. Accordingly, investment decisions should not be based solely on such information.

The extent to which the market and industry data used in this 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 Letter of Offer contains certain “forward-looking statements”. Forward looking statements appear throughout this Letter of Offer, including, without limitation, under the chapters titled “*Risk Factors*”, “*Our Business*”, “*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 Letter of Offer that are not historical facts. These forward-looking statements contained in this 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 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 21, 83 and 134, respectively, of this 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 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 Letter of Offer until the time of receipt of the listing and trading permissions from the Stock Exchange.

SUMMARY OF THIS 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 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 21, 52, 64, 83, 71, 151, and 166, 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 financial year 2014-15, our Company stopped its hotel operations and started renovating the Hotel premises. As of date of this Letter of Offer, we have completed the renovation of the main structure of our Hotel, however we are yet to complete the construction of a multi-level car parking area and setting up of a transformer in the premises of our Hotel. The renovation is expected to be completed in FY 2021-22.

For further details, please refer to the chapter titled “*Our Business*” at page 83 of this 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 71 of this Letter of Offer.

3. Our Promoter

The Promoter of our Company is S. Balasubramanian Adityan.

For further details please see chapter titled “*Our Promoter*” beginning on page 97 of this Letter of Offer.

4. Issue Size

The issue of up to 2,49,00,000 Equity Shares aggregating to an amount upto ₹ 2,490 lakhs. For further details, please see chapter titled “*The Issue*” beginning on page 52 of this 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:

| | (₹ in lakhs) |
|---|---------------|
| Particulars | Amount |
| Part repayment or prepayment of unsecured loans brought in by the Promoter and Promoter Group | 2,050 |
| General corporate purposes | 400 |
| Issue related expenses | 40 |
| Gross proceeds from the Issue | 2,490 |

For further details, please see chapter titled “*Objects of the Issue*” beginning on page 64 of this Letter of Offer.

6. 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, 2021, 2020 and 2019:

(₹ in lakhs)

| S. No. | Particulars | March 31, 2021 | March 31, 2020 | March 31, 2019 |
|--------|---|----------------|----------------|----------------|
| 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 | (7,532.92) | (6,525.01) | (5,736.40) |
| 4. | Total Revenue | 32.77 | 10.48 | 82.60 |
| 5. | Profit after tax | (1,007.96) | (788.57) | (979.31) |
| 6. | Earnings per Share (basic & diluted) (in ₹) | (11.20) | (8.76) | (10.88) |
| 7. | Net Asset Value per Equity Share (in ₹) | (83.70) | (72.50) | (63.74) |
| 8. | Total Borrowings | 11,133.07 | 9,812.19 | 8,003.85 |

For further details, please refer the section titled “*Financial Information*” on page 100 of this Letter of Offer.

7. 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.

8. Summary of Outstanding Litigation

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

i) Cases filed against our Company:

| Nature of Litigation | Number of matters outstanding | Amount involved* (₹ in lakhs) |
|---|-------------------------------|-------------------------------|
| Criminal matters | - | - |
| Direct Tax matters | 01 | 5.01 |
| Indirect Tax matters | - | - |
| Actions taken by regulatory authorities | - | - |
| Material civil litigations | 02 | Not quantifiable |

*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

For further details, please refer to the chapter titled “*Outstanding Litigations and Material Developments*” at page 151 of this Letter of Offer.

9. Risk Factors

Please see the chapter titled “*Risk Factors*” beginning on page 21 of this Letter of Offer.

10. 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, 2021:

| Particulars | Amount |
|--------------|---------------|
| Direct Tax | 516.65 |
| Civil | Nil |
| Total | 516.65 |

(₹ in lakhs)

For further details, please see “Restated Financial Information- Annexure VII –Notes to restated financial information-Note 17-Contingent Liabilities” at page 31 of the Restated Financial Information.

11. 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, 2021, 2020 and 2019:

(₹ in lakhs)

| Transaction during the year ended | Nature of the Relationship | As at March 31, 2021 (Audited) | As at March 31, 2020 (Audited) | As at March 31, 2019 (Audited) |
|--|--|--------------------------------|--------------------------------|--------------------------------|
| Remuneration to Key Management Personnel | Key Management Personnel | 12.59 | 10.35 | 10.31 |
| Remuneration Payable | Key Management Personnel | 1.52 | 0.86 | 0.79 |
| Trade Payables | Shareholder of the company | 6.05 | 6.05 | 7.41 |
| Borrowings | Shareholder of the company | - | - | - |
| Borrowings | Shareholder of the company | 4041.17 | 3,401.17 | 2,446.17 |
| Borrowings | Shareholder of the company | 500.00 | 500.00 | 500.00 |
| Borrowings | Company with common shareholder/promoter | 1344.89 | 1,147.34 | 797.34 |
| Borrowings | Shareholder of the company | 1621.00 | 1,486.00 | 1,281 |
| Borrowings | Shareholder of the company | 90.00 | 90.00 | - |
| Interest accrued yet to be paid | Shareholder of the company | 1282.42 | 345.07 | 55.13 |
| Interest accrued yet to be paid | Company with common shareholder/promoter | 357.11 | 210.75 | 104.73 |
| Total | | 9,236.59 | 7,180.33 | 5,202.88 |

For further details, please see “Restated Financial Information- Annexure VII –Notes to restated financial information-Note 16-Related party disclosures” at page F-28 of the Restated Financial Information.

12. 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.

13. 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 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 71, 83 and 134 of this 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 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 16 of this 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 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. The novel coronavirus (Covid-19) pandemic outbreak and steps taken to control the same have significantly impacted our business, results of operations, financial condition and cash flows and further impact will depend on future developments, which are highly uncertain.***

The rapid and diffused spread of COVID-19 and global health concerns relating to this outbreak have had a severe negative impact on all businesses, especially the hospitality industry in which our Company operates. The COVID-19 pandemic could continue to have an impact that may worsen for an unknown period of time. In view of the onslaught of the second wave of the virus and the likelihood of a third wave, this pandemic may continue to cause unprecedented economic disruption in India and in the rest of the world. The scope, duration and frequency of such measures and the adverse effects of COVID-19 remain uncertain and could be severe. Further, if in case due to any third or consequent wave of Coronavirus or surge in new and deadly variants of the Virus, if another lockdown is imposed in the country and further restrictions are imposed by the government, we may face difficulty in resuming our business operations which in turn could lead to huge losses and our business operations could be severely impacted. Any of these consequences may result in loss of business and in turn have an adverse effect on our results of operations and financial condition.

- 2. Presently our Company is not carrying on any business activity and we may not be successful in implementing our contemplated business strategy for revival, which may impact our business, results of operations and financial condition.***

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. At present, the Company is engaged in the business of developing, owning, acquiring, renovating, operating, managing and promoting hotels, restaurants, etc. Since 1993, our Company has 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 was in the process of renovating our hotel premises. As of date of this Letter of Offer, we have completed the renovation of the main structure of our Hotel, however we are yet to complete the construction of a multi-level car parking area and setting up of a transformer in the premises of our Hotel. Recently, our Company has executed a lease deed and a license agreement dated October 30, 2020 with M/s. Culinary Ocean Hospitality LLP, wherein we have leased a part of our property situated at 144, Sterling Road, Nungambakkam, Chennai 600 034, Tamil Nadu, India and granted license to run "Hard Rock Café" including Rock Shop in the said property, which shall also contribute to our revenue of operations. For further details, please refer to the chapter titled "Our Business" at page 83 of this Letter of Offer. 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.

- 3. 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. As of date of this Letter of Offer, we have completed the renovation of the main structure of Hotel and are in the process of renovating the external premises of our hotel 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.

4. ***We are facing time overrun in commencing the business operations of our hotel, and we do not know if our hotel will become operational as scheduled, or at all, or operate as efficiently as planned. 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 were undergoing renovation and refurbishment, we had proposed to commence our business operations during the FY 2020-2021, however due to the on-going pandemic, the onset of second wave of the Corona Virus 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. In view of the ongoing pandemic, the lockdown which was imposed by several State and Central Governments and the onset of second wave of the Corona Virus, enhancement of the scope of

the project, the date of commencement of business operations of our hotel was further delayed. Due to the delay in the initiation of regular business operations of our hotels, our Company suffered a time overrun. As of date of this Letter of Offer, we have completed the renovation of the main structure of our Hotel, however we are yet to complete the construction of a multi-level car parking area and setting up of a transformer in the premises of our Hotel. Once the external renovation of our hotel premises is complete, we shall be able to resume our business operations.

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 83 and 145 of this Letter of Offer.

5. *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 ₹ 1,007.96 lakhs, ₹ 788.57 lakhs and ₹ 979.31 lakhs in the Financial Years ending March 31, 2021, March 31, 2020 and March 31, 2019 respectively. Further we had restated negative net worth ₹ 7,532.92 lakhs, ₹ 6,525.01 lakhs and ₹ 5,736.40 lakhs in the Financial Years ending March 31, 2021, March 31, 2020 and March 31, 2019 respectively. We cannot assure you that we will not incur losses in the future or that our net worth 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.

6. *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. 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 157 of this Letter of Offer.

7. Our Company is 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 is 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 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 | 5.01 |
| Indirect Tax matters | - | - |

| Nature of Litigation | Number of matters outstanding | Amount involved* (₹ in lakhs) |
|---|--------------------------------------|--------------------------------------|
| Actions taken by regulatory authorities | - | - |
| Material civil litigations | 02 | Not quantifiable |

**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*

For further details, please refer to the section titled “*Outstanding Litigation and Other Material Developments*” on page 151 of this 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) travelers 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 and the second wave of Corona Virus, wherein the hotels have 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 71 of this 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. Since FY 2015-16, the Company was in the process of renovating our hotel premises in order to resume our business operations. As of date of this Letter of Offer, we have completed the renovation of the main structure of our Hotel, however we are yet to complete the construction of a multi-level car parking area and setting up of a transformer in the premises of our Hotel. 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.

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:

| Particulars | (₹ in lakhs) | | |
|--|----------------|----------------|----------------|
| | March 31, 2021 | March 31, 2020 | March 31, 2019 |
| Net Cash Flow from/(used in) Operating Activities | (437.73) | (587.18) | (163.03) |
| Net cash generated from/(used in) investing activities | (1245.24) | (1,649.99) | (796.01) |
| Net Cash Flow from/(used in) Financing Activities | 1687.78 | 2,039.48 | 5,929.66 |

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, 2021 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. Since FY 2015-16, the Company was in the process of renovating our hotel premises in order to resume our business operations. As of date of this Letter of Offer, we have completed the renovation of the main structure of our Hotel, however we are yet to complete the construction of a multi-level car parking area and setting up of a transformer in the premises of our Hotel. 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, 2021, we have outstanding unsecured loans aggregating to ₹ 2503.61 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 64 of this 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 misjudgment 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 travelers' 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. *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.

23. *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 “*Our Management*” on pages 97 and 88 of this Letter of Offer.

24. *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 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 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 58 of this Letter of Offer.

25. *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.

26. 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-motu* 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, Balasubramaniyan 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.

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 151 of this Letter of Offer.

27. 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 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.

28. *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 145 of this Letter of Offer.

29. *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 52.74% 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.

30. *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, 2021, our contingent liabilities and commitments (to the extent not provided for) as disclosed in the notes to our Restated Financial Information aggregated to ₹ 516.65 lakhs. The details of our contingent liabilities are as follows:

| <i>(₹ in lakhs)</i> | |
|---------------------|---------------|
| Particulars | Amount |
| Direct Tax | 516.65 |
| Civil | Nil |
| Total | 516.65 |

For further details of contingent liability, see the section titled — “*Financial Information*” on page 100 of this Letter of Offer. Furthermore, there can be no assurance that we will not incur similar or increased levels of contingent liabilities in the future.

31. *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 157 of this Letter of Offer.

32. *We are subject to risks relating to owning real estate assets including changes in local markets or neighborhoods, 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 neighborhoods 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.

33. *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, 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 145 of this Letter of Offer.

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

As of March 31, 2021, we have entered into several related party transactions with individuals and entities forming a part of our promoter group. 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, 2021. For further details, please refer to — “*Restated Financial Information- Annexure VII –Notes to restated financial information-Note 16-Related party disclosures*” at page F-28 of this 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.

35. *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.

36. *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.

37. *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.

38. *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.

39. *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 145 of this 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 145 of this 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.

40. *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, 2021 our Company’s total outstanding secured loans are ₹ 8,539.46 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 145 of this Letter of Offer.

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

As on March 31, 2021, our Company has outstanding unsecured loans aggregating to ₹ 2,593.61 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 145 of this Letter of Offer.

42. *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.

43. 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

44. 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.

45. 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.

46. *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.

47. *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.

48. *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 99 and 145 respectively, of this Letter of Offer.

49. *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.

50. *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 64 of this Letter of Offer.

51. *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 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 Letter of Offer. Further, the industry data mentioned in this 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 Letter of Offer in this context.

ISSUE SPECIFIC RISKS

52. *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.

53. *SEBI has recently, by way of circulars dated January 22, 2020 and May 6, 2020, July 24, 2020, January*

19, 2021 and April 22, 2021 streamlined the process of rights issues. You should follow the instructions carefully, as stated in such SEBI circulars, and in this 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, July 24, 2020, January 19, 2021 and April 22, 2021 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 166.

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 RIGHTS ISSUE – SUSPENSE ESCROW DEMAT ACCOUNT**”) 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 suspended for debit or credit 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.

54. 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 SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021 and SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021, 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 Individual Investors. Further, R-WAP is only an additional option and not a replacement of the ASBA process. On R-WAP, the Resident Individual 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 177. 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.

55. 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).

56. *The Rights Entitlement of Eligible Equity Shareholders holding Equity Shares in physical form (“Physical Shareholder”) may lapse in case they fail to furnish the details of their demat account to the Registrar.*

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, read with SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021 and SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021, 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 166. 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 dematerialized form only.

57. *Failure to exercise or sell the Rights Entitlements will cause the Rights Entitlements to lapse without compensation and result in a dilution of shareholding.*

Rights Entitlements that are not exercised prior to the end of the Issue Closing Date will expire and become null and void, and Eligible Equity Shareholders will not receive any consideration for them. The proportionate ownership and voting interest in our Company of Eligible Equity Shareholders who fail (or are not able) to exercise their Rights Entitlements will be diluted. Even if you elect to sell your unexercised Rights Entitlements, the consideration you receive for them may not be sufficient to fully compensate you for the dilution of your percentage ownership of the equity share capital of our Company that may be caused as a result of the Issue. Renounees may not be able to apply in case of failure in completion of renunciation through off-market transfer in such a manner that the Rights Entitlements are credited to the demat account of the Renounees prior to the Issue Closing Date. Further, in case, the Rights Entitlements do not get credited in time, in case of On Market Renunciation, such Renounee will not be able to apply in this Issue with respect to such Rights Entitlements. For details, see “*Terms of the Issue*” on page 166.

58. *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.

59. *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.

60. *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.

61. *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.

62. *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.

63. *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.

64. *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

65. *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 due to the rising number of infected cases of COVID-19 in the country and the onset of the second wave of the virus, various State Governments including Government of Tamil Nadu have imposed a complete lockdown. There is no certainty if additional restrictions will be imposed or if the lockdown would be extended to combat with the second wave and prevent the third wave of COVID-19 in the country. In the events additional restrictions are imposed, 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.

66. *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, 2021 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 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 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 Letter of Offer should accordingly be limited.

67. *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.

68. *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.

69. *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.

70. *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.

71. *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.

72. *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.

73. *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.

74. *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.

75. *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.

76. *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.

77. *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 166 of this Letter of Offer.

| Particulars | Details of Equity Shares |
|--|---|
| Equity Shares proposed to be issued | Upto 2,49,00,000 Equity Shares |
| Rights Entitlement | Upto 83 (eighty three) Equity Share(s) for every 30 (thirty) fully paid-up Equity Share(s) held on the Record Date. |
| Fractional Entitlement | The Rights Equity Shares are being offered on a rights basis to Eligible Equity Shareholders in the ratio of 83 (eighty three) Rights Equity Share(s) for every 30 (thirty) 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 not in the multiple of 30 (thirty), 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. |
| Record Date | Friday, July 23, 2021 |
| Face value per Equity Shares | ₹ 10/- |
| Issue Price per Rights Equity Shares | ₹ 10/- |
| Issue Size | Upto ₹ 2,49,00,000 Equity Shares of face value of ₹ 10 each for cash at a price of ₹ 10/- 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 3,39,00,000 Equity Shares |
| Equity Shares outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement) | Upto 3,39,00,000 Equity Shares |
| 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 64 of this Letter of Offer. |
| Terms of the Issue | For details please refer to the chapter titled “ <i>Terms of the Issue</i> ” on page 166 of this Letter of Offer. |
| Terms of Payment | The full amount of the Issue Price being ₹ 10/- 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 | Wednesday, September 29, 2021 |
| Last Date for On Market Renunciation of Rights | Friday, October 8, 2021 |
| Issue Closing Date* | Wednesday, October 13, 2021 |

*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.

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.

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

As on date of this Letter of Offer, our Company does not have a corporate office.

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 Bhawan 26
Haddows Road, Chennai-600034

Telephone: 044-28270071

Facsimile: 044-28234298

Board of Directors:

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

| Name | Age | Designation | Address | DIN |
|---------------------------------------|-----|---|--|----------|
| Muralidharan Ramasamy | 45 | Chairman and Non- Executive Director | E-104, Casa Grande The Address, Easwaran Street, Opposite Aravind Theatre, Karapakkam, Oggiamthoraiyapakkam, Kancheepuram, Chennai – 600 097, Tamil Nadu, India. | 07092976 |
| David Susainadar | 67 | Managing Director | C/o B1, R C Princess Royal Apartments, 44-45, Siruvallur High Road, Perambur, Chennai – 600 011, Tamil Nadu, India. | 08539011 |
| Rajakumar Kumaravelayatha Nadar | 59 | Non- Executive Director | No. 29-A, 3rd Street, Thangam Colony, Anna Nagar (west), Chennai – 600 040, Tamil Nadu, India. | 05187894 |

| Name | Age | Designation | Address | DIN |
|-----------------------------------|------------|----------------------|---|------------|
| Suyambu Narayanan | 65 | Independent Director | 9A, Vallalar Street, Near Rettai Pillaiyar Koil, Velachery, Chennai - 600 042, Tamil Nadu, India. | 07718798 |
| Freeda Gnanaselvam Kanagiah | 62 | Independent Director | New Number 18/33E, Venkatesapuram, Salem – 636 007, Chennai, Tami Nadu. | 07350172 |

For detailed profile of the Directors of our Company, please see the chapter titled “*Our Management*” on page 88 of this 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.

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/ priya@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
New 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: 012361

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: R. Prakash
CIN: L65920MH1994PLC080618

Banker to the Issue, Escrow Collection Bank, Allotment Bank & Refund Bank

HDFC Bank Limited
Address: HDFC Bank Limited,
FIG – OPS Department Lodha -I,
Think Techno Campus, O3 Level,
Next to Kanjurmarg Railway Station,
Kanjurmarg (East), Mumbai – 400 042,
Maharashtra, India.
Telephone: +91 022 3075 2914/28/29
Facsimile: +91 022 2579 9801
E-mail: siddharth.jadav@hdfcbank.com, neerav.desai@hdfcbank.com, sachin.gawade@hdfcbank.com,
eric.bacha@hdfcbank.com, tushar.gavankar@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: Siddharth Jadav, Neerav Desai, Sachin Gawade, Eric Bacha, Tushar Gavankar
CIN: L65920MH1994PLC080618
SEBI Registration Number: INB100000063

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 provided at the website of the SEBI <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> and updated from time to time. For details on Designated Branches of SCSBs collecting the Application Forms, refer to the website of the SEBI <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>. 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.

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.

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 letter of Offer and as an “expert” defined under section 2(38) of the Companies Act in respect of (i) the examination report dated July 16, 2021 on the Restated Financial Information, included in this Letter of Offer and (ii) their report dated July 16, 2021 on Statement of special tax benefits available to our Company and its shareholders, which have been included in this Letter of Offer, and such consent has not been withdrawn as on the date of this Letter of Offer. However, the term “expert” and consent thereof does not represent an “expert” within the meaning under the Securities Act.

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, 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.

Credit Rating

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

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.

Filing

SEBI *vide* the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 has amended Regulation 3(b) of the SEBI ICDR Regulations as per which the threshold of filing of Draft Letter of Offer with SEBI for rights issues has been increased. The threshold of the rights issue size under Regulation 3 (b) of the SEBI ICDR Regulations has been increased from Rupees ten crores to Rupees fifty crores. Since the size of this Issue falls below this threshold, the Draft Letter of Offer has been filed with BSE Limited and not with SEBI. However, this 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 Letter of Offer.

Underwriting Agreement

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

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 |
|---|--|
| Last date for credit of Rights Entitlements | Friday, September 24, 2021 |
| Issue Opening Date | Wednesday, September 29, 2021 Tuesday, August 03, 2021 |
| Last date for On Market Renunciation | Friday, October 8, 2021 |
| Issue Closing Date* | Wednesday, October 13, 2021 |
| Date of Allotment (on or about) | Thursday, October 21, 2021 |
| Date of credit (on or about) | Friday, October 22, 2021 |
| Date of listing (on or about) | Wednesday, October 26, 2021 |

**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.*

Minimum Subscription

The objects of the Issue involve financing other than financing of capital expenditure for a project and our Promoter and members of our Promoter Group have undertaken to (i) subscribe to the full extent of their respective Rights Entitlements, subject to compliance with the minimum public shareholding requirements, as prescribed under the SCRR; and (ii) have also confirmed that they shall not renounce their Rights Entitlements, except to the extent of renunciation within the promoter group. Accordingly, in terms of the SEBI ICDR Regulations, the requirement of minimum subscription in the Issue is not applicable.

CAPITAL STRUCTURE

The share capital of our Company as on the date of this 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 Letter of Offer | | | |
| | Up to 2,49,00,000 Equity Shares of ₹ 10/- each | 2,490 | 2,490 |
| E. Securities Premium Account | | | |
| | Before the Issue | 1,652.16 | |
| | After the Issue ⁽²⁾ | | 1,652.16 |

(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.

NOTES TO CAPITAL STRUCTURE

1. Intention and extent of participation by our Promoters and Promoter Group in the Issue:

Our Promoter and Promoter Group have, *vide* their letters (the “**Subscription Letters**”) undertaken to: (a) subscribe, jointly and/ or severally to the full extent of their Rights Entitlement and subscribe to the full extent of any Rights Entitlement that may be renounced in their favour by any other Promoters or member(s) of the Promoter Group of our Company; and (b) subscribe to, either individually or jointly and/ or severally with any other Promoters 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 exempt in terms of Regulation 10(4)(b) of the 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 Takeover Regulations.

The additional subscription by the promoters shall be made subject to such additional subscription not resulting in the minimum public shareholding of the issuer falling below the level prescribed in LODR/ SCRR. 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.

2. The ex-rights price of the Rights Equity Shares as per Regulation 10(4)(b) of the Takeover Regulations is ₹ 10.14/- per equity share.
3. No convertible instruments have been issued or allotted by our Company which are outstanding as on date of this Letter of Offer. As on date of this Letter of Offer, there are no Equity Shares issued by our Company which are partly-paid up.

4. Shareholding Pattern of our Company as per the last filing with the Stock Exchanges:

(i) *The summary statement of the shareholding pattern of our Company as on June 30, 2021 is as follows:*

The table below represents the summary statement of the shareholding pattern of our Company as on June 30, 2021:

| 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 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 | 24,000 | 42,53,570 | - | - | 42,53,570 | 47.26 | 42,53,570 | 42,53,570 | 47.26 | - | - | - | - | - | - | 14,32,515 |
| (C) | Non Promoter-Non Public | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (C1) | Shares underlying depository receipts | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (C2) | Shares held by employee trusts | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total | | 24,029 | 90,00,000 | - | - | 90,00,000 | 100.00 | 90,00,000 | 90,00,000 | 100.00 | - | - | - | - | - | - | 60,56,520 |

(ii) The statement of the shareholding pattern of our Company as on June 30, 2021 is as follows:

| Category of Shareholder | Nos. of Shareholders | No. of fully paid up Equity Shares held | Total no of Equity Shares held | Shareholding as a % of total no. of Equity Shares (calculated as per SCRR, 1957) As a % of (A+B+C2) | No. of Voting Rights | Total as a % of Total Voting right | Number of Equity Shares held in dematerialized form |
|-------------------------------|----------------------|---|--------------------------------|---|----------------------|------------------------------------|---|
| (A) Promoter & Promoter Group | 29 | 47,46,430 | 47,46,430 | 52.74 | 47,46,430 | 52.74 | 46,24,005 |
| (B) Public | 24,000 | 42,53,570 | 42,53,570 | 47.26 | 42,53,570 | 47.26 | 14,32,515 |
| Grand Total | 24,029 | 90,00,000 | 90,00,000 | 100.00 | 90,00,000 | 100.00 | 60,56,520 |

(iii) Statement showing holding securities of persons belonging to the category "Promoters and Promoter Group" as at June 30, 2021:

| Category of Shareholder | Nos. of Shareholders | No. of fully paid up Equity Shares held | Total no of Equity Shares held | Shareholding as a % of total no. of Equity Shares (calculated as per SCRR, 1957) As a % of (A+B+C2) | No. of Voting Rights | Total as a % of Total Voting right | Number of Equity Shares held in dematerialized form |
|---------------------------------------|----------------------|---|--------------------------------|---|----------------------|------------------------------------|---|
| A1) Indian | | | | | | | |
| a. Individuals/Hindu undivided family | 22 | 18,10,182 | 18,10,182 | 20.11 | 18,10,182 | 20.11 | 16,87,757 |
| Jayanthi Natarajan | 01 | 12,200 | 12,200 | 0.14 | 12,200 | 0.14 | 12,150 |
| Sivaram M | 01 | 6,105 | 6,105 | 0.07 | 6,105 | 0.07 | 6,105 |
| Kamal Babbar S | 01 | 12,16,500 | 12,16,500 | 13.52 | 12,16,500 | 13.52 | 12,16,500 |
| Balasubramanian | 01 | 1,03,296 | 1,03,296 | 1.15 | 1,03,296 | 1.15 | 1,03,296 |
| Anita Kumaran | 01 | 1,18,296 | 1,18,296 | 1.31 | 1,18,296 | 1.31 | 1,18,296 |
| Arunn Pillai M | 01 | 11,844 | 11,844 | 0.13 | 11,844 | 0.13 | - |
| Rukmani S | 01 | 25,624 | 25,624 | 0.28 | 25,624 | 0.28 | 25,624 |
| Kaavya Sharath Jagannathan | 01 | 1,18,236 | 1,18,236 | 1.31 | 1,18,236 | 1.31 | 1,18,236 |
| V Chithan | 01 | 68,350 | 68,350 | 0.76 | 68,350 | 0.76 | 68,350 |
| Chandra Mohan P | 01 | 3,200 | 3,200 | 0.04 | 3,200 | 0.04 | - |
| Vijayalakshmi Chandramohan | 01 | 7,770 | 7,770 | 0.09 | 7,770 | 0.09 | - |
| R Chandramohan | 01 | 19,200 | 19,200 | 0.21 | 19,200 | 0.21 | 19,200 |
| Maruthai Pillai P | 01 | 30,390 | 30,390 | 0.34 | 30,390 | 0.34 | - |
| Augustin D | 01 | 19,200 | 19,200 | 0.21 | 19,200 | 0.21 | - |
| Geetha Periasamy | 01 | 17,180 | 17,180 | 0.19 | 17,180 | 0.19 | - |
| Chandrakant | 01 | 11,683 | 11,683 | 0.13 | 11,683 | 0.13 | - |
| Jayanthi S | 01 | 6,514 | 6,514 | 0.07 | 6,514 | 0.07 | - |
| Senthilnathan M | 01 | 5,530 | 5,530 | 0.06 | 5,530 | 0.06 | - |
| Sivabagyam M | 01 | 3,700 | 3,700 | 0.04 | 3,700 | 0.04 | - |
| Karthik Perumal Sivaram | 01 | 2,662 | 2,662 | 0.03 | 2,662 | 0.03 | - |

| Category of Shareholder | Nos. of Shareholders | No. of fully paid up Equity Shares held | Total no of Equity Shares held | Shareholding as a % of total no. of Equity Shares (calculated as per SCRR, 1957) As a% of (A+B+C2) | No. of Voting Rights | Total as a % of Total Voting right | Number of Equity Shares held in dematerialized form |
|---|----------------------|---|--------------------------------|--|----------------------|------------------------------------|---|
| Ganesan M | 01 | 1,900 | 1,900 | 0.02 | 1,900 | 0.02 | - |
| Ravichandran C L | 01 | 802 | 802 | 0.01 | 802 | 0.01 | - |
| b. Body corporates* | 07 | 29,36,248 | 29,36,248 | 32.62 | 29,36,248 | 32.62 | 29,36,248 |
| Subasri Realty Private Limited | 01 | 16,85,539 | 16,85,539 | 18.73 | 16,85,539 | 18.73 | 16,85,539 |
| Gay Travels Private Limited | 01 | 5,91,506 | 5,91,506 | 6.57 | 5,91,506 | 6.57 | 5,91,506 |
| Yessir Holdings and Investments Private Limited | 01 | 3,72,412 | 3,72,412 | 4.14 | 3,72,412 | 4.14 | 3,72,412 |
| Sovereign Media Marketing Private Limited | 01 | 1,95,718 | 1,95,718 | 2.17 | 1,95,718 | 2.17 | 1,95,718 |
| Rani Printers Private Limited | 01 | 61,093 | 61,093 | 0.68 | 61,093 | 0.68 | 61,093 |
| Sri Devi Agencies Private Limited | 01 | 29,880 | 29,880 | 0.33 | 29,880 | 0.33 | 29,880 |
| Malar Publications Private Limited | 01 | 100 | 100 | 0.00 | 100 | 0.00 | 100 |
| Sub- total of A1 | 29 | 47,46,430 | 47,46,430 | 52.74 | 47,46,430 | 52.74 | 46,24,005 |
| A2) Foreign | | | | | | | |
| Sub-total of A2 | 00 | 00 | 00 | 00 | 00 | 00 | 00 |
| A= A1+ A2 | 29 | 47,46,430 | 47,46,430 | 52.74 | 47,46,430 | 52.74 | 46,24,005 |

(iv) Statement showing holding of securities of persons belonging to the "Public" category as on June 30, 2021:

| Category of Shareholder | Nos. of Shareholders | No. of fully paid up Equity Shares held | Total no of Equity Shares held | Shareholding as a % of total no. of Equity Shares (calculated as per SCRR, 1957) As a% of (A+B+C2) | No. of Voting Rights | Total as a % of Total Voting right | Number of Equity Shares held in dematerialized form |
|--|----------------------|---|--------------------------------|--|----------------------|------------------------------------|---|
| B1) Institutions | 21 | 1,18,276 | 1,18,276 | 1.31 | 1,18,276 | 1.31 | 20,037 |
| Mutual Funds/ | 13 | 66,741 | 66,741 | 0.74 | 66,741 | 0.74 | 252 |
| Financial Institutions/ Banks | 04 | 406 | 406 | 0.00 | 406 | 0.00 | 156 |
| Insurance Companies | 04 | 51,129 | 51,129 | 0.57 | 51,129 | 0.57 | 19,629 |
| Sub Total B1 | 21 | 1,18,276 | 1,18,276 | 1.31 | 1,18,276 | 1.31 | 20,037 |
| B2) Central Government/ State Government(s)/ President of India | - | - | - | - | - | - | - |

| Category of Shareholder | Nos. of Shareholders | No. of fully paid up Equity Shares held | Total no of Equity Shares held | Shareholding as a % of total no. of Equity Shares (calculated as per SCRR, 1957) As a% of (A+B+C2) | No. of Voting Rights | Total as a % of Total Voting right | Number of Equity Shares held in dematerialized form |
|--|----------------------|---|--------------------------------|--|----------------------|------------------------------------|---|
| B3) Non-Institutions | 23,979 | 41,35,294 | 41,35,294 | 45.95 | 41,35,294 | 45.95 | 14,12,478 |
| Individual share capital upto Rs. 2 Lacs | 22,058 | 34,08,606 | 34,08,606 | 37.87 | 34,08,606 | 37.87 | 10,07,484 |
| Individual share capital in excess of Rs. 2 Lacs | 06 | 1,94,155 | 1,94,155 | 2.16 | 1,94,155 | 2.16 | 1,94,155 |
| Any Other | 1,915 | 5,32,533 | 5,32,533 | 5.92 | 5,32,533 | 5.92 | 2,10,839 |
| Bodies Corporate | 148 | 1,22,443 | 1,22,443 | 1.36 | 1,22,443 | 1.36 | 17,185 |
| Trusts | 01 | 100 | 100 | 0.00 | 100 | 0.00 | 100 |
| Non-Resident Indian (NRI) | 1,726 | 2,65,125 | 2,65,125 | 2.95 | 2,65,125 | 2.95 | 48,689 |
| HUF | 38 | 33,815 | 33,815 | 0.38 | 33,815 | 0.38 | 33,815 |
| Overseas Corporate Bodies | 02 | 1,11,050 | 1,11,050 | 1.23 | 1,11,050 | 1.23 | 1,11,050 |
| Sub-total B3 | 23,979 | 41,35,294 | 41,35,294 | 45.95 | 41,35,294 | 45.95 | 14,12,478 |
| B= B1+B2+B3 | 24,000 | 42,53,570 | 42,53,570 | 47.26 | 42,53,570 | 47.26 | 14,32,515 |

(v) Details of shareholders of our Company holding 1% or more of the paid-up capital of the issuer as last disclosed to the stock exchanges:

| Sr. No. | Name of the Shareholders | No. of Equity Shares | % of Pre-Issue Equity Share Capital |
|---------|---|----------------------|-------------------------------------|
| 1. | Kamal Babbar | 12,16,500 | 13.5167 |
| 2. | Anita Kumaran | 1,18,296 | 1.3144 |
| 3. | Kaavya Sharath Jagannathan | 1,18,236 | 1.3137 |
| 4. | S Balasubramanian | 1,03,296 | 1.1477 |
| 5. | Subasri Realty Private Limited | 16,85,539 | 18.7282 |
| 6. | Gay Travels Private Limited | 5,91,506 | 6.5723 |
| 7. | Yessir Holdings and Investments Pvt Ltd | 3,72,412 | 4.1379 |
| 8. | Sovereign Media Marketing Private Limited | 1,95,718 | 2.1746 |
| 9. | Euro American Holdings Ltd | 96,050 | 1.0672 |
| | Total | 44,97,553 | 49.9727 |

(vi) Details of shares locked-in, pledged, encumbrance by promoters and promoter group:

As on date of this Letter of Offer, none of the Equity Shares held by our Promoter or the members of our Promoter Group are locked-in, pledged or otherwise encumbered.

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:

| Particulars | Amount |
|---|--------------|
| Part repayment or prepayment of unsecured loans brought in by the Promoter and Promoter Group | 2,050 |
| General corporate purposes | 400 |
| Issue related expenses | 40 |
| Gross proceeds from the Issue | 2,490 |

Requirement of Funds

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

| Particulars | Amount |
|------------------------------------|--------------|
| Gross Proceeds from the Issue | 2,490 |
| Less: Issue related expenses | 40 |
| Net Proceeds from the Issue | 2,450 |

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:

| 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 | 400 |
| | TOTAL | 2,450 |

Schedule of Implementation and Deployment of Funds

Our Company proposes to deploy the entire Net Proceeds towards the Objects as described herein during Fiscal 2021-22.

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, 2021 | Repayment Terms | Purpose of the Loan* |
| 1. | Subasri Realty Private Limited ("SRPL") | 730.00 | 351.00 | 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") | 2,119.56 | 1,660.72 | 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. | Malar Publications Private Limited ("MPPL") | 1,147.00 | 491.89 | 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 | | 3996.56 | 2503.61 | | |

*Certified by M/s Bala & Co., Chartered Accountants, vide their certificate dated July 16, 2021. Further, M/s. Bala & Co., Chartered Accountants, our Statutory Auditor 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.

A total amount of ₹ 3,996.56 lakhs has been sanctioned as unsecured loans from our Promoter Group Companies mentioned in the table above of which an amount of ₹ 2503.61 lakhs remains outstanding as of March 31, 2021. 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 ₹ 10.14/-.

Interest of Promoter and Directors to the objects of the Issue

SRPL, GTPL, RPPL and MPPL have *vide* their letters 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 62(2) 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 have been certified by M/s Bala & Co., Chartered Accountants, the Statutory Auditor of our Company *vide* their certificate dated July 16, 2021. The estimated Issue 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. | 32 | 80.00 | 1.29 |
| Expenses relating to advertising, printing, distribution, marketing and stationery expenses | 7 | 17.50 | 0.28 |
| Regulatory fees, filing fees, listing fees and other miscellaneous expenses | 1 | 2.50 | 0.04 |
| Total estimated Issue expenses*^ | 40 | 100 | 1.61 |

* Subject to finalisation of Basis of Allotment. In case of any difference between the estimated Issue related expenses and actual expenses incurred, the shortfall or excess shall be adjusted with the amount allocated towards general corporate purposes. All Issue related expenses will be paid out of the Gross Proceeds received at the time of receipt of the subscription amount to the Rights Equity Shares.

^Excluding taxes

#Assuming full subscription.

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 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 82(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 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 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.

STATEMENT OF TAX BENEFITS

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

To,

The Board of Directors

Aruna Hotels Limited

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

Re: Proposed rights issue of equity shares of face value of ₹ 10 each (the “Equity Shares” and such offering, the “Issue”) of Aruna Hotels Limited (the “Company”) pursuant to Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“SEBI Regulations”) and the Companies Act, 2013, as amended (the “Act”).

We hereby report that the enclosed Statement prepared by Aruna Hotels Limited (the “Company”) states the possible special tax benefits available to the Company and to the shareholders of the Company under the Income-tax Act, 1961 and Income tax Rules, 1962 including amendments made by Finance Act 2021 (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 there under, Foreign Trade Policy, presently in force in India, and also to its the Material Subsidiaries of the Company under the respective tax laws of their country as on the signing date, for inclusion in the Letter of Offer for the proposed rights issue of the Company to the existing shareholders. These benefits are dependent on the Company or its Material Subsidiaries or the shareholders of the Company fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company or its Material Subsidiaries or the shareholders of the Company to derive the special tax benefits is dependent upon fulfilling such conditions, which is based on business imperatives the Company may face in the future and accordingly, the Company or its Material Subsidiaries or the shareholders of the Company may or may not choose to fulfill.

There are no material subsidiaries as identified by the company.

The benefits discussed in the enclosed Statement cover only special tax benefits available to the Company, or its Material Subsidiaries 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.

Further, the preparation of the enclosed Statement and its contents was the responsibility of the management of the Company. We were informed that 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 proposed Issue.

We have conducted our examination in accordance with the ‘Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)’ and ‘Guidance Note on the Reports in Company Prospectuses (revised 2019)’ (‘the Guidance Notes’) issued by the Institute of Chartered Accountants of India (‘ICAI’). The Guidance Notes require that we comply with ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Performs Audits and Reviews of Historical Financial information and Other Assurance and Related Services Engagements

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

- the Company or the shareholders of the Company will continue to obtain these benefits in future; or
- the conditions prescribed for availing the benefits, where applicable, have been / would be met with.

The contents of the enclosed Statement are based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and its Material Subsidiaries Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to the Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this Statement.

This statement is solely for your information and not intended for general circulation or publication and is not to be reproduced or used for any other purpose without our prior written consent, other than for inclusion of extracts of this statement in the Letter of Offer and submission of this statement to the Securities and Exchange Board of India, the stock exchange where the Equity Shares of the Company are proposed to be listed, in connection with the proposed Issue, as the case may be.

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

Name: CA V. Sriram
Partner
ICAI Membership Number: 216203
UDIN: 21216203AAAAFE6709
Date: July 16, 2021
Place: Chennai

Encl: As above

ANNEXURE I

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 2020-21 relevant to the assessment year 2021-22). 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 are 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.
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
- 4) 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

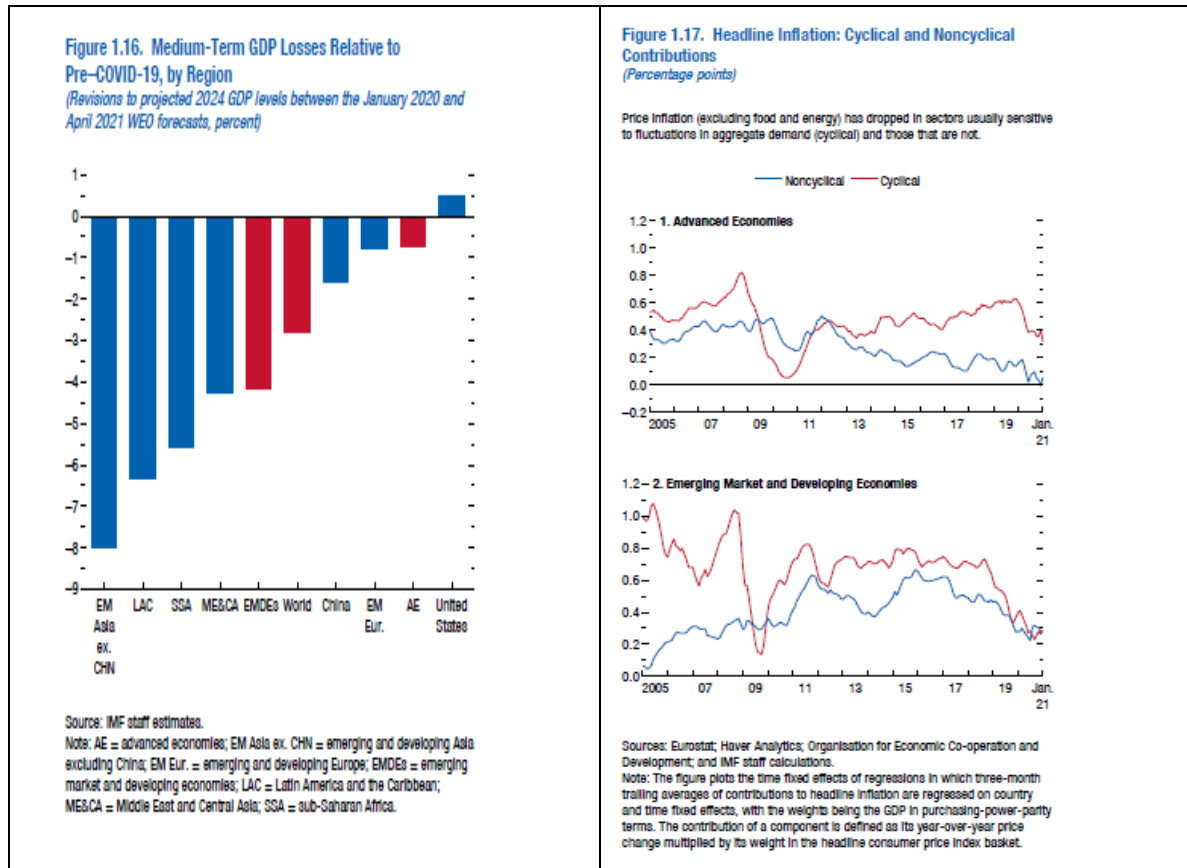
After an estimated contraction of –3.3 percent in 2020, the global economy is projected to grow at 6 percent in 2021, moderating to 4.4 percent in 2022. The contraction for 2020 is 1.1 percentage points smaller than projected in the October 2020 WEO, reflecting the higher-than-expected growth outturns in the second half of 2020 for most regions after lockdowns were eased. The projections for 2021 and 2022 are 0.8 percentage point and 0.2 percentage point stronger than in the previous forecast, reflecting additional fiscal support in a few large economies and the anticipated vaccine-powered recovery in the second half of the year. This pace reflects continued adaptation of all sectors of the economy to the challenging health situation.

The strength of the projected recovery varies across countries, depending on the severity of the health crisis, the extent of domestic disruptions to activity (related to countries' reliance on contact-intensive sectors), the exposure to cross-border spillovers, and—importantly—the effectiveness of policy support to limit persistent damage.

Beyond 2022 global growth is projected to moderate to 3.3 percent into the medium term. Persistent damage to supply potential across both advanced and emerging market economies and slower labor force growth because of population aging (largely in advanced economies, but also in a few emerging market economies), and necessary rebalancing to a sustainable growth path in China, are all expected to weigh on the growth outlook for the global economy in the medium term. GDP levels are projected to remain well below the pre-pandemic trend path through 2024 for most countries (Figure 1.16).

In advanced economies, occasional regional restrictions will likely be necessary at times to stem the progression of new strains of the virus. As the vulnerable population gets vaccinated, contact-intensive activities are expected to resume and drive a significant pickup in growth thanks to pent-up demand funded by accumulated savings in 2020. Recovery paths also vary within the group. The United States is projected to return to end-of-2019 activity levels in the first half of 2021 and Japan in the second half. In the euro area and the United Kingdom, activity is expected to remain below end-of-2019 levels into 2022. The gaps can be traced back to differences in behavioral and public health responses to infections, flexibility and adaptability of economic activity to low mobility, preexisting trends, and structural rigidities predating the crisis. With respect to the October 2020 WEO, projections for 2021 have been revised down in Europe and up in Japan and the United States. The downward revision in Europe is more than offset by stronger-than-expected growth in the United States and Japan, reflecting additional fiscal support legislated in both countries at the end of 2020. In addition, the Biden administration's \$1.9 trillion rescue package is expected to further boost GDP over 2021–22, with significant spillovers to main US trading partners. European countries (for example, Cyprus, Italy, Malta, Portugal, Spain), were able to salvage part of the summer tourist season by reopening in mid-2020. But this was followed by a surge in infections that forced new lockdowns in the last months of 2020, carrying over to 2021. GDP growth for 2022 has been revised up by 0.7 percentage point to 3.8 percent in the euro area and by 1.9 percentage points in the United Kingdom to 5.1 percent. In emerging market and developing economies, vaccine procurement data suggest that effective protection will remain unavailable for most of the population in 2021. Lockdowns and containment measures may be needed more frequently in 2021 and 2022 than in advanced economies, increasing the likelihood of medium-term scarring effects on the potential output of these countries. Considerable differentiation is expected between China—where effective containment measures, a forceful public investment response, and central bank liquidity support have facilitated a strong recovery—and others. Tourism-based economies within this group (such as Fiji, Seychelles, Thailand) face particularly difficult prospects considering the expected slow normalization of cross-border travel. Recovery profiles vary, based on

regional differences in the severity of the pandemic, economic structure (employment and GDP shares of contact-intensive sectors), exposure to specific shocks (for instance, due to reliance on commodity exports), and the effectiveness of the policy response to combat the fallout.



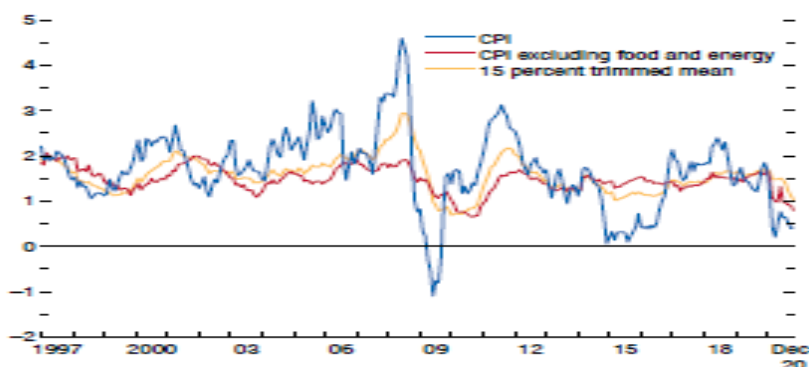
Inflation Pressure to Remain Contained in Most Countries

As noted, commodity prices (particularly for oil) are expected to firm up further in the months ahead. Given their record-low levels of a year ago, firmer prices should mechanically lift consumer price indices, and headline inflation, in particular, could turn volatile in coming months. The volatility should be short lived. Baseline projections show a return of inflation to its long-term average as the remaining slack subsides only gradually and commodity-driven base effects fade away. The subdued outlook reflects developments in the labor market, where subdued wage growth and weak worker bargaining power have been compounded recently by high unemployment, underemployment, and lower participation rates. Moreover, various measures of underlying inflation remain low. IMF staff analysis on sectoral price developments points to muted price pressure, both in sectors where pricing is typically less sensitive to the business cycle and in sectors where prices tend to respond to aggregate demand fluctuations (Figure 1.17). Trimmed-mean inflation rates (which eliminate extreme price changes from the price distribution every month to filter out underlying inflation and provide slow-moving, unbiased estimates of price pressure) point to declining, not increasing, inflation pressure (Figure 1.18).

Measuring slack has arguably become more difficult during the pandemic as both supply and demand have shifted. Nevertheless, even if output gaps are less negative than currently estimated, the implications for inflation should be relatively moderate. Phillips curves have become flatter in recent years—reflecting various factors, including globalization, automation, rising market concentration, and associated higher monopsony power of firms in labor markets. For the same reason that inflation did not drop much when output gaps were large and negative during the global financial crisis, inflation is unlikely to increase much—unless output gaps become positive and very large for an extended period of time and monetary policy does not react to rising inflation expectations.

Figure 1.18. Trend Inflation in Advanced Economies
(Percent)

Trimmed-mean inflation points to declining inflation pressure in advanced economies, in line with various measures of slack.



Sources: Cleveland Federal Reserve; Haver Analytics; and IMF staff calculations.
Note: CPI = consumer price index.

(Source: <https://www.elibrary.imf.org/view/books/081/29821-9781513575025-en/29821-9781513575025-en-book.xml>)

INDIAN ECONOMY OVERVIEW

The second wave of COVID-19 (in 2021) has spread rapidly worldwide, especially in India, Latin America and the European countries. The global best practices focused on localising mini-containment zones, restricting movement, strengthening health infrastructure and accelerating vaccination drive. In April 2021, the average transmission rate of COVID-19 virus was observed to have dropped in countries with high vaccination rates.

Recognising vaccination as a key pillar of the ‘rapid testing, follow-up, treatment and COVID-19 appropriate behaviour’ strategy, the government started Phase III of the vaccination drive for the 18–45 age group in May 2021. To accelerate the pace of vaccinations for all age groups across states, the government relaxed vaccine access and pricing.

In April 2021, economic recovery moderated due to impact of the second wave of COVID-19; however, outlook for FY22 performance remains favourable considering most high-frequency indicators continued to record growth in FY21 amid COVID-19 challenges.

- For FY22, the government has set a food grain production target at 307.31 million tonnes, an increase of 1.3% YoY, driven by the projected ‘normal’ monsoon.
- Given the rebound of COVID-19 in its second wave, the government decided to distribute food grains to ~80 crore beneficiaries covered by the National Food Safety Law of 2013. It offered an additional 5 kg of grains per person per month over and above the regular monthly supplies of food grains for May and June 2021 under the Pradhan Mantri Garib Kalyan Anna Yojana (PM-GKAY).
- In FY21, the Indian government announced PMGKAY-I (April–June 2020) and PMGKAY-II (July–November 2020), under which the FCI (Food Corporation of India) provided 104 LMT wheat and 201 LMT rice to their respective state governments/union territories (UTs).
- Employment demand under the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) improved significantly, with 21.2 crore man-days of work (a 50% YoY increase) recorded under the scheme in April 2021.
- In April 2021, the Manufacturing Purchasing Managers' Index (PMI) in India stood at 55.5, improving from 55.4 in March 2021, indicating favourable prospects for the domestic manufacturing sector.
- Power consumption increased 40% in April 2021, indicating sustained industrial and commercial activities.
- In March 2021, strong demand renewal continued, with sales of passenger vehicles and two- and three-wheelers increasing by 115% and 71%, respectively.
- An increase in port traffic and railway freight was recorded, indicating higher industrial development. In March 2021, port traffic grew 16.4% for the fifth month in a row, reflecting sustained expansion of economic activities. In April 2021, railways recorded >10% increase in freight loading.

- Gross GST collections stood at Rs. 141,384 crore (US\$ 19.41 billion) in April 2021.
- As per the provisional data for FY21 on indirect tax collections, net revenue collection stood at Rs. 10.71 lakh crore (US\$ 147.03 billion), an increase of 12.3% YoY.
- E-way invoices is a leading indicator of tax, supply chain correction and logistics growth. Since May 2020, continued recovery of interstate freight transportation has laid a good foundation for economic recovery.
- In April 2021, 5.8 crore e-way bills were issued. In terms of value, e-way bills generation reached Rs. 17.36 lakh crore (US\$ 238.33 billion) in April 2021 as against Rs. 3.9 lakh crore (US\$ 53.54 billion) in April 2020.
- In the fourth quarter of FY21 (as of May 2, 2021), earnings of 213 companies indicated a 15% increase in total sales of the corporate sector, highlighting recovery prospects in the manufacturing industry.
- In the fourth quarter of FY21, income and net sales of these 213 companies increased YoY by 9.5% and 12.8%, respectively.
- In FY21, UPI digital transactions were valued at Rs. 41.0 lakh crore (US\$ 562.88 billion) compared with Rs. 21.3 lakh crore (US\$ 292.42 billion) in FY20. In April 2021, UPI transactions were valued at Rs. 4.93 lakh crore (US\$ 67.68 billion)—recording >3x YoY growth. Also, in terms of volume, UPI transactions increased to 264 crore—more than 2x the volume in April 2020.
- In April 2021, the Indian basket of crude oil reached US\$ 63.1 a barrel, compared with the average crude oil price of US\$ 64.8 a barrel in March 2021, due to the demand build up amid vaccination optimism.
- In April 2021, merchandise exports increased to US\$ 30.2 billion (at 197.0% YoY growth), driven by strong performance from key sectors such as electronic goods, gems & jewellery, engineering, petroleum products, jute, carpet, handicrafts, leather, oil meals, cashew, marine products and chemicals.
- The RBI (Reserve Bank of India) has conducted open market purchases worth Rs. 3.13 lakh crore (US\$ 42.97 billion) in FY21 and Rs. 25,000 crore (US\$ 3.43 billion) in April 2021 to maintain sufficient liquidity in the system.
- Daily net liquidity absorption under the liquidity adjustment facility (LAF) averaged at Rs. 5.8 lakh crore (US\$ 79.63 billion) in April 2021.
- In FY21, foreign portfolio investment (FPI) inflows in India stood at US\$ 36.2 billion (the highest in a decade after FY15).
- As of April 23, 2021, India's foreign exchange reserves stood at US\$ 584.11 billion.

To ensure sufficient liquidity support in India's economic growth, the RBI announced (on April 7, 2021) its plan to extend the TLTRO (Targeted Long-term Repo Operations) on Tap programme for six months until September 30, 2021 and allocate Rs. 50,000 crore (US\$ 6.86 billion) to the All-India Financial Institutions (AIFIs) for FY22. In addition, the RBI announced new measures on May 5, 2021, as part of a comprehensive calibration strategy for the second wave. These measures are as follow:

- Provision of regular liquidity facilities of Rs. 50,000 crore (US\$ 6.86 billion) to give access to emergency medical services.
- Special long-term repurchase business (SLTRO) of small financial banks (SFB) for Rs. 10,000 crore (US\$ 1.37 billion).
- Loans by Small Finance Banks (SFBs) to MFIs for on-lending delegated Priority Sector loans, boosting credit to MSME entrepreneurs.
- Resolution framework 2.0 for stress assets related to individuals, small businesses and MSME's COVID-19 challenges.
- Rationalise compliance with KYC requirements for the convenience of customers.
- Use floating clauses and counter cycle term buffers and ease state government overdraft limits.

The final budget for FY22 announced by 17 states and UTs indicates an increase of 9.7% in capex expenditures from the FY21 reviewed estimates. Growth in capex expenditure is expected to stimulate revenues and return the economy to high-growth trajectories.

The 28th round of services and infrastructure outlook survey (SIOS) conducted by the RBI, from January to March 2021, indicated the respondent's optimism for commercial state and employment conditions for the first and third quarters of FY22. Infrastructure companies also indicated an optimistic outlook for the fourth quarter of FY21 and estimated quick growth in the overall situation of the business.

Note: Conversion rate used for May 2021 is Rs. 1 = US\$ 0.014

(Source: <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.
- In December 2020, Thomas Cook India, along with its arm SOTC, collaborated with Welcom Heritage Hotels to introduce holiday experiences across India.

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.
- On January 25, 2021, Union Tourism and Culture Minister Mr. Prahlad Singh Patel announced plan to develop an international-level infrastructure in Kargil (Ladakh) to promote adventure tourism and winter sports.

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.
- The Ministry of Tourism has created a policy for development and promotion of caravan and caravan camping parks.

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.

By 2028, international tourist arrivals are expected to reach 30.5 billion and generate revenue over US\$ 59 billion. However, domestic tourists are expected to drive the growth, post pandemic.

During 2020, a total of 8.38 million (Jan-Nov) foreign tourists arrived on e-Tourist Visa registering a growth of -67.2%. As of March 2021, the e-Tourist Visa facility was extended to citizens of 171 countries. 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.
- Indian government has estimated that India would emerge with a market size of 1.2 million cruise visitors by 2030-31. Dream Hotel Group plans to invest around US\$300 million in the next 3-5 years for the development of the cruise sector in India

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.

Some of the major initiatives planned by the Government of India to boost the tourism and hospitality sector of India are as follows:

- Government is planning to boost the tourism in India by leveraging on the lighthouses in the country. 71 lighthouses have been identified for development as tourist spots.
- The Ministry of Road Transport and Highways has introduced a new scheme called 'All India Tourist Vehicles Authorisation and Permit Rules, 2021', in which a tourist vehicle operator can register online for All India Tourist Authorisation/Permit. This permit will be issued within 30 days of submitting the application.
- In February 2021, the Ministry of Tourism under the Government of India's Regional Office (East) in Kolkata collaborated with Eastern Himalayas Travel & Tour Operator Association (resource partner) and the IAS School of Management as (knowledge partner) to organise an 'Incredible India Mega Homestay Development & Training' workshop. 725 homestay owners from Darjeeling, Kalimpong and the foothills of Dooars were trained in marketing, sales and behavioural skills
- On January 25, 2021, Union Tourism and Culture Minister Mr. Prahlaad Singh Patel announced plan to develop an international-level infrastructure in Kargil (Ladakh) to promote adventure tourism and winter sports.
- The Indian Railway Catering and Tourism Corporation (IRCTC) runs a series of Bharat Darshan tourist trains aimed at taking people to various pilgrimages across the country.
- On November 4, 2020, the Union Minister of State (IC) for Tourism & Culture Mr. Prahlaad Singh Patel inaugurated the "Tourist Facilitation Centre" facility constructed under the project "Development of Guruvayur, Kerala" (under the PRASHAD Scheme of the Ministry of Tourism).

- The Ministry of Tourism's 'DekhoApnaDesh' webinar series titled '12 Months of Adventure Travel' on November 28, 2020, is likely to promote India as an adventure tourism destination.
- On January 26, 2021, Maharashtra Chief Minister Mr. Uddhav Thackeray inaugurated Balasaheb Thackeray Gorewada International Zoological Park in Nagpur. It is India's largest zoological park spread over 564 hectares and expected to attract ~2.5 million tourists a year.
- The Ministry of Tourism developed an initiative called SAATHI (System for Assessment, Awareness & Training for Hospitality Industry) by partnering with the Quality Council of India (QCI) in October 2020. The initiative will effectively implement guidelines/SOPs issued with reference to COVID-19 for safe operations of hotels, restaurants, B&Bs and other units.
- Ministry of Tourism launched Dekho Apna Desh webinar series to provide information on many destinations and sheer depth and expanse on the culture and heritage of India.
- Statue of Sardar Vallabhbhai Patel, also known as 'Statue of Unity', was inaugurated in October 2018. It is the highest standing statue in the world at a height of 182 metre. It is expected to boost the tourism sector in the country and put it on the world tourism map.
- Under Budget 2020-21, the Government of India has allotted Rs. 1,200 crore (US\$ 171.70 million) for development of tourist circuits under Swadesh Darshan for eight Northeast states.
- Under Budget 2020-21, the Government of India has allotted Rs. 207.55 crore (US\$ 29.70 million) for development of tourist circuits under PRASHAD scheme.

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 the Budget 2021-22, the government has allotted Rs.1088.03 crore (US\$148.2million) for development of tourism infrastructure under Swadesh Darshan for the entire North east region.

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.
- On November 4, 2020, the Union Minister of State (IC) for Tourism & Culture Mr. Prahlad Singh Patel inaugurated the "Tourist Facilitation Centre" facility constructed under the project "Development of Guruvayur, Kerala" (under the PRASHAD Scheme of the Ministry of Tourism).

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.

State Initiatives to Promote Tourism

There is stiff competition among tourism boards from across the country to woo domestic travellers, with an increasing number of people opting for local destinations. Several tourism boards in states such as Punjab, Maharashtra, Kerala, Leh & Ladakh and Uttarakhand are leaving no stone unturned to attract travellers and revive the tourism economy. Key recent developments by state tourism departments are as follows:

Jammu & Kashmir:

- In March 2021, the Jammu & Kashmir (J&K) Tourism Department will organise road shows in Bhubaneswar, Bhopal, Bangalore, Indore, Chennai, Raipur, Varanasi, Lucknow, Nagpur, Mumbai, Hyderabad, Delhi, Cochin and Mysore to tap in the huge domestic tourism market. It has organised several shows in other major cities including Kolkata, Pune, Puri, Jaipur and Amritsar.

Uttarakhand:

- In March 2021, the PHD Chamber of Commerce and Industry (CCI) and Travel XP announced a film series based on the theme of 'Uttarakhand Travel Diary', covering the beautiful and unseen places of Uttarakhand to promote tourism.

Kerala:

- In February 2021, Kerala has rolled out a string of new projects for Rs.60 crore (US\$ 8 million) to encourage tourism and lend visibility to 25 locations in rural and semi-urban areas across the state.

Odisha:

- In February 2021, Odisha Finance Minister Mr. Niranjan Pujari announced an allocation of Rs.942 crore (US\$ 128 million) for three temple projects in Puri, Bhubaneswar and Sambalpur to boost temple tourism in the state.

Madhya Pradesh:

- In January 2021, the Madhya Pradesh government launched an 'Aas Paas' tourism campaign to advertise its 11 national parks and 24 wild life sanctuaries as well as new homestay, village stay and farm stay options.
- In March 2021, Maharaja Chhatrasal Convention Centre was established in Khajuraho, Madhya Pradesh, under the Swadesh Darshan Scheme of the Ministry of Tourism.

Maharashtra:

- In January 2021, the Ministry of Tourism Maharashtra signed MoUs with various hospitality firms worth Rs. 2,905 crore (397.70 million) to develop tourism in the state and create 6,754 jobs in the next five years.

All India Tourist Vehicles Authorisation and Permit Rules, 2021

- The Ministry of Road Transport and Highways has introduced a new scheme called 'All India Tourist Vehicles Authorisation and Permit Rules, 2021', in which a tourist vehicle operator can register online for All India Tourist Authorisation/Permit.

- This permit will be issued within 30 days of submitting the application.
- The scheme will be applicable from April 1, 2021 and promote tourism across the country

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.

Niche segments offer good opportunities

Medical tourism

- The presence of world -class hospitals & skilled medical professionals makes India a preferred destination for medical tourism.
- India's earning from medical tourism could exceed US \$ 9 billion by 2020.
- Tour operators are teaming up with hospitals to tap this market.
- Medical tourism to benefit a lot post COVID -19 pandemic owing to rising recognition of the country for being safe and for dealing with post Corona impacts.

Cruise tourism

- Cruise is one of the most dynamic & fastest – growing segments in the global leisure industry.
- Government of India has estimated that India would emerge with a market size of 1.2 million cruise visitors by 2030-31.
- Moreover, India is looking to take advantage of its 7,500 km coastline to tap growth potential of the cruise tourism segment.
- The cruise terminal in Mumbai has been allocated Rs. 1,000 crore (US \$ 155.55 million).
- India signed a deal of worth US \$ 950 million with Russia for two upgraded cruises. These ships are expected to be delivered by 2022.

Rural tourism

- The potential for development of rural tourism in India is high as most of its population reside in rural areas.
- This can benefit the local community economically and socially and facilitate interaction between tourists and locals for a mutually enriching experience.

Eco tourism

- India is often termed as the hot spot for bio-diversity and its rich natural heritage is unparalleled in many ways.
- Such valuable resource base gives impetus for the practice of variety of alternate tourism forms & many of which are already in existence.
- For example: National parks, wild life sanctuaries and bio sphere reserves.
- In January 2021, Old Goa – based Indian Council of Agricultural Research-Central Coastal Agricultural Research Institute (ICAR-CCARI) launched the agro-eco tourism (AET) module as a potential alternative to regular tourism.

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 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 21, 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 100 and 134, 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 '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 started 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. As of date of this Letter of Offer, we have completed the renovation of the main structure of our Hotel, however we are yet to complete the construction of a multi-level car parking area and setting up of a transformer in the premises of our Hotel. The renovation process is expected to be completed in the financial year 2021-22. 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. Further, our Company has executed a lease deed and a license agreement dated October 30, 2020 with M/s. Culinary Ocean Hospitality LLP, wherein we have leased a part of our property situated at 144, Sterling Road, Nungambakkam, Chennai 600 034, Tamil Nadu, India and granted license to run "Hard Rock Café" including Rock Shop in the said property.

The key terms of the lease deed and the license agreement have been provided below:

1) ***Lease Deed dated October 30, 2020 executed between our Company and M/s. Culinary Ocean Hospitality LLP (“Lessee”) (collectively the “Parties”):***

- a) ***Details of the property leased:*** The portion of the building having area of about 500 square feet situated in the basement floor in the building known as Aruna Centre, 145, Sterling Road, Nungambakkam, Chennai 600 034, Tamil Nadu, India.
- b) ***Period of lease :*** The lease shall commence from October 30, 2020 and shall be valid for a period of 15 (fifteen) years from the said date. There shall be a lock in period of 03 (three) years from the date of commencement of lease i.e. October 30, 2020 and the Lessee shall not terminate the lease during the lock in period.
- c) ***Renewal of lease :*** After the expiry of lease or any time before the expiry, the Parties may at mutually agreeable terms and conditions renew the lease and execute a fresh lease deed for the renewed period.
- d) ***Rent and other charges :***
- The rent payable by the Lessee shall be as follows:
 - i) For the first three (03) years period : ₹ 50,000 plus applicable GST;
 - ii) For the second three (03) years period : ₹ 57,500 plus applicable GST;
 - iii) For the third three (03) years period : ₹ 66,125 plus applicable GST;
 - iv) For the fourth three (03) years period : ₹ 76,044 plus applicable GST; and
 - v) For the fifth three (03) years period : ₹ 87,450 plus applicable GST.
 - The Lessee has deposited a security deposit of ₹ 3,00,000/-
 - The Lessee shall also pay common area maintenance charge, electricity charges, water charges, DG charges and other consumable charges, etc.
 - In case of delay in payment of rent and other charges, for more than 05 (five) days from the due date, an interest at the rate of 02% shall be levied for such delay.
- e) ***Purpose of the lease :*** The Lessee shall use the leased property as its staff pantry room during the business hours of Hard Rock Café.

2) ***License Agreement dated October 30, 2020 executed between our Company and M/s. Culinary Ocean Hospitality LLP (“Licensee”) (collectively the “Parties”):***

- a) ***Details of the property licensed:*** South-west portion of the building known as “Aruna Hotel Building” having a built up area of 3,712 square feet situated at ground floor, door number 144, Sterling Road, Nungambakkam, Chennai 600 034, Tamil Nadu, India.
- In addition to the above, the licensed property includes, 05 (five) car parking spaces in the above building premises and 30 (thirty) additional car parking slots near the Aruna Hotel Building premises situated at door number 43, Sterling Road, Nungambakkam, Chennai 600 034, Tamil Nadu, India
- b) ***Details of the license granted:*** Our Company has granted a license to the Licensee to run “Hard Rock Café” including a Rock Shop, in the aforementioned property.
- c) ***Period of license :*** The license has been granted for a period of 15 (fifteen) years with effect from October 30, 2020. There shall be a lock in period of 03 (three) years from October 30, 2020 and the Licensee shall not be entitled to cancel the license during the lock in period.
- d) ***Renewal of license :*** After the expiry of the license or any time before the expiry, the Parties may at mutually agreeable terms and conditions renew the license and execute a fresh license agreement deed for the renewed period.
- e) ***License Fee and other charges :***
- The Licensee shall pay a monthly license fee of ₹ 5,14,000/- plus applicable GST. The Licensee shall pay ₹ 75,000/- plus applicable GST per month towards car parking charges. The monthly license

fee and car parking charges shall be increased at the rate of 15% after the expiry of each three year period.

- The Licensee shall also be liable to pay an annual conducting fee of ₹ 12,00,000/- plus applicable taxes for the FY 2020-2021. The annual conducting fee for the subsequent financial years shall be as per the mutual agreement between the parties.
- The Licensee has deposited an interest free refundable security deposit of ₹ 30,84,000/-
- In addition to the above, the Licensee shall also pay common area maintenance charge, one-time maintenance charge, electricity charges, water charges, gas charges, DG charges and other consumable charges, etc.

For the Fiscals 2021, 2020 and 2019, our total revenue was ₹ 32.77 lakhs, ₹ 10.48 lakhs and ₹ 82.60 lakhs. Also, our profit after tax for the Fiscals 2021, 2020 and 2019 was ₹ (1,007.96) lakhs, ₹ (788.57) lakhs, ₹ (979.31) 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 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. |

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 Letter of Offer, we have five (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 Letter of Offer:

| Name, designation, address, occupation, nationality, term and DIN | Age (years) | Other directorships |
|--|-------------|------------------------------------|
| <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: E-104, Casa Grande The Address, Easwaran Street, Opposite Aravind Theatre, Karapakkam, Oggiamthoraiyakkam, Kancheepuram, Chennai – 600 097, 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> | 45 | Nil |
| <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 |
| <p>Rajakumar Kumaravelayatha Nadar</p> <p>DIN: 05187894</p> <p>Date of Birth: May 15, 1962</p> <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> | 59 | i. Sivels Holdings Private Limited |

| Name, designation, address, occupation, nationality, term and DIN | Age (years) | Other directorships |
|---|-------------|---------------------|
| <p>Term: Appointed with effect from March 02, 2015 and is liable to retire by rotation</p> <p>Nationality: Indian</p> | | |
| <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, Velachery, 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> | 65 | Nil |
| <p>Freda 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.</p> <p>Nationality: Indian</p> | 62 | Nil |

Brief Biographies of Directors:

Muralidharan Ramasamy, aged 45 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 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 Promoter Group Companies. He has been associated with our Company since August 29, 2019.

Rajakumar Kumaravelayatha Nadar, aged 59 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 Promoter Group Companies. He has been associated with our Company since March 02, 2015.

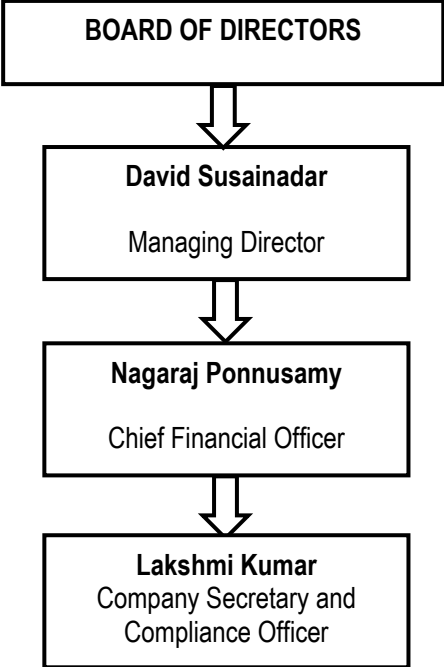
Suyambu Narayanan, aged 65 years, is an Independent Director of our Company. He holds a bachelor's degree in arts from Madurai Kamaraj University. He has been associated with our Company since February 10, 2017.

Freeda Gnanaselvam Kanagiah, aged 62 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 and Shareholders dated August 26, 2020 and September 21, 2020, respectively.

Confirmations

- 1. 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 Letter of Offer with the SEBI and the Stock Exchange, during the term of his/ her directorship in such company.
- 2. 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.

Management Organization Structure



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:
 - a. Directors;
 - b. Key Managerial Personnel; and
 - c. 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. | Freedra 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 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 Promoter Group entities.

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.

All our Key Managerial Personnel are permanent employees of our Company.

None of our Key Managerial Personnel are entitled to receive any termination or retirement benefits.

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.

OUR PROMOTER

S. Balasubramanian Adityan, aged 56 years, is the Promoter of our Company. As on the date of this Letter of Offer, he holds 1,03,296 Equity Shares constituting 1.15% of the pre-Issue issued, subscribed and paid-up Equity Share Capital of our Company. We do not have the requisite documents to disclose the educational qualifications and experience of our Promoter, for risks relating to the same please refer to Risk Factor Number 23 : “*Our Company does not have any documentary evidence for the educational qualifications and experience of our Promoter and some of our Directors*” in the chapter titled “*Risk Factors*” at page 32 of this Letter of Offer.

Our Promoter does not have requisite experience in the business of our Company, for risk relating to the same please refer to Risk Factor Number 03: “*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*” at page 22 of this Letter of Offer.

The details of the directorships held by our Promoter are provided below:

| 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 |

Other Confirmations

1. None of our Promoter or Promoter Group 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.
2. Our Promoter has not been declared as a Fugitive Economic Offender under Section 12 of the Fugitive Economic Offenders Act, 2018.
3. None of our Promoter or Promoter Group entities 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.
4. 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.

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-28 of the Restated Financial Information in this 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 2021, 2020 and 2019. 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. 48 – 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 40 of this Letter of Offer.

SECTION V – FINANCIAL INFORMATION

RESTATED FINANCIAL INFORMATION

| S. No. | Details | Page Number |
|---------------|--------------------------------|--------------------|
| 1. | Restated Financial Information | 101 |
| 3. | Capitalization Statement | 132 |

(The remainder of this page is intentionally left blank)

AUDITORS REPORT ON RESTATED FINANCIAL INFORMATION

To,

The Board of Directors,

Aruna Hotels Limited

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

Auditor’s Report on Restated Financial Information of Aruna Hotels Limited

Dear sirs,

1. We have examined the attached Restated Financial Information of **Aruna Hotels Limited** (the “**Company**” or the “**Issuer**”) comprising the Restated Financial Statements (Restated Statement of Assets and Liabilities (Annexure I) for each of the financial years ended March 31, 2021, March 31, 2020, March 31, 2019, the Restated Statement of Profit and Loss (Annexure II) (including other comprehensive income), the Restated Statement of Cash flows (Annexure III), the Restated Statement of Changes in Equity (Annexure IV) for each of the financial years ended March 31, 2021, March 31, 2020 and March 31, 2019, the Restated Summary of Significant Accounting Policies and other explanatory information (Annexure V), (collectively the “Restated Financial Information”), for the purpose of inclusion in the Draft Letter of Offer (“**DLOF**”) and the Letter of Offer (“**LOF**”) (DLOF and LOF collectively referred to as “**Offer Documents**”) prepared by the Company in connection with its proposed Rights issues of equity shares (“**RI**”) in terms of the requirements of:
 - a) Section 26 of Part I of Chapter III of the Companies Act, 2013, as amended (the “Act”) read with Rules 4 to 6 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 (the “Rules”)
 - b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time pursuant to the provisions of the Securities and Exchange Board of India Act, 1992 (“SEBI 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 Documents to be filed with Securities and Exchange Board of India, BSE Limited (the “Stock Exchanges”) and Registrar of Companies, Chennai, Tamil Nadu, in connection with the proposed RI. The Restated Financial Information have been prepared by the management of the Company on the basis of preparation stated in note 2 of Annexure V to the Restated Financial Information.

The responsibility of the Board of Directors of the Company includes designing, implementing, and maintaining adequate internal control relevant to the preparation and presentation of the Restated Financial Information. The Board of Directors are also responsible for identifying and

V. Iram



ensuring that the Company complies with the Act, SEBI ICDR Regulations, and the Guidance Note.

3. We have examined such Restated Financial Information taking into consideration:
 - a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter in connection with the proposed Rights Issue of the Company.
 - b) The Guidance Note which also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
 - c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Financial Information and
 - d) The requirements of Section 26 of the Act and the SEBI ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the SEBI ICDR Regulations and the Guidance Note in connection with the proposed Rights Issue.

4. These Restated Financial Information have been prepared under the Indian Accounting Standards (the “Ind-AS”) notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended, read with Section 133 of the Act and have been compiled by the management from:
 - a) The audited financial statements of the Company for the financial year ended March 31, 2021, prepared in accordance with the Ind AS as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, and Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and other relevant provisions of the Act.
 - b) The audited financial statements of the Company for the financial year ended March 31, 2020, prepared in accordance with the Ind AS as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, and Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and other relevant provisions of the Act.
 - c) The audited financial statements of the Company for the financial year ended March 31, 2019, prepared in accordance with the Ind AS as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, and Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and other relevant provisions of the Act.

5. For the purpose of our examination, we have relied on:

Auditors’ Report dated 17.06.2021, 29.06.2020, 21.05.2019 on the financial statements of the Company for each of the years ended March 31, 2021, March 31, 2020, and March 31, 2019, respectively, as referred in Paragraph above.

6. There were no modifications to the audit reports on the financial statements issued by us for each of the financial years ended March 31, 2021, March 31, 2020, and March 31, 2019.

V. Aniram



7. Based on our examination and according to the information and explanations given to for the respective years, 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, 2021, 2020 and 2019 to reflect the same accounting treatment as per the accounting policies.
 - b) do not require any adjustments for the matters giving rise to modifications as stated in paragraph 6 above; and
 - c) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.
8. The Restated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on Audited Ind AS financial statements as mentioned in the paragraph 4 above.
9. We have also examined the following Restated 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 Audited Financial Statements
 - c) Annexure VII: Notes to Restated Financial Information
 - d) Annexure VIII: Restated Statement of Dividend Paid
 - e) Annexure IX: Restated Statement of Capitalization
 - f) Annexure X: Restated Statement of Accounting Ratios
 - g) Annexure XI: Summary Statement of Tax Shelter
 - h) Annexure XII: Statement of Material Fraud

According to the information and explanations given to us, in our opinion, the Restated Financial Information and the above restated 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.

10. 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 should this report be construed as a new opinion on any of the financial statements referred to herein.
11. We have no responsibility to update our report for events and circumstances occurring after the date of this report.
12. Our report is intended solely for use of the Board of Directors for inclusion in the Offer Documents to be filed with Securities and Exchange Board of India, the Stock Exchanges and the Registrar of Companies, Chennai at Tamil Nadu in connection with the proposed Rights Issue. Our report should not be used, referred to, or distributed for any other purpose except

V. Iram





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.

Firm Registration Number: 000318S

V. Sriram



CA Sriram V
Partner

ICAI Membership Number: 216203

UDIN: 21216203AAAAFE6709

Place: Chennai

Date: 16.07.2021



ARUNA HOTELS LIMITED
CIN :L15421TN1960PLC004255
Annexure I: Restated Statement of Assets and Liabilities

| Particulars | Note No. of Annexure VII | As at March 31, 2021 (Audited) (Rs in Lakhs) | As at March 31, 2020 (Audited) (Rs in Lakhs) | As at March 31, 2019 (Audited) (Rs in Lakhs) |
|--|--------------------------|--|--|--|
| ASSETS | | | | |
| Non-current Assets | | | | |
| (a) Property, plant and equipment | 1 | 1,707.24 | 1,785.71 | 1,865.30 |
| (b) Capital work-in-progress | 1 | 4,093.49 | 2,847.39 | 1,193.96 |
| (c) Financial assets | | | | |
| (i) Deposits | 2 | 33.10 | 27.08 | 26.22 |
| (d) Other non-current assets | 4 | 360.69 | 360.69 | 360.69 |
| | | 6,194.51 | 5,020.87 | 3,446.17 |
| Current Assets | | | | |
| (a) Financial assets | | | | |
| (i) Trade receivables | 5 | 36.39 | - | - |
| (ii) Cash and cash equivalents | 5 | 26.20 | 21.39 | 219.08 |
| (b) Other current assets | 6 | 405.13 | 343.78 | 153.93 |
| | | 467.72 | 365.17 | 373.01 |
| Total Assets | | 6,662.23 | 5,386.04 | 3,819.18 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| (a) Share capital | 7 | 1,210.00 | 1,210.00 | 1,210.00 |
| (b) Other equity | Annex IV | (8,742.92) | (7,735.01) | (6,946.40) |
| Total Equity | | (7,532.92) | (6,525.01) | (5,736.40) |
| Liabilities | | | | |
| Non-current liabilities | | | | |
| (a) Financial liabilities | | | | |
| (i) Borrowings | 8 | 10,478.62 | 9,228.85 | 7,753.85 |
| (b) Other Non Current Liabilities | 10(b) | 33.84 | 15.42 | 15.42 |
| (c) Deferred tax liabilities | 3 | 1,254.66 | 1,120.99 | 978.82 |
| | | 11,767.12 | 10,365.26 | 8,748.09 |
| Current liabilities | | | | |
| (a) Financial liabilities | | | | |
| (i) Trade payables | 9 | 57.57 | 68.11 | 31.38 |
| (ii) Other current financial liabilities | 9 | 654.45 | 583.33 | 250.00 |
| (iii) Interest accrued yet to be paid | 9 | 1,695.02 | 807.75 | 173.55 |
| (b) Other current liabilities | 10(a) | 20.99 | 86.59 | 352.56 |
| | | 2,428.03 | 1,545.79 | 807.49 |
| Total Liabilities | | 14,195.15 | 11,911.05 | 9,555.58 |
| Total Equity and Liabilities | | 6,662.23 | 5,386.04 | 3,819.18 |

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
UDIN: 21216203AAAAFE6709

Place: Chennai
Date: 16.07.2021

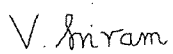
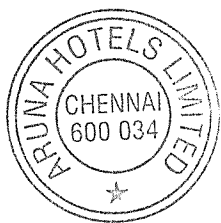

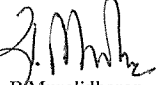
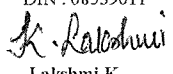



For and on behalf of the Board
Aruna Hotels Limited

MS David *RMuralidharan*
Managing Director Director

DIN : 08539011 DIN : 07092976

Lakshmi K *Nagaraj P*
Lakshmi K Nagaraj P
Company Secretary 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, 2021 (Audited) | Year ended March 31, 2020 (Audited) | Year ended March 31,2019 (Audited) |
| | | (Rs in Lakhs except EPS) | (Rs in Lakhs except EPS) | (Rs in Lakhs except EPS) |
| INCOME | | | | |
| Revenue from operations | | | | |
| Other Operating Revenue | | 30.84 | - | - |
| Other Income | | | | |
| Rental Income | 11 | - | 5.79 | 7.71 |
| Creditors/Liability Written Back | | - | 1.27 | 63.05 |
| Other Income | | 1.93 | 3.44 | 11.84 |
| Total Income | | 32.77 | 10.48 | 82.60 |
| EXPENSES | | | | |
| Employee benefits expense | 12 | 172.27 | 37.23 | 26.25 |
| Depreciation & amortization expense | 13 | 78.47 | 79.60 | 80.11 |
| Other expenses | 14 | 135.94 | 137.01 | 361.53 |
| Finance costs | 15 | 520.40 | 403.06 | 444.29 |
| Total expenses | | 907.07 | 656.89 | 912.18 |
| Profit before tax | | (874.30) | (646.40) | (829.58) |
| Tax Expense: | | | | |
| Deffered tax | 3 | 133.67 | 142.17 | 149.73 |
| Total tax | | 133.67 | 142.17 | 149.73 |
| Profit for the year | | (1,007.96) | (788.57) | (979.31) |
| 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 | | | | |
| | | | | |
| Total Comprehensive Income for the year (Comprising Profit and Other Comprehensive Income for the year) | | | | |
| | | (1,007.96) | (788.57) | (979.31) |
| Earnings per equity share | | | | |
| (1) Basic | | (11.20) | (8.76) | (10.88) |
| (2) Diluted | | (11.20) | (8.76) | (10.88) |
| 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 | | | | |
| For Bala & Co Chartered Accountants Firm Registration No.: 000318S  Sriram Visvanathan Partner Membership No : 216203 UDIN: 21216203AAAAFE6709 | | For and on behalf of the Board Aruna Hotels Limited   MS David Managing Director DIN : 08539011  R Muralidharan Director  Lakshmi K Company Secretary  Nagaraj P Chief Financial Officer | | |
| Place: Chennai | | | | |
| Date: 16.07.2021 | | | | |

ARUNA HOTELS LIMITED
CIN :L15421TN1960PLC004255
Annexure III: Restated Statement of Cash Flows

| Particulars | Year ended | Year ended | Year ended |
|--|----------------------------|----------------------------|----------------------------|
| | March 31,2021 (Audited) | March 31,2020 (Audited) | March 31,2019 (Audited) |
| | (Rs in Lakhs) | (Rs in Lakhs) | (Rs in Lakhs) |
| Profit before taxation | (874.30) | (646.40) | (829.58) |
| Adjustments for: | | | |
| Depreciation | 78.47 | 79.60 | 80.11 |
| Interest received | (0.85) | (3.44) | (9.05) |
| Interest expense | 520.40 | 403.06 | 444.29 |
| Operating cash flow before changes in working capital | (276.28) | (167.18) | (314.23) |
| Adjustments for changes in: | | | |
| Non operating reserves income | | | |
| Trade receivables | (36.39) | | |
| Other current assets* | (61.34) | (189.85) | (120.23) |
| Non Current Financial Assets | (6.02) | (0.90) | (0.11) |
| Other current liabilities | (65.58) | (265.97) | 257.21 |
| Other Non current liabilities | 18.42 | | |
| Trade payables | (10.54) | 36.73 | 14.33 |
| Cash generated from operations | (437.73) | (587.17) | (163.04) |
| Income taxes paid | | | |
| Net cash from operating activities-A | (437.73) | (587.17) | (163.04) |
| Cash flows from investing activities | | | |
| Change in Capital work in progress | (1,246.10) | (1,653.43) | (805.05) |
| Interest received | 0.85 | 3.44 | 9.05 |
| Net cash used in investing activities-B | (1,245.24) | (1,650.00) | (796.01) |
| Cash flows from financing activities | | | |
| Proceeds/(Repayment) from long term borrowings | 1,249.77 | 1,475.00 | 6,310.80 |
| Increase/(Decrease) in other current financial liability | 958.41 | 967.54 | 423.56 |
| (Increase)/ Decrease in non-current assets | - | - | (360.70) |
| Interest paid | (520.40) | (403.06) | (444.02) |
| Net cash used in financing activities-C | 1,687.78 | 2,039.48 | 5,929.66 |
| Net increase in cash and cash equivalents - (A+B+C) | 4.81 | (197.69) | 4,970.61 |
| Cash and cash equivalents at the beginning of year | 21.39 | 219.08 | (4,751.53) |
| Cash and cash equivalents at the end of year | 26.20 | 21.39 | 219.08 |
| Cash and cash equivalents consists of: | | | |
| Cash in hand and Balances with banks | 26.20 | 21.39 | 219.08 |
| | 26.20 | 21.39 | 219.08 |

*Deposits in PNB A/c are Lien Marked against Court Case In FY'21, Fixed Deposit was moved to non-current financial assets, hence reclassified in FY'20 and FY'19 as well.

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

For Bala & Co
Chartered Accountants
Firm Registration No.: 000318S

V. Sriram

Sriram Visvanathan
Partner
Membership No : 216203
UDIN: 21216203.AAAAFE6709



For and on behalf of the Board
Aruna Hotels Limited

MS David R Muralidharan
Managing Director Director
DIN : 08539011 DIN : 07092976

Lakshmi K Nagaraj P
Company Secretary Chief Financial Officer

Place: Chennai
Date: 16.07.2021

ARUNA HOTELS LIMITED
CIN : L15421TN1960PLC004255
Annexure IV: Restated statement of changes in equity

a. Equity share Capital

| 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.) |
|---|--------------------------|--------------------------------------|-----------------|---|-----------------|---|-----------------|--|-----------------|
| Balance as at March 31, 2018 | | 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 | 7 | - | - | - | - | - | - | - | - |
| 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 |
| Changes in equity share capital during the year | | - | - | - | - | - | - | - | - |
| Balance as at March 31 2021 | | 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 | | | | | Total |
|--|----------------------|----------------------------|----------------------------|-------------------------------------|-------------------|------------|
| | Capital Reserve | Capital Redemption Reserve | Securities Premium Reserve | Preference share Redemption Reserve | Retained Earnings | |
| 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) |
| Profit/(Loss) for the year | - | - | - | - | (1,007.96) | (1,007.96) |
| Total Comprehensive Income for the year | - | - | - | - | (1,007.96) | (1,007.96) |
| Balance as at March 31, 2021 | - | 4.00 | 1,652.16 | 30.25 | (10,429.38) | (8,742.92) |

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
UDIN: 21216203AAAAFE6709

Place: Chennai
Date : 16.07.2021

For and on behalf of the Board
Aruna Hotels Limited

MS Davit R Muralidharan
Managing Director Director

DIN : 08539011 DIN : 07092976

Lakshmi K Nagaraj P
Company Secretary Chief Financial Officer



Annexure V: Restated 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 2021, 31st March 2020 and 31st March 2019. 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 2021, 31st March 2020 and 31st March 2019, the restated statements of profit and loss, the restated statement of changes in equity and the restated statement of cash flow for the financial year ended on 31st March 2021, 2020 and 2019 (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 2021, 31 March 2020 and 31 March 2019, 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 17th June 2021, 29th June, 2020 and 21st May 2019 respectively.

The Restated Financial Information has been prepared by the management for the purpose of inclusion in the 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 mended from time to time (the “Guidance Note”).

V. Iriram



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 2021 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 16th July 2021.

B.2 Going Concern Assumption

The Company has taken into account all the possible impacts of COVID-19 in preparation of these restated financial statements, including but not limited to its assessment of, liquidity and going concern assumption, recoverable values of its financial and non-financial assets, impact on revenue recognition. The Company has carried out this assessment based on available internal and external sources of information up to the date of approval of these restated financial statements and believes that the impact of COVID-19 is not material to these restated financial statements and expects to recover the carrying amount of its assets. The impact of COVID-19 on the financial statements may differ from that estimated as at the date of approval of these restated financial statements owing to the nature and duration of COVID-19.

The company halted its operations in FY 2014-15. Since FY 15-16 the company is under the process of renovation and was likely to commence its operations at the end of FY 2019-20. The completion of renovation work and commencement of operations have got delayed due to lockdowns and macro-economic factors during Covid-19. The management has plans to commence its hotel operations in FY 2021-22 which we have reviewed, the company will be able to generate cash flows from their operations in near future.

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.

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

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

C.2 Income Tax

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

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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, 2021 | Useful life considered March, 2020 | Useful life considered March, 2019 |
|--------------|------------------------------------|------------------------------------|------------------------------------|
| 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

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

Other revenues

Other revenue majorly comprises 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

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restated financial statement for the financial year 2018-19, 2019-20 and 2020-21.

2.6 Financial assets, financial liabilities

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and 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 measured on initial recognition of financial asset or financial liability. The Company derecognises a financial asset only 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 entity. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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 lifetime expected losses i.e., expected cash shortfall based on the management decision.

Impairment of financial assets

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. In determining the allowances for doubtful trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and allowance rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-months expected credit losses or at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

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.

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 interest method used to capitalize the interest expense charged on loan from related party is based on the proportion of capital expenditure done during the quarter along with the incremental loan increased during the year. The management has referred the para 11 to 14 of Ind AS 23, the effective rate of method provided in para 14 of Ind AS 23 was not feasible in the case of Aruna Hotels Limited as the repayment of interest and loan instalment will start as and when the operations will start. Hence, based on the best judgement by the management proportionate method is used.

This Secured Borrowings consists of Secondary Mortgage on Building owned by the Company. The Primary Mortgage is held by HDFC Bank Ltd.

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:

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.

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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 Earnings 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.

Ordinary Shares

Ordinary Shares are classified as equity share capital. Incremental costs directly attributable to the issuance of the new ordinary shares, share options and buyback are recognized as a deduction from equity, net of any tax effects.

Description of reserves

Retained earnings.

This reserve represents undistributed accumulated earnings of the Company as on the balance sheet date.

Securities Premium

The amount received in excess of the par value of the equity shares has been classified as securities premium.

Capital redemption reserve.

As per Companies Act, 2013, capital redemption reserve is created when company purchases its own shares out of free reserves or securities premium. A sum equal to the nominal value of the shares so purchased is transferred to capital redemption reserve. The reserve is utilised in accordance with the provisions of section 69 of the Companies Act, 2013.

Revaluation Reserve

Revaluation Reserve is the upward or downward adjustment of the value of the asset, done depending on the material changes in the value of the asset. This reserve will not be available for distribution of dividend to shareholders.

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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:

A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

Useful lives of depreciable/ amortizable assets (tangible and intangible):

The Company reviews the useful life of property, plant, and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

Provisions and Contingencies:

The Company estimates the provisions that have present obligations as a result of past events, and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates. The Company uses significant judgements to disclose 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 arises 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. Contingent assets are neither recognised nor disclosed in the standalone financial statements.

Borrowing Costs

Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. An entity shall capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. An entity shall recognise other borrowing costs as an expense in the period in which it incurs them. Specific borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset have been capitalised. General borrowing costs that are attributable to the construction of a qualifying asset have been capitalized using proportionate method which is subject to management judgment.

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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 31,2021 (Audited) | March 31,2020 (Audited) | March 31,2019 (Audited) |
| Prepared as per | | Ind AS | Ind AS | Ind AS |
| Loss (including other comprehensive income) | | (1,007.96) | (788.57) | (1,814.46) |
| Material adjustment on account of restatement | | | | |
| Audit qualification: Deffered 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) |
| Total Adjustments | | - | - | (835.15) |
| Restated total comprehensive income | | (1,007.96) | (788.57) | (979.31) |

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 31,2021 (Audited) | March 31,2020 (Audited) | March 31,2019 (Audited) |
| Total Equity as per audited financial statements | | 611.38 | 1,713.53 | 2,596.29 |
| Effect of: | | | | |
| Ind AS adjustments: | | | | |
| Revaluation surplus | 18(b) | 8,144.30 | 8,238.53 | 8,332.69 |
| Total Adjustments | | 8,144.30 | 8,238.53 | 8,332.69 |
| Total Equity under Ind AS | | (7,532.92) | (6,525.01) | (5,736.40) |

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Annexure VII: Notes to restated financial information

| I. Property, plant and equipment | | | | | | | (Rs in lakhs) |
|----------------------------------|---------------|----------|----------|-------------------|----------|--------------------------|---------------|
| Asset Category | Freehold Land | Building | Vehicles | Computers/Laptops | Total | Capital work in progress | |
| 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 | |
| Additions | - | - | - | - | - | 1,246.10 | |
| Disposals | - | - | - | - | - | - | |
| Reserve | - | - | - | - | - | - | |
| At March 31 ,2021 | 772.52 | 2,287.62 | 24.16 | 2.73 | 3,087.03 | 4,093.49 | |
| Depreciation | | | | | | | |
| 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 | - | |
| Additions | - | 76.78 | 1.69 | - | 78.47 | - | |
| Disposals | - | - | - | - | - | - | |
| Adjusted against reserves | - | - | - | - | - | - | |
| At March 31 ,2021 | - | 1,355.80 | 21.26 | 2.74 | 1,379.80 | - | |
| Net Block | | | | | | | |
| At March 31,2019 | 772.52 | 1,085.38 | 7.40 | - | 1,865.30 | 1,193.96 | |
| At March 31,2020 | 772.52 | 1,008.60 | 4.59 | - | 1,785.71 | 2,847.39 | |
| At March 31 ,2021 | 772.52 | 931.82 | 2.90 | - | 1,707.24 | 4,093.49 | |

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Details of Capital Work in Progress as on March 31,2021

(Rs in Lakhs)

| Name of the Party | Amount till Mar'21 |
|---|---------------------------|
| Altech | 11.30 |
| Code | 1,325.17 |
| Bureau Veritas | 11.21 |
| Disha Interiors P Ltd | 14.80 |
| Drapes & Dreams | 0.65 |
| Ecolandscapers | 0.20 |
| Exelan Networking Tchn P Ltd | 20.10 |
| Forma Electical P Ltd | 0.30 |
| Gladiance Automation P Ltd | 26.78 |
| IDS Next Business solutions P Ltd | 4.94 |
| JEPL Projects and altech | 23.79 |
| Johnson Lifts Pvt Ltd | 40.27 |
| J.S. Traders | 15.00 |
| K. Thangaiya Bore Wells | 5.09 |
| Kaiyaan | 0.25 |
| Karthikeyan Associate | 0.89 |
| Kiruthika Enterprises | 86.46 |
| Klen Laundroworks | 33.51 |
| Light Scape | 0.13 |
| Mantac Engineers | 36.76 |
| Ode Furnishings | 1.86 |
| Parklayer P Ltd | 10.80 |
| POM Engineers | 169.74 |
| RK Plumbing | 0.69 |
| Sans Key Technologies I Pvt Ltd | 13.22 |
| Satco Traders | 1.35 |
| Season Control Private Ltd | 241.96 |
| Show Lights | 0.40 |
| Siddharth Enterprises | 12.75 |
| Sree Ram Engineers | 423.55 |
| Task Master Construction & Consultancy Se | 155.86 |
| Transform | 98.11 |
| Unimech Systems India P Ltd | 105.05 |
| Voltamp Transformers Limited | 20.53 |
| Mustafa M | 2.48 |
| Interest related to CWIP | 1,177.54 |
| Total | 4,093.49 |

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2. Financial Assets-Non Current

| Particulars | As at | As at | As at |
|-------------------------|--------------------------|--------------------------|--------------------------|
| | March 31, 2021 (Audited) | March 31, 2020 (Audited) | March 31, 2019 (Audited) |
| | (Rs in Lakhs) | (Rs in Lakhs) | (Rs in Lakhs) |
| Security Deposit | | | |
| MES Deposit | 14.14 | 14.14 | 14.14 |
| Electricity Deposit | 5.16 | - | - |
| BSNL Deposit | 0.01 | 0.01 | 0.01 |
| | 19.31 | 14.15 | 14.15 |
| Other | | | |
| PNB Deposit with Court* | 13.79 | 12.94 | 12.07 |
| Total | 33.10 | 27.08 | 26.22 |

*Deposits in PNB A/c are Lien Marked against Court Case. This Fixed Deposits was shown under cash and cash equivalents in FY'20 and F'19 but in FY'21 it was moved to non-current financial asset - as it is expected to be realized after 12 months from the end of the reporting period. Hence, reclassified in FY'19 and FY'2 as well.

3. Deferred tax asset/Deferred tax liability

| Particulars | As at | As at | As at |
|---|--------------------------|--------------------------|--------------------------|
| | March 31, 2021 (Audited) | March 31, 2020 (Audited) | March 31, 2019 (Audited) |
| | (Rs in Lakhs) | (Rs in Lakhs) | (Rs in Lakhs) |
| Opening Balance | | | |
| Deferred tax liability | (1,120.99) | (978.82) | (829.09) |
| Difference in WDV as per Companies Act and Income Tax Act | (133.67) | (142.17) | (149.73) |
| Deferred tax asset/(liability) charged through profit & loss account | (133.67) | (142.17) | (149.73) |
| Closing Balance of deferred tax asset/(liab | (1,254.66) | (1,120.99) | (978.82) |

4. Other Non-Current Assets

| Particulars | As at | As at | As at |
|---|--------------------------|--------------------------|--------------------------|
| | March 31, 2021 (Audited) | March 31, 2020 (Audited) | March 31, 2019 (Audited) |
| | (Rs in Lakhs) | (Rs in Lakhs) | (Rs in Lakhs) |
| Yessir Holdings and Investments Private | 360.69 | 360.69 | 360.69 |
| Total | 360.69 | 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.



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5. Financial Assets-Current

| Particulars | As at | As at | As at |
|---|--------------------------|--------------------------|--------------------------|
| | March 31, 2021 (Audited) | March 31, 2020 (Audited) | March 31, 2019 (Audited) |
| | (Rs in Lakhs) | (Rs in Lakhs) | (Rs in Lakhs) |
| Trade Receivables | | | |
| Trade receivables outstanding for a period not exceeding six months-unsecured | 36.39 | - | - |
| Total | 36.39 | - | - |
| Cash and Cash Equivalents | | | |
| Cash on hand | 0.07 | 0.31 | 0.22 |
| Balance with banks | | | |
| -in current accounts | 26.13 | 21.08 | 218.85 |
| Total | 26.20 | 21.39 | 219.08 |

6. Other Current Assets

| Particulars | As at | As at | As at |
|---|--------------------------|--------------------------|--------------------------|
| | March 31, 2021 (Audited) | March 31, 2020 (Audited) | March 31, 2019 (Audited) |
| | (Rs in Lakhs) | (Rs in Lakhs) | (Rs in Lakhs) |
| TDS Receivable | 0.09 | 2.39 | 2.47 |
| GST Input Credit | 17.64 | 17.76 | 137.88 |
| Other Current Assets* | 387.40 | 323.64 | 13.58 |
| Total | 405.13 | 343.78 | 153.93 |
| *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, 2021 (Audited) | | As at March 31, 2020 (Audited) | | As at March 31, 2019 (Audited) | |
|--|--------------------------------|-------------------------|--------------------------------|-------------------------|--------------------------------|-------------------------|
| | Nos. | Amount (Rs in Lakhs) | Nos. | Amount (Rs in Lakhs) | Nos. | Amount (Rs in Lakhs) |
| Authorised | | | | | | |
| Equity Share of Rs 10 each | 6,70,00,000.00 | 6,700.00 | 6,70,00,000.00 | 6,700.00 | 6,70,00,000 | 6,700.00 |
| Cumulative Redeemable Preference Shares of Rs 100 | 8,00,000.00 | 800.00 | 8,00,000.00 | 800.00 | 8,00,000 | 800.00 |
| Total | 6,78,00,000.00 | 7,500.00 | 6,78,00,000.00 | 7,500.00 | 6,78,00,000 | 7,500.00 |
| Issued, subscribed & fully paid up | | | | | | |
| 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 | 90,00,000.00 | 900.00 | 90,00,000.00 | 900.00 | 90,00,000 | 900.00 |
| Less: Calls in arrears | | | | | | |
| Total paid up equity shares | 90,00,000.00 | 900.00 | 90,00,000.00 | 900.00 | 90,00,000 | 900.00 |
| 14% Redeemable Cumulative Taxable Preference Share of Rs. 100/- each | 60,000.00 | 60.00 | 60,000.00 | 60.00 | 60000 | 60.00 |
| 17.5% Redeemable Cumulative Preference Taxable Preference Shares of Rs. 100/- each | 50,000.00 | 50.00 | 50,000.00 | 50.00 | 50000 | 50.00 |
| 16.5% Redeemable Cumulative Taxable Preference Shares of Rs. 100/- each | 2,00,000.00 | 200.00 | 2,00,000.00 | 200.00 | 200000 | 200.00 |
| Total paid up preference shares | 3,10,000.00 | 310.00 | 3,10,000.00 | 310.00 | 3,10,000 | 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 | 90,00,000.00 | 900.00 | 90,00,000.00 | 900.00 | 90,00,000 | 900.00 |
| Shares issued during the year | | | - | - | - | - |
| Shares outstanding at the end of the year | 90,00,000.00 | 900.00 | 90,00,000.00 | 900.00 | 90,00,000 | 900.00 |

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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, 2021 (Audited) | | As at March 31, 2020 (Audited) | | As at March 31, 2019 (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 | 12,16,500.00 | 13.5% | 12,16,500.00 | 13.5% | 12,16,500 | 13.5% |
| Subasri Realty Private Limited | 16,85,539.00 | 18.7% | 16,85,539.00 | 18.7% | 16,85,539 | 18.7% |
| Gay Travels Private Limited | 5,91,506.00 | 6.6% | 5,91,506.00 | 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

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.

V. Iram



8. Financial liabilities-Non-current

| Particulars | As at | As at | As at |
|--|--------------------------|--------------------------|--------------------------|
| | March 31, 2021 (Audited) | March 31, 2020 (Audited) | March 31, 2019 (Audited) |
| | (Rs in Lakhs) | (Rs in Lakhs) | (Rs in Lakhs) |
| Borrowings | | | |
| Term Loan from Banks-Secured(Net of Loan Processing Fee of Rs 2065000/-) | 2,881.57 | 2,604.35 | 2,729.35 |
| Loans from related parties-Secured# | 5,003.44 | 5,003.44 | 5,003.44 |
| Loans from related parties-Unsecured | 2,593.61 | 1,621.06 | 21.06 |
| Total | 10,478.62 | 9,228.85 | 7,753.85 |

#This secured borrowings consists of secondary mortgage on building owned by the company. The primary mortgage is held by HDFC Bank Ltd.

Details of term loan taken from HDFC Bank

| Loan 1 | |
|---------------------------------|--|
| 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 | 1. Commercial Property (Primary Security) |
| | 2. Personal Guarantee of Mr S Balasubramanian Adityan (Secondary Collateral) |
| | 3. Exclusive charge on FD of Rs 250 Lakhs from Gay Travels Pvt Limited towards debt reserve. |

| Loan 2: | |
|-----------------------------|--|
| Type of Loan | Working Capital Term Loan under ECGLS |
| Amount Sanctioned | 6,40,00,000.00 |
| Amount Disbursed | 6,40,00,000.00 |
| Tenure of Repayment | 48 |
| Rate of Interest | 8.25% p.a |
| Interest Payment Frequency | Monthly service |
| Interest calculation method | Floating Rate |
| | Extension of second ranking charge over existing primary and collateral securities including mortgage created in favour of the bank. |
| Security | |



V. Aniram

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.

Details of related parties loan

| Sr. No. | Name of the Lender | Relationship with Company | Relationship with Company | Amount Sanctioned | | Amount Outstanding as on March 31, 2021(excluding interest) | | Remarks |
|---------|-----------------------------------|----------------------------|---------------------------|----------------------|------------------------|---|------------------------|---|
| | | | | Secured(in Rs Lakhs) | Unsecured(in Rs Lakhs) | Secured(in Rs Lakhs) | Unsecured(in Rs Lakhs) | |
| 1 | Gay Travels Private Limited | Shareholder of the company | Promoter | 2,380.44 | 2,119.56 | 2,380.44 | 1,660.72 | company is liable to pay interest @ 12% p.a. till the date of |
| 2 | Rani Printers Private Limited | Shareholder of the company | Promoter | 500.00 | - | 500.00 | - | |
| 3 | Malar Publication Private Limited | Common Promoter | Promoter | 853.00 | 1,147.00 | 853.00 | 491.89 | |
| 4 | Subasri Realty Private Limited | Shareholder of the company | Promoter | 1,270.00 | 730.00 | 1,270.00 | 351.00 | |
| 5 | Sivels Holdings Private Limited | Shareholder of the company | Promoter | - | 200.00 | - | 90.00 | |
| | Sub-Total | | | 5,003.44 | 4,196.56 | 5,003.44 | 2,593.61 | |
| | Total unsecured loan | | | | 9,200.00 | | 7,597.05 | |



V. Iram

9. Financial liabilities-Current

| Particulars | As at | As at | As at |
|---------------------------------|--------------------------|--------------------------|--------------------------|
| | March 31, 2021 (Audited) | March 31, 2020 (Audited) | March 31, 2019 (Audited) |
| | (Rs in Lakhs) | (Rs in Lakhs) | (Rs in Lakhs) |
| Sundry Creditors | 28.13 | 33.75 | 31.38 |
| MSME Creditors | 29.44 | 34.36 | - |
| Interest Accrued yet to be paid | 1,695.02 | 807.75 | 173.55 |
| Term Loan -Current# | 654.45 | 583.33 | 250.00 |
| Total | 2,407.04 | 1,459.20 | 454.93 |

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 2021:

| Party Name | Amount Due as on March 31,2021 | Period for which it is pending |
|--------------------------------------|--------------------------------|-------------------------------------|
| Gay Travels Private Limited-Old Loan | 173.17 | FY 2018-19 & upto Mar FY 2020-21 |
| Malar Publications Private Limited | 357.11 | FY 2018-19 & upto Mar FY 2020-21 |
| Gay Travels Private Limited-New Loan | 628.86 | FY 2018-19 & upto Mar FY 2020-21 |
| Rani Printers Private Limited | 120.16 | FY 2018-19 & upto Mar FY 2020-21 |
| Subasri Realty Private Limited | 349.43 | FY 2018-19 & upto Mar FY 2020-21 |
| Sivels Holdings Private Limited | 10.80 | FY 2018-19 & upto Mar FY 2020-21 |
| HDFC Term Loan | 55.49 | From 16 March 2021 to 31 March 2021 |
| Total | 1,695.02 | |

MSME creditors balance as on 31st March 2021

| Party name | Amount Due as on March 31,2021 |
|----------------------|--------------------------------|
| Season Control P Ltd | 5.86 |
| Sreeram engineers | 23.58 |
| Total | 29.44 |

10(a).Other current liabilities

| Particulars | As at | As at | As at |
|-----------------------|--------------------------|--------------------------|--------------------------|
| | March 31, 2021 (Audited) | March 31, 2020 (Audited) | March 31, 2019 (Audited) |
| | (Rs in Lakhs) | (Rs in Lakhs) | (Rs in Lakhs) |
| Statutory Liabilities | 0.61 | 1.26 | 8.28 |
| Other Payables | 20.38 | 85.33 | 344.28 |
| Total | 20.99 | 86.59 | 352.56 |

10(b).Other Non current liabilities

| Particulars | As at | As at | As at |
|--|--------------------------|--------------------------|--------------------------|
| | March 31, 2021 (Audited) | March 31, 2020 (Audited) | March 31, 2019 (Audited) |
| | (Rs in Lakhs) | (Rs in Lakhs) | (Rs in Lakhs) |
| Bharathi Kurunthachallam & A Sunil Reddy | 15.42 | 15.42 | 15.42 |
| Culinary Ocean Hospitality LLP | 18.42 | | |
| Total | 33.84 | 15.42 | 15.42 |

11. Income

| Particulars | As at | As at | As at |
|-----------------------------------|--------------------------|--------------------------|--------------------------|
| | March 31, 2021 (Audited) | March 31, 2020 (Audited) | March 31, 2019 (Audited) |
| | (Rs in Lakhs) | (Rs in Lakhs) | (Rs in Lakhs) |
| Sale of services | - | - | - |
| Rental Income* | - | 5.79 | 7.71 |
| Creditors/Liability Written Back^ | - | 1.27 | 63.05 |
| Other Operating Revenue | 30.84 | - | - |
| Other Income** | 1.93 | 3.44 | 11.84 |
| Total Income | 32.77 | 10.48 | 82.60 |

* 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.

12. Employee benefit expenses

| Particulars | As at | As at | As at |
|--|--------------------------|--------------------------|--------------------------|
| | March 31, 2021 (Audited) | March 31, 2020 (Audited) | March 31, 2019 (Audited) |
| | (Rs in Lakhs) | (Rs in Lakhs) | (Rs in Lakhs) |
| Salaries, Wages, and Bonus (excluding Directors) | 33.17 | 36.70 | 25.74 |
| Director remuneration | 4.09 | - | - |
| Payment of disputed arrears of employee due* | 135.00 | - | - |
| Exgratia | - | 0.53 | 0.51 |
| Total | 172.27 | 37.23 | 26.25 |

V. Aniram



*A Company Petition (CP/597/(IB)/CB/2017) was filed under section 9 of the I&B Code by 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, 2018. The matter is currently agreed with a settlement of Rs. 1.35 crores payable by the company as a full and final settlement and has been paid before the end of the reporting period.

13. Depreciation & amortization expense

| Particulars | As at | As at | As at |
|---|--------------------------|--------------------------|--------------------------|
| | March 31, 2021 (Audited) | March 31, 2020 (Audited) | March 31, 2019 (Audited) |
| | (Rs in Lakhs) | (Rs in Lakhs) | (Rs in Lakhs) |
| Depreciation on property, plant and equipment | 78.47 | 79.60 | 80.11 |
| Total | 78.47 | 79.60 | 80.11 |

14. Other expenses

| Particulars | As at | As at | As at |
|--|--------------------------|--------------------------|--------------------------|
| | March 31, 2021 (Audited) | March 31, 2020 (Audited) | March 31, 2019 (Audited) |
| | (Rs in Lakhs) | (Rs in Lakhs) | (Rs in Lakhs) |
| Power and Fuel Expenses | | | |
| - Electricity charges | 39.59 | 50.79 | 59.72 |
| Repairs and Maintenance | | | |
| - Others | 0.01 | 2.83 | 0.43 |
| Annual Maintenance Charges | 0.11 | 0.23 | 1.36 |
| Insurance | 1.16 | 1.21 | 1.46 |
| Interest & penalties | - | 6.77 | - |
| Meeting expenses | - | - | 0.04 |
| Advertisement expenses | 0.69 | 2.73 | 2.75 |
| Postage | 0.05 | 0.68 | 17.36 |
| Printing and Stationery | 0.37 | 0.24 | 2.36 |
| Annual Connectivity, Custody & Listing Charges | 5.15 | 0.82 | 1.38 |
| Share evoting charges | 0.69 | 0.64 | 0.64 |
| AGM expenses | - | 6.65 | 1.10 |
| Water Charges | 0.09 | - | - |
| Office and Miscellaneous expenses | 0.72 | 1.08 | 1.69 |
| Bad Debts | 0.68 | - | - |
| Consulting Charges | - | - | 0.25 |
| Security Expenses | 5.06 | 7.02 | 7.21 |
| Freight, conveyance and transport expenses | 0.12 | 1.02 | 9.27 |
| Fee and taxes | 22.10 | 21.16 | 27.32 |
| Professional charges | 40.96 | 20.66 | 37.59 |
| Reversal of liabilities earlier written off | 15.89 | 10.00 | 187.09 |
| Payment to auditors (Statutory Audit Fees)* | 2.50 | 2.50 | 2.50 |
| Total | 135.94 | 137.01 | 361.53 |
| *Excluding GST | | | |

15. Finance costs

| Particulars | As at | As at | As at |
|-----------------------|--------------------------|--------------------------|--------------------------|
| | March 31, 2021 (Audited) | March 31, 2020 (Audited) | March 31, 2019 (Audited) |
| | (Rs in Lakhs) | (Rs in Lakhs) | (Rs in Lakhs) |
| Interest on term loan | | - | 203.07 |
| Interest on Others* | 520.39 | 402.89 | 240.94 |
| Bank charges | 0.01 | 0.17 | 0.28 |
| Total | 520.40 | 403.06 | 444.29 |

* Interest to others refers to interest payable towards loan from related parties

V. Miram



16. Related party disclosures

| S.No | Nature of Relationship | 31-03-2021 | 31-03-2020 | 31-03-2019 |
|------|---|--|--|--|
| A | Other related parties | | | |
| 1 | Key Management Personnel | R.Muralidharan Director Rajakumar Director MS David Managing Director Freeda Ganaselvam Director N.Suyumbhu Director Nagaraj P CFO 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 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 - |
| 2 | 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) |
| 3 | 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 Subasri Realty Private Limited Rukmani Publications Private Limited Gay Travels Private Limited Malar Publications 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 Subasri Realty Private Limited Rukmani Publications Private Limited Gay Travels Private Limited Malar Publications 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 Subasri Realty Private Limited Rukmani Publications Private Limited Gay Travels Private Limited Malar Publications Private Limited |



V. Aniram

B. Related Party transactions and balances-summary

| Transaction during the year ended | Nature of the Relationship | As at March 31, 2021 (Audited) | As at March 31, 2020 (Audited) | As at March 31, 2019 (Audited) |
|--|--|--------------------------------|--------------------------------|--------------------------------|
| Remuneration to Key Management Personnel | Key Management Personnel | 12.59 | 10.35 | 10.31 |
| Remuneration Payable | Key Management Personnel | 1.52 | 0.86 | 0.79 |
| Trade Payables | Shareholder of the company | 6.05 | 6.05 | 7.41 |
| Borrowings | Shareholder of the company | 4,041.17 | 3,401.17 | 2,446.17 |
| Borrowings | Shareholder of the company | 500.00 | 500.00 | 500.00 |
| Borrowings | Company with common shareholder/promoter | 1,344.89 | 1,147.34 | 797.34 |
| Borrowings | Shareholder of the company | 1,621.00 | 1,486.00 | 1,281.00 |
| Borrowings | Shareholder of the company | 90.00 | 90.00 | |
| Interest accrued yet to be paid | Shareholder of the company | 802.03 | 114.23 | 55.13 |
| Interest accrued yet to be paid | Company with common shareholder/promoter | 357.11 | 210.75 | 104.73 |
| Interest accrued yet to be paid | Shareholder of the company | 120.16 | 60.16 | - |
| Interest accrued yet to be paid | Shareholder of the company | 349.43 | 170.67 | - |
| Interest accrued yet to be paid | Shareholder of the company | 10.80 | - | |
| Total | | 9,256.74 | 7,197.58 | 5,202.88 |

V. Srinam



C. Significant related party transactions and balances

| Transaction during the year ended | Nature of Relationship | As at March 31, 2021 (Audited) | As at March 31, 2020 (Audited) | As at March 31, 2019 (Audited) |
|---|--|--------------------------------|--------------------------------|--------------------------------|
| Remuneration to Key Management Personnel | | | | |
| <i>CFO</i> | Key Management Personnel | 3.69 | 3.66 | 3.65 |
| <i>Company Secretary</i> | Key Management Personnel | 4.81 | 6.69 | 6.66 |
| <i>Managing Director**</i> | Key Management Personnel | 4.09 | - | - |
| Remuneration Payable | | | | |
| <i>Company Secretary</i> | Key Management Personnel | 0.55 | 0.56 | 0.51 |
| <i>CFO</i> | Key Management Personnel | 0.33 | 0.30 | 0.28 |
| <i>Managing Director**</i> | Key Management Personnel | 0.64 | - | - |
| Trade Payables | | | | |
| <i>GAY TRAVELS PRIVATE LIMITED</i> | Shareholder of the company | 6.05 | 6.05 | 7.41 |
| Borrowings | | | | |
| <i>GAY TRAVELS PRIVATE LIMITED</i> | Shareholder of the company | 4,041.17 | 3,401.17 | 2,446.17 |
| <i>RANI PRINETRS PRIVATE LIMITED</i> | Shareholder of the company | 500.00 | 500.00 | 500.00 |
| <i>MALAR PUBLICATIONS PRIVATE LIMITED</i> | Company with common shareholder/promoter | 1,344.89 | 1,147.34 | 797.34 |
| <i>SUBASRI REALTY PRIVATE LIMITED</i> | Shareholder of the company | 1,621.00 | 1,486.00 | 1,281.00 |
| <i>SIVELS HOLDINGS PRIVATE LIMITED</i> | Shareholder of the company | 90.00 | 90.00 | - |
| Interest accrued yet to be paid | | | | |
| <i>GAY TRAVELS PRIVATE LIMITED</i> | Shareholder of the company | 802.03 | 114.23 | 55.13 |
| <i>MALAR PUBLICATIONS PRIVATE LIMITED</i> | Company with common shareholder/promoter | 357.11 | 210.75 | 104.73 |
| <i>RANI PRINETRS PRIVATE LIMITED</i> | Shareholder of the company | 120.16 | 60.16 | - |
| <i>SUBASRI REALTY PRIVATE LIMITED</i> | Shareholder of the company | 349.43 | 170.67 | - |
| <i>SIVELS HOLDINGS PRIVATE LIMITED</i> | Shareholder of the company | 10.80 | - | - |
| Total | | 9,256.74 | 7,197.58 | 5,202.88 |

*Managing Directors remuneration has also been disclosed under KMP's from FY 20-21

V. Jirram



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 2021, there were following contingent liabilities of the company.

| S.no | Particulars | Description | Outstanding dues |
|------|-----------------|--|-----------------------------------|
| | Taxation | | |
| 1 | Direct Tax | payment and short deduction of Rs.4,08,109.49/-. Also for the above, there are interest of Rs.53,320/- 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 is also a late filing fees under section 234E of Rs.39,000/-. The reason for the above demands are | Total amount is Rs.5,00,669.49 |
| | | Income Tax notice received for AY 2012-13 & AY 2013-14. Outstanding dues being Rs 2,73,32,590/- for AY 2012-13 and Rs 2,38,31,782/- 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. | Total amount is Rs.5,11,64,372.00 |
| 2 | 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. | |

18. Explanations to the material adjustments made between Restated and Audited Financials

- 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.
- 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 2021 and preceeding 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.

V. Miram



Annexure IX: Restated Statement of Capitalisation

(Rs in lakhs)

| Particulars | As at March 31,2021 | After the Issue |
|-----------------------------------|---------------------|-------------------|
| Borrowings | | |
| Current borrowings* | 2,349.47 | 2,349.47 |
| Non-current borrowings# (A) | 10,478.62 | 8,428.62 |
| Total borrowings (B) | 12,828.09 | 10,778.09 |
| Equity | | |
| Equity share capital | 1,210.00 | 3,700.00 |
| Other equity | (8,742.92) | (8,742.92) |
| Total Equity (C) | (7,532.92) | (5,042.92) |
| Long-Term Debt/Equity ratio (A/C) | (1.39) | (1.67) |
| Total Debt/Equity ratio (B/C) | (1.70) | (2.14) |

* Current borrowings includes - current maturity of long term debts and interest accrued on Term loan from banks and related parties

The term loan is net off loan processing fees.

Annexure X: Restated Statement of Accounting Ratios

| Particulars | Year ended | | |
|---|--------------------------------------|--------------------------------------|--------------------------------------|
| | As at March 31, 2021 (Audited) | As at March 31, 2020 (Audited) | As at March 31, 2019 (Audited) |
| Net worth as at the end of the year | (7,532.92) | (6,525.01) | (5,736.40) |
| Net worth as at the end of the year excl revaluation reserve (A) | (7,532.92) | (6,525.01) | (5,736.40) |
| Net Profit/(Loss) after tax, as restated available for equity shareholders (B) | (1,007.96) | (788.57) | (979.31) |
| Weighted Average number of equity shares outstanding during the year | | | |
| For basic earnings per share (C) | 90,00,000.00 | 90,00,000.00 | 90,00,000.00 |
| For diluted earnings per share (D) | 90,00,000.00 | 90,00,000.00 | 90,00,000.00 |
| Earnings per share of Rs 10/- each | | | |
| Basic (Rs) (E=B/C) | (11.20) | (8.76) | (10.88) |
| Diluted (Rs) (F=B/D) | (11.20) | (8.76) | (10.88) |
| Return on net worth (G=B/A) | -13% | -12% | -17% |
| Weighted average number of shares outstanding during the year (H) | 90,00,000.00 | 90,00,000.00 | 90,00,000.00 |
| Net Assets value per share of Rs 10 each (I=A/H) | (83.70) | (72.50) | (63.74) |
| Face Value (Rs.) | 10.00 | 10.00 | 10.00 |
| EBITDA (Rs.) {includes other income & liability written back} | (275.43) | (163.74) | (305.18) |
| EBITDA (Rs.) {excluding other income & liability written back} | (277.36) | (174.24) | (387.78) |

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 at the end of the year
- Net asset value (Rs.)=Net worth/Number of equity shares as at 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 Act, 2013.

4. Bank Charges and loan processing charges are considered as part of other expenses for the calculation of EBITDA.

V. Sri Ram



Annexure XI: Summary Statement of Tax Shelter
Reconciliation of taxable income and book profits

| S.No | Particulars | For the year ended | | |
|------|---|--------------------|---------------|---------------|
| | | 31-03-2021 | 31-03-2020 | 31-03-2019 |
| | | (Rs in Lakhs) | (Rs in Lakhs) | (Rs in Lakhs) |
| A | Restated profit (loss) before taxes | (874.30) | (646.40) | (829.58) |
| B | Statutory tax Rate (%) | 25% | 25% | 25% |
| C | Tax at statutory rate | (218.57) | (161.60) | (207.40) |
| D | <u>Adjustment of permanent difference:</u> | | | |
| | Write off of Old Asset Accounts (other than Fixed Assets) | - | - | - |
| E | <u>Adjustment of timing difference:</u> | - | - | - |
| F | Net Adjustments (D+E) | - | - | - |
| G | Tax expense (savings) thereon (F*B) | - | - | - |
| H | Current (tax losses)/tax profits (C+G) | (218.57) | (161.60) | (207.40) |
| I | Adjusted against brought forward losses | - | - | - |
| J | Current (tax losses)/tax profits (H-I) | (218.57) | (161.60) | (207.40) |

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

For Bala & Co
Chartered Accountants
Firm Registration No.: 000318S

V Sriram
Sriram Visvanathan
Partner
Membership No : 216203
UDIN: 21216203AAAAFE6709

Place: Chennai
Date: 16.07.2021



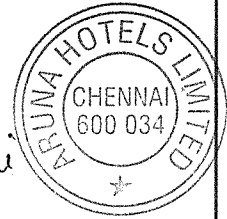
For and on behalf of the Board

M. Muralidharan
M Muralidharan
Director
DIN : 07092976

MS David
MS David
Managing Director
DIN : 08539011

Nagaraj P
Nagaraj P
Chief Financial Officer

Lakshmi K
Lakshmi K
Company Secretary



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 2021, 2020 and 2019 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 100. 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 21 and 16 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 Aruna Hotels Limited on a standalone 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, India. In the financial year 2014-15, our Company stopped its hotel operations and started 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. As of date of this Letter of Offer, we have completed the renovation of the main structure of our Hotel, however we are yet to complete the construction of a multi-level car

parking area and setting up of a transformer in the premises of our Hotel. The renovation process is expected to be completed in the financial year 2021-22. 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. Further, our Company has executed a lease deed and a license agreement dated October 30, 2020 with M/s. Culinary Ocean Hospitality LLP, wherein we have leased a part of our property situated at 144, Sterling Road, Nungambakkam, Chennai 600 034, Tamil Nadu, India and granted license to run “Hard Rock Café” including Rock Shop in the said property.

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.

As of date of this Letter of Offer, we have completed the renovation of the main structure of our Hotel, however we are yet to complete the construction of a multi-level car parking area and setting up of a transformer in the premises of our Hotel.

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 21. 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 was under the process of renovation and is likely to commence its operations in FY 2020-21. As of date of this Letter of Offer, we have completed the renovation of the main structure of our Hotel, however we are yet to complete the construction of a multi-level car parking area and setting up of a transformer in the premises of our Hotel.

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 100

CHANGE IN ACCOUNTING POLICIES IN PREVIOUS 3 YEARS

Except as mentioned in chapter “*Financial Information*” on page 100 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 100.

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 as it was under renovation process. As of date of this Letter of Offer, we have completed the renovation of the main structure of our Hotel, however we are yet to complete the construction of a multi-level car parking area and setting up of a transformer in the premises of our Hotel. Therefore, Net Revenue from operations which is also through lease rental income for the Fiscal 2019, Fiscal 2020, and Fiscal 2021 is Nil, Nil and Rs. 30.84 Lacs.

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 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 2021 | Percentage of total income (%) | FY 2020 | Percentage of total income (%) | FY 2019 | Percentage of total income (%) |
|--|-------------------|--------------------------------|-----------------|--------------------------------|-----------------|--------------------------------|
| INCOME | | | | | | |
| Revenue from Operations | 30.84 | 94.11% | - | 0.00% | - | 0.00% |
| Other Income | 1.93 | 5.89% | 10.48 | 100.00% | 82.60 | 100.00% |
| Total Income (A) | 32.77 | 100.00% | 10.48 | 100.00% | 82.60 | 100.00% |
| EXPENDITURE | | | | | | |
| Cost of food and beverages consumed | - | 0.00% | - | 0.00% | - | 0.00% |
| Employee benefit expenses | 172.27 | 525.69% | 37.23 | 355.25% | 26.25 | 31.78% |
| Finance costs | 520.40 | 1588.04% | 403.06 | 3845.99% | 444.29 | 537.88% |
| Depreciation and amortisation expense | 78.47 | 239.46% | 79.60 | 759.54% | 80.11 | 96.99% |
| Other Expenses | 135.94 | 414.83% | 137.01 | 1307.35% | 361.53 | 437.69% |
| Total Expenses (B) | 907.07 | 2768.02% | 656.89 | 6268.13% | 912.18 | 1104.33% |
| Profit before extraordinary items and tax | (874.30) | (2667.99%) | (646.40) | (6167.94%) | (829.58) | (1004.33%) |
| Profit before exceptional, extraordinary items and tax (A-B) | (874.30) | (2667.99%) | (646.40) | (6167.94%) | (829.58) | (1004.33%) |
| Exceptional items | - | 0.00% | - | 0.00% | - | 0.00% |
| Profit before extraordinary items and tax | (874.30) | (2667.99%) | (646.40) | (6167.94%) | (829.58) | (1004.33%) |
| Extraordinary items | - | 0.00% | - | 0.00% | - | 0.00% |
| Profit before tax | (874.30) | (2667.99%) | (646.40) | (6167.94%) | (829.58) | (1004.33%) |
| Tax expense: | | | | | | |
| (i) Current tax | - | 0.00% | - | 0.00% | - | 0.00% |
| (ii) Deferred tax | 133.67 | 407.90% | 142.17 | 1356.58% | 149.73 | 181.27% |
| (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 | 133.67 | 407.90% | 142.17 | 1356.58% | 149.73 | 181.27% |
| Profit for the year (D-E) | (1,007.96) | (3075.86%) | (788.57) | (7524.52%) | (979.31) | (1185.61%) |
| 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 | (1,007.96) | (3075.86%) | (788.59) | (7524.52%) | (979.31) | (1185.61%) |

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 2021 | | Fiscal 2020 | | Fiscal 2019 | |
|--|-------------|----------|-------------|-----------|-------------|----------|
| | ₹ In Lakh | % | ₹ In Lakh | % | ₹ In Lakh | % |
| EBITDA (₹) {includes other income & liability written back} | (275.42) | (840.46) | (163.74) | (1562.40) | (305.18) | (369.47) |
| EBITDA (₹) {excluding other income & liability written back} | (277.35) | (846.35) | (174.22) | (1662.40) | (387.78) | (469.47) |

Note: Calculated as per our Restated Net Profit (Loss) before Tax plus Depreciation and Amortization Expenses plus Finance Costs.

Comparison of Historical Results of Operations

Fiscal 2021 compared to Fiscal 2020

Total Revenue

Our total revenue for the Fiscal 2021 was ₹ 32.77 Lacs as compared to ₹ 10.48 Lacs for the Fiscal 2020, representing an increase of 212.69%. Total revenue comprises of:

Revenue from operations

Our Hotel is not operational since FY 2014-15 as it was under renovation process. As of date of this Letter of Offer, we have completed the renovation of the main structure of our Hotel, however we are yet to complete the construction of a multi-level car parking area and setting up of a transformer in the premises of our Hotel. Therefore, Net Revenue from operations which is also through lease rental income for the Fiscal 2020, and Fiscal 2021 is Nil and Rs. 30.84 Lacs.

Other income

Other income for the Fiscal 2021 was ₹ 1.93 lacs as compared to ₹ 10.48 lacs for the Fiscal 2020, representing an decrease of 81.58%. The decrease in other income was primarily due to decrease in rental income and creditor written off.

Expenses

Our total expenditure for the Fiscal 2021 was ₹ 907.07 lacs as compared to ₹ 656.89 lacs for the Fiscal 2020, representing an increase of 38.09%. Total expenditure comprises of:

Cost of food and beverage consumed

The cost of food and beverages consumed for the Fiscal 2021 and Fiscal 2020 was Nil, as Company is not operational since FY 2014-15 as our Hotel premises was under renovation process. As of date of this Letter of Offer, we have completed the renovation of the main structure of our Hotel, however we are yet to complete the construction of a multi-level car parking area and setting up of a transformer in the premises of our Hotel.

Employee benefit expenses

Employee benefit expense for the Fiscal 2021 was ₹ 172.27 lacs as compared to ₹ 37.23 lacs for the Fiscal 2020, representing an increase of 362.72%. This was due to increase in salaries, wages and bonus and also includes an disputed settlement claim of arrears of salary of Rs.135.00 lacs.

Other expenses

Other expenses for the Fiscal 2021 was ₹ 135.94 lacs as compared to ₹ 137.01 lacs for the Fiscal 2020, representing a decrease of 0.78%. This decrease was mainly due to operations of our Hotel being halted since FY 2014-5 as it

was undergoing renovation work. As of date of this Letter of Offer, we have completed the renovation of the main structure of our Hotel, however we are yet to complete the construction of a multi-level car parking area and setting up of a transformer in the premises of our Hotel.

Finance cost

Finance cost for the Fiscal 2021 was ₹ 520.40 lacs as compared to ₹ 403.06 lacs for the Fiscal 2020, representing an increase of 29.11%. The increase in finance cost is due to increase in borrowings, interest income etc.

Depreciation and Amortisation Expense

Depreciation and amortization expense for the Fiscal 2020 was ₹ 78.47 lacs as compared to ₹ 79.60 for the Fiscal 2019, representing an decrease of 1.42%. 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 2021 of ₹ (874.30) as compared to ₹ (646.40) lacs for the Fiscal 2020. The decrease is due to the arrear payment of employees and increase in other expenses.

Taxation

Total tax expense for the Fiscal 2021 was ₹ 133.67 lacs to compared to ₹ 142.17 for the Fiscal 2020, representing a decrease of 5.98%. 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 2021 of ₹ (1007.96) lacs as compared to ₹ (788.57) lacs for the Fiscal 2019, representing a decrease of 27.82%.

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 Hotel is not operational since FY 2014-15 as it was under renovation process. As of date of this Letter of Offer, we have completed the renovation of the main structure of our Hotel, however we are yet to complete the construction of a multi-level car parking area and setting up of a transformer in the premises of our Hotel. Therefore, Net Revenue from operations for the Fiscal 2019 and Fiscal 2020 was Nil.

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 ₹ 656.89 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 Nil, as Company is not

operational since FY 2014-15 and our Hotel premises was under renovation process. As of date of this Letter of Offer, we have completed the renovation of the main structure of our Hotel, however we are yet to complete the construction of a multi-level car parking area and setting up of a transformer in the premises of our Hotel.

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 2014-15 as it was undergoing renovation work. As of date of this Letter of Offer, we have completed the renovation of the main structure of our Hotel, however we are yet to complete the construction of a multi-level car parking area and setting up of a transformer in the premises of our Hotel.

Finance cost

Finance cost for the Fiscal 2020 was ₹ 403.06 lacs as compared to ₹ 444.29 lacs for the Fiscal 2019, representing a 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 a 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 ₹ (646.40) 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 to 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 a decrease of 19.47%.

As Company is non-operational since FY 2014-2015 as our Hotel premises were under renovation process. As of date of this Letter of Offer, we have completed the renovation of the main structure of our Hotel, however we are yet to complete the construction of a multi-level car parking area and setting up of a transformer in the premises of our Hotel. The renovation will be completed in the financial year 2021-22. Due to which for Fiscal period 2021, 2020 and 209 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 2021 | 31, March 2020 | 31, March 2019 |
| Net (loss) / profit before tax | (874.30) | (646.40) | (829.58) |
| Net Cash Flow from/ (used in) Operating Activities (A) | (437.73) | (587.17) | (163.04) |
| Net Cash Flow Used in Investing Activities (B) | (1,245.24) | (1,649.99) | (796.01) |
| Net Cash Generated from Financing Activities (C) | 1,687.78 | 2,039.48 | 5,929.66 |
| Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C) | 4.81 | (197.69) | 4,970.60 |
| Cash and cash equivalents at the beginning of the year/period | 21.39 | 219.08 | (4,751.53) |
| Cash and cash equivalents at year/ period end | 26.20 | 21.39 | 219.08 |

Note: The financial information used in this table for Fiscal Year 2021, 2020 and 2019 been derived from the Restated Standalone Financial Statements.

Operating Activities

Net cash from operating activities for period ended March 31, 2021 was ₹ (437.73) lakhs as compared to the PBT of ₹ (874.30) 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 period ended March 31, 2020 was ₹ (587.17) 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 ₹ (163.04) 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.

Investing Activities

Net cash from investing activities for period ended March 31, 2021 was ₹ (1245.24) lakhs. This was on account of on account of an increase in capital expenditure on Hotel property which was undergoing renovation work and offset Asset sales.

Net cash from investing activities for period ended March 31, 2020 was ₹ (1649.99) lakhs. This was on account of on account of an increase in capital expenditure on Hotel property which was 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 was undergoing renovation work and offset Asset sales.

As of date of this Letter of Offer, we have completed the renovation of the main structure of our Hotel, however we are yet to complete the construction of a multi-level car parking area and setting up of a transformer in the premises of our Hotel.

Financing Activities

Net cash from financing activities for period ended March 31, 2021 was ₹ 1687.78 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 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 ₹ 5929.66 lakhs. This was on account of long-term borrowings and Short term borrowing and payment of finance costs.

Contingent Liabilities

The statement of contingent liabilities of our Company for the March 31, 2021 as restated are as mentioned in the table below:

| (₹ in Lakhs) | |
|--------------|----------------------|
| Particulars | As at March 31, 2021 |
| Direct Tax | 516.65 |
| Civil | Nil |
| TOTAL | 516.65 |

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 145 of this 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 21 and 134 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 “*Our Business*” on pages 21 and 83 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 “*Our Business*” on pages 21 and 83 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 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 21.

Except as described in this LOF, 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 21 and 134, respectively, and elsewhere in this 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 83.

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 83 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 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 100.

Significant Developments since last balance sheet date

Except as disclosed above and in this Letter of Offer, including under "*Our Business*" and "*Risk Factors*" on pages 83 and 21 respectively, to our knowledge no circumstances have arisen since March 31, 2021, the date of the last financial information disclosed in this 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, 2021, our total outstanding secured borrowing was ₹ 8,539.46 lakhs and total outstanding unsecured borrowing was ₹ 2,593.61 lakhs.

Further, pursuant to a board resolution passed by the Board of Directors dated August 26, 2020 and the approval of shareholders in the Annual General Meeting dated September 21, 2020, the Board of Directors has been authorised 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, 2021, we have availed secured loan of ₹ 8,539.46 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, 2021:

| (₹ in lakhs) | | | |
|--|-----------------------------------|-------------------|---|
| S. No. | Nature of Facilities | Amount Sanctioned | Amount outstanding as on March 31, 2021 |
| I. Secured loans availed from HDFC Bank Limited*# | | | |
| | Term Loan | 4,140 | 3,536.02 |
| A. | Total | 4,140 | 3,536.02 |
| II. Secured loans availed from the members of our Promoter Group/ related parties | | | |
| a) | Gay Travels Private Limited | 2,380.44 | 2,380.44 |
| b) | Rani Printers Private Limited | 500.00 | 500.00 |
| c) | Malar Publication Private Limited | 853.00 | 853.00 |
| d) | Subasri Realty Private Limited | 1,270.00 | 1,270.00 |
| B. | Total | 5,003.44 | 5,003.44 |
| Total Exposure (A+B) | | 9,143.44 | 8,539.46 |

*HDFC Bank Limited has sanctioned the abovementioned facilities vide its sanction letter dated July 31 2018 and October 14, 2020.

*The term loan has been availed from HDFC Bank Ltd (the "Bank") 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 had vide its email dated June 29, 2020 informed our Company that it had classified the account of our Company as "Standard Restructured Account". In furtherance to the above, now the Bank has vide its letter dated July 02, 2021 informed us that asset classification of our account has been upgraded and internally changed from "Standard Restructured Account" to "Standard Account" with effect from Q 1 of FY 2021-2022 (as of June 30, 2021).

Principal terms of borrowings availed by the Company:

- a. **Interest:** The interest rate charged by the Bank ranges from 8.25% to 10.75% over and above three month repo rate or one-year marginal cost of fund based lending rates ("MCLR") with quarterly and annual reset, respectively.
- b. **Tenor:** The tenor of the term loan ranges from 04 years to 07 years including a moratorium of 01 year.

c. Security Details of the above mentioned borrowings:

i. First and second *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 and second *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, 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 equal quarterly instalments.

f. Key covenants: The loan facility entails various restrictive covenants and conditions restricting certain corporate actions without taking the prior approval of the respective lender before carrying out such actions, including for:

- a. Changing the constitution, shareholding pattern and the Board of Directors of our Company;

- b. Undertaking any large-scale expansion or new projects;
- c. Creating any charge on the immovable properties with any financial institutions or any other party;
- d. Making investment or give loans to sister concerns for non-operational purposes;
- e. Giving a guarantee on behalf of third parties; and
- f. Prepayment or repayment of any principal or interest on any loans availed by the Borrower from the shareholders/directors

This is an indicative list and there may be such other additional terms under the various borrowing arrangements entered into by our Company.

g. *Events of Default:* Our borrowing arrangements typically contain standard events of default, including, among others:

- a. Default in the payment of the loan, when due and payable to the lender;
- b. Failure to perform any covenants/ conditions agreed on the part of the borrower;
- c. Failure to create and maintain adequate security as prescribed by the lender
- d. If there is an apprehension that the Borrower is unable to pay his debts; and
- e. Supplying any mis-leading or incorrect information in relation to any warranty.

This is an indicative list and there may be such other additional terms under the various borrowing arrangements entered into by our Company.

h. *Consequences of occurrence of events of default:* Upon the occurrence of an event of default under the loan facilities, our lenders are entitled to, among other things:

- a. Charge a penal interest on the defaulted amount for the non-compliance of the sanctioned terms; and
- b. Any delay or default in the repayment of the facility availed by the borrower from the lenders, would result in the borrower not allowing the payout by way of salary to the directors and partners.
- c. Convert the debt into equity share capital of the Company as per the strategic debt restructuring scheme of the RBI, with a view to take management control over the Company and cause change in the ownership.

This is an indicative list and there may be such other additional terms under the various borrowing arrangements entered into by our Company.

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, the details of which are set out below:

(₹ in lakhs)

| Name of the lender | Amount outstanding as on March 31, 2021 |
|---|--|
| <i>Loans from Promoter Group entities</i> | |
| Gay Travels Private Limited | 1,660.72 |
| Malar Publications Private Limited | 491.89 |
| Subsari Realty Private Limited | 351.00 |
| Sivels Holdings Private Limited | 90.00 |
| Total Unsecured Loans | 2,593.61 |

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 (₹) |
|----------------|----------|-------------------|--------------------------------------|--|---------|-------------------|-------------------------------------|--|--------------------------------|
| 2021 | 6.38 | Mar 02, 2021 | 4 | 25 | 4.85 | Mar 31, 2021 | 329 | 1597 | 5.49 |
| 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 |

(Source: www.bseindia.com)

Notes:

1. High, low and average prices are based on the daily closing prices.
2. 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 Jan 01, 2021 to June 30, 2021 was 109. The average volume of Equity Shares traded on the BSE was 16,803 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 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 traded on date of low (in ₹) | Average price for the month (₹)** |
|----------|--------------|-----------|------------------------|--|--------------|----------|------------------------|---|-----------------------------------|
| Jun 2021 | Jun 30, 2021 | 14.62 | 6,80 | 9,941 | Jun 07, 2021 | 11.00 | 13,445 | 1,49,120 | 12.48 |
| May 2021 | May 28, 2021 | 12.10 | 13,382 | 1,61,919 | May 10, 2021 | 6.70 | 112 | 751 | 8.76 |
| Apr 2021 | Apr 30, 2021 | 6.62 | 1,146 | 7,565 | Apr 09, 2021 | 4.61 | 100 | 461 | 5.28 |
| Mar 2021 | Mar 02, 2021 | 6.38 | 4 | 25 | Mar 31, 2021 | 4.85 | 329 | 1,597 | 5.49 |

| 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 (₹)** |
|----------|--------------|-----------|------------------------|--|--------------|----------|------------------------|---|-----------------------------------|
| Feb 2021 | Feb 02, 2021 | 6.61 | 1,150 | 7,601 | Feb 04, 2021 | 6.00 | 689 | 4,276 | 6.14 |
| Jan 2021 | Jan 01, 2021 | 7.95 | 52 | 375 | Jan 29, 2021 | 6.00 | 1,764 | 1,0727 | 6.79 |

(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 and Directors:

- 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 disciplinary action taken against any of our Promoter by SEBI or the Stock Exchange in the five Fiscals preceding the date of this Letter of Offer.

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 ₹ 2.88 lakhs (being approximately 05 per cent. of total trade payables of our Company as at March 31, 2021 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 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:

| <i>(₹ in lakhs)</i> | | |
|---------------------------------|------------------------|-------------------------|
| Particulars | Number of cases | Amount involved* |
| <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 | 5.01 |
| Cases filed by our Company | 02 | 511.64 |
| Total | 03 | 516.65 |

**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 (“**Company Petition**”) by N. Subramanian (“**Petitioner**”) against our Company before the NCLT, Chennai Bench (“**NCLT**”) for claiming arrears of salary amounting of ₹ 187.76 lakhs due to him since the year 1998 till his retirement in 2013. NCLT *vide* an order dated November 17, 2017 admitted the petition and ordered commencement of corporate insolvency resolution process against our Company. Aggrieved by the said order, Subasri Realty Private Limited as shareholder of our Company, filed an appeal before the Hon’ble National Company Law Appellate Tribunal, New Delhi (“**NCLAT**”) which was allowed *vide* an order dated July 16, 2018 passed by the Hon’ble Tribunal. The Petitioner subsequently 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 NCLAT. The Hon’ble Supreme Court *vide* its judgment and order dated March 03, 2021 has allowed the appeal, thereby restoring the order dated November 17, 2017 passed by NCLT. The judgment and order have been passed by the Hon’ble Court on the ground that there is an acknowledgement of liability made by our Company under section 9 of the I&B Code, and therefore there is no “dispute” with respect to the amounts owed by us to the Petitioner. In accordance with the said order, Subasri Realty Private Limited in the capacity of our largest shareholder has paid ₹ 135 lakhs as full and final settlement to the Petitioner towards the amount owed by our Company. The Petitioner has accepted the said settlement by executing a memorandum of concern dated March 22, 2021 with Subasri Realty Private Limited and has consequently withdrawn the Company Petition. The Committee of Creditors (**CoC**) *vide* its resolution dated May 25, 2021 passed in its 8th meeting unanimously decided to withdraw the CIRP initiated against our Company. NCLT *vide* its order dated June 04, 2021 has directed the resolution professional to hand over the management of our Company to our Board of Directors, whose powers stood suspended by virtue of the initiation of the corporate insolvency resolution process (**CIRP**). The Company Petition therefore stands withdrawn as on date of this Letter of Offer. Similarly, D. Ramjee an ex-employee of our Company, had also demanded settlement of arrears of salary and subsequently had filed an application under section 9 of the I&B Code before the NCLT. The NCLT had *vide* order dated June 13, 2017 admitted the application and started CIRP against our Company. Our Company challenged the said NCLT order before the NCLAT and allowed the appeal of our Company by order dated August 2, 2017. NCLAT also recorded the assurance given by our Company of paying three years arrears of salary to D. Ramjee. In pursuance to the assurance given our Company had paid ₹ 18.50 lacs to D. Ramjee on August 8, 2017. Thereafter, D. Ramjee also filed an application seeking to set aside the resolution dated May 25, 2021 passed in its 8th meeting of the CoC approving the withdrawal of CIRP initiated against our Company and the same was dismissed by the NCLT *vide* order dated July 6, 2021. Being aggrieved by this order of the NCLT, D. Ramjee filed a civil appeal before the Hon’ble Supreme Court of India bearing appeal no. 2901 of 2021. The Hon’ble Supreme Court has *vide* its final order dated September 15, 2021 dismissed the appeal of D. Ramjee and upheld the decision of the NCLT of approving the withdrawal of CIRP against our Company and of handing over the management of our Company to our Board of Directors. In light of the Hon’ble Supreme Court final order dated September 15, 2021, all petitions filed under I&B Code against our Company stands dismissed as on the date of this Letter of Offer.

- 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, Balasubramaniyan 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.

5. *Disciplinary action against our Company by SEBI or any stock exchange in the last five Fiscals*

Except as stated below, no disciplinary action has been taken against our Company by SEBI or Stock Exchange in the past five years or is outstanding against us, as on date of this Letter of Offer:

- i. We had failed to disclose the related party transactions of our Company on a consolidated basis with the Stock Exchange under Regulation 23(9) of the SEBI Listing Regulations for the six months period ended September 30, 2020. BSE *vide* its email dated January 18, 2021 had imposed a fine of ₹ 2.48 lakhs, respectively on our Company on account of the non-compliance with the said provision. Our Company has paid the fine on January 19, 2021 in accordance with the email received from BSE.
- ii. We had failed to submit the financial results of our Company for the quarter ended June 30, 2021 with the Stock Exchange as required under Regulation 33 of the SEBI Listing Regulations. BSE *vide* its email dated September 14, 2021 had imposed a fine of ₹ 1.71 lakhs on our Company on account of the non-compliance with the said provision. Our Company has paid the fine on September 16, 2021 in accordance with the email received from BSE.

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

5. *Disciplinary action against our Promoter by SEBI or any stock exchange in the last five Fiscals*

Nil

Cases filed by our Promoter

1. *Criminal Proceedings*

Nil

2. *Other Material Litigations*

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

5. *Disciplinary action against our Directors by SEBI or any stock exchange in the last five Fiscals*

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 Letter of Offer, our Company does not have a subsidiary.

5. OUTSTANDING DUES TO SMALL SCALE UNDERTAKINGS OR ANY OTHER CREDITORS

In terms of the Materiality Policy dated August 26, 2020, as on March 31 2021, our Company has 06 material creditors and ₹ 55.87 lakhs is the amount outstanding as material dues for us.

As on March 31, 2021, the details of amounts outstanding towards small scale undertakings and other creditors are as follows:

| Particulars | No. of Creditors | (₹ in lakhs) |
|---|------------------|--------------|
| | | Amount |
| Outstanding dues to material creditors | 06 | 55.87 |
| Outstanding dues to small scale undertakings* | 02 | 29.44 |
| Outstanding dues to other creditors | 11 | 28.13 |

*Out of the 06 material creditors, 02 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, 2021 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 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 100 of this Letter of Offer.

6. DISCLOSURES PERTAINING TO WILFUL DEFAULTERS

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.

7. MATERIAL DEVELOPMENT SINCE MARCH 31, 2021.

There have not arisen, since the date of the last financial statements disclosed in this 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 134 of this Letter of Offer.

GOVERNMENT AND OTHER STATUTORY APPROVALS

Our Company has obtained necessary consents, licenses, permissions and approvals from governmental and regulatory authorities that are material for carrying on our present business activities. However, we are yet to obtain certain approvals from statutory authorities which are necessary for our business operations. For risks relating to the same, please refer to *“Risk Factor Number 06: 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”* at page 24 of this Letter of Offer.

Some of the approvals and licenses that our Company requires for our business operations may expire in the ordinary course of business, and our Company will apply for their renewal from time to time.

We are not required to obtain any licenses or approvals from any government or regulatory authority for the objects of this Issue. For further details, please refer to the chapter titled *“Objects of the Issue”* at page 64 of this 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 July 13, 2021, determined the Issue Price as ₹ 10 per Rights Equity Share in consultation with the Lead Manager, and the Rights Entitlement as 83 (eighty three) Rights Equity Share(s) for every 30 (thirty) Equity Share(s) held on the Record Date, i.e. Friday, July 23, 2021.

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 October 27, 2020 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 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, there is no outstanding action initiated against them by SEBI in the five years preceding the date of filing of this 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 Letter of Offer.

Eligibility for the Issue

Our Company is a listed company, incorporated under the erstwhile 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 Clauses (1) and (2) of Part B of Schedule VI to the SEBI ICDR Regulations, our Company is required to make disclosures in accordance with Part B-1 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 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 LETTER OF OFFER. THE LEAD MANAGER, SAFFRON CAPITAL ADVISORS PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THIS 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 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 SEPTEMBER 17, 2021 IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SEBI ICDR REGULATIONS, 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 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 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 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 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 LETTER OF OFFER WITH THE SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE 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 LETTER OF OFFER – NOT APPLICABLE.
7. WE UNDERTAKE THAT SUB-REGULATION (3) OF REGULATION 14 AND CLAUSE I 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/TRANSFERRED 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 THE STOCK EXCHANGE MENTIONED IN THE 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 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 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 LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.- COMPLIED WITH.

THE FILING OF THIS 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 LETTER OF OFFER.

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 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 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 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 Letter of Offer. You must not rely on any unauthorized information or representations. This 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 Letter of Offer is current only as at its date.

Disclaimer in respect of Jurisdiction

This 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, India only.

Disclaimer Clause of BSE

BSE Limited (“**the Exchange**”) has given *vide* its letter dated October 27, 2020, permission to our Company to use the Exchange’s name in this Letter of Offer as the Stock Exchange on which our Company’s securities are proposed to be listed. The Exchange has scrutinized this Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to our Company. The Exchange does not in any manner:

- i. Warrant, certify or endorse the correctness or completeness of any of the contents of this Letter of Offer; or
- ii. Warrant that this Company’s securities will be listed or will continue to be listed on the Exchange; or
- iii. Take any responsibility for the financial or other soundness of our Company, our Promoter, our management or any scheme or project of our Company;

and it should not for any reason be deemed or construed that this letter of offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of our Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

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 Letter of Offer is solely for the use of the person who has received it from our Company or from the Registrar. This Letter of Offer is not to be reproduced or distributed to any other person.

The distribution of this 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 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 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 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 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 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 Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer.

This 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 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 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 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 LETTER OF OFFER ARE BEING OFFERED IN INDIA, BUT NOT IN THE UNITED STATES. THE OFFERING TO WHICH THE 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 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 Letter of Offer. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and this 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 authorized 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 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 SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, THIS 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 July 16, 2021 from our Statutory Auditor, namely, M/s. Bala & Co., Chartered Accountants for inclusion of their report, dated July 16, 2021 on the Restated Financial Information in this Letter of Offer and to include their name in this 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 July 16, 2021 in the form and context in which it appears in this Letter of Offer. Such consent has not been withdrawn up to the date of this Letter of Offer.

Expert Opinion

Our Company has received written consent dated July 16, 2021 from our Statutory Auditor, namely, M/s. Bala & Co., Chartered Accountants to include their name as required in this 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 July 16, 2021 on the Restated Financial Information and the Statement of Tax Benefits dated July 16, 2021 and such consent has not been withdrawn as of the date of this 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.

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 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 Letter of Offer.

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 149 of this Letter of Offer.

Filing

SEBI *vide* the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 has amended Regulation 3(b) of the SEBI ICDR Regulations as per which the threshold of filing of Draft Letter of Offer with SEBI for rights issues has been increased. The threshold of the rights issue size under Regulation 3 (b) of the SEBI ICDR Regulations has been increased from Rupees ten crores to Rupees fifty crores. Since the size of this Issue falls below this threshold, the Draft Letter of Offer has been filed with BSE Limited and not with SEBI. However, this Letter of Offer will be submitted with SEBI for information and dissemination and will be filed with the Stock Exchange.

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. MCS Share Transfer Agent Limited is our Registrar and Share Transfer Agent and 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. We have appointed Cameo Corporate Services Limited as the Registrar to the Issue and all investor grievances which shall be received by us with respect to this Issue shall be handled by the said Registrar and Share Transfer Agent in consultation with the Company Secretary and Compliance Officer.

Investor complaints received by our Company are typically disposed of within 15 days from the receipt of the complaint.

Investor Grievances arising out of this Issue

Investors may contact the Registrar to the Issue or our Company Secretary for any pre-Issue or post-Issue related matters. All grievances relating to the ASBA process or the optional mechanism R-WAP process may be addressed to the Registrar, with a copy to the SCSBs (in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), e mail address of the sole/ first holder, folio number or demat account number, number of Rights Equity Shares applied for, amount blocked (in case of ASBA process) or amount debited (in case of the R-WAP process), ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip (in case of ASBA process) and copy of the e-acknowledgement (in case of the R-WAP process). For details on the ASBA process and R-WAP, see “*Terms of the Issue*” beginning at page 166 of this Letter of Offer. The contact details of our Registrar to the Issue and our Company Secretary are as follows:

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/ priya@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 6, 2020, Circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, Circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021 and Circular SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021. As per the said circulars, all eligible shareholders shall be able to apply to this Issue through an optional mechanism (non- cash mode only), in this case being R-WAP in addition to the ASBA facility.

The Rights Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in this 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 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, our Company will send, only through email, the Abridged Letter of Offer, Application Form and other applicable Issue materials to the email addresses of all the Eligible Equity Shareholders who have provided their Indian addresses to our Company. This Letter of Offer will be provided to those who make a request in this regard.

In the event that e-mail addresses of the Eligible Equity Shareholders are not available with our Company/ Depositories or the Eligible Shareholders have not provided valid e-mail addresses to our Company/ Depositories, our Company will dispatch the Abridged Letter of Offer, Application Form and other applicable Issue materials by way of physical delivery as per the applicable laws to those Eligible Equity Shareholders who have provided their Indian address.

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) and such other credentials for validation of the identity of the shareholder, as may be required. 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. Resident Eligible Shareholders, who are holding Equity Shares in physical form as on the Record Date, can obtain details of their respective Rights Entitlements from the website of the Registrar by entering their Folio Number and such other credentials for validation of the identity of the shareholder, as may be required.

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, SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021 and SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021 (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, 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 Individual Investors in this Issue, i.e., R-WAP. Kindly note that Non-Resident Investors cannot apply in this Issue using the R-WAP facility, and therefore will have to apply through ASBA mode. Investors should note that the ASBA process involves procedures that are different from the procedure under the R-WAP process. 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 176 and 177 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 -73388 08559 / 93420 72988. For details, see “*Procedure for Application through R-WAP*” on page 177.

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, SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, SEBI Circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021 and SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021, 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 Individual Investors. Further, R-WAP is only an additional option and not a replacement of the ASBA process. At the R-WAP, Resident Individual 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. 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.

PLEASE NOTE THAT ONLY RESIDENT INDIVIDUAL 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 NUMBER 54- 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 42.

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 (73388 08559 / 93420 72988). For details, see “- Procedure for Application through the R-WAP” on page 177.

Applicants should note that they should very carefully fill-in their depository account details and PAN 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. Please note that incorrect depository account details or PAN or Application Forms without depository account details (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 R-WAP) shall be treated as incomplete and shall be rejected. For details see “Grounds for Technical Rejection” on page 188 of this Letter of Offer. Our Company, the Lead Manager, the Registrar and the SCSBs shall not be liable for any incomplete or 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 180 of this Letter of Offer.

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 Resident Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account (namely, “**ARUNA HOTELS LIMITED RIGHTS ISSUE – SUSPENSE ESCROW DEMAT ACCOUNT**”) opened by our Company, for the Resident 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 Resident Eligible Equity Shareholder which are frozen or suspended for debit or credit 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 in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company; (e) credit of the Rights Entitlements returned/reversed/failed; or (f) the ownership of the Equity Shares currently under dispute, including any court proceedings.

Resident Eligible Equity Shareholders holding Equity Shares in physical form as on the Record Date i.e. Friday, July 23, 2021 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 Registrar) not later than two Working Days prior to the Issue Closing Date i.e. Monday, October 11, 2021 in order to be eligible to apply for this Issue. Such Resident 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 of Rights Entitlement.

In accordance with the SEBI Rights Issue Circulars, 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 i.e. Monday, October 11, 2021, 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.

4) *Application by Resident 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 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 Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company along with documents 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, at least two Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

In accordance with SEBI Rights Issue Circulars, 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 Issue Closing Date, will not be able to renounce their Right Entitlements and 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.

Such resident Eligible Equity Shareholders must check the procedure for Application by and credit of Rights Equity Shares in “*Procedure for Application by Resident Eligible Equity Shareholders holding Equity Shares in physical form*” on page 184.

5) *Application for Additional Equity Shares*

Investors are eligible to apply for additional Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Equity Shares under applicable law and they have applied for all the Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of additional Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalised in consultation with the Designated Stock Exchange. Applications for additional Equity Shares shall be considered and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner as set out in “*Basis of Allotment*” beginning on page 191.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for additional Equity Shares. Non-resident Renounees who are not Eligible Equity Shareholders cannot apply for additional Equity Shares.

6) Investors to kindly note that after purchasing the Rights Entitlements through On Market Renunciation / Off Market Renunciation, an Application has to be made for subscribing to the Rights Equity Shares. If no such Application is made by the renounee on or before Issue Closing Date, then such Rights Entitlements will get lapsed and shall be extinguished after the Issue Closing Date and no Rights Equity Shares for such lapsed Rights Entitlements will be credited. For procedure of Application by shareholders who have purchased the Right Entitlement through On Market Renunciation / Off Market Renunciation, please refer to the heading titled “*Procedure for Application through the ASBA process*” and “*Procedure for Application through R-WAP*” on pages 176 and 177 of this Letter Of Offer.

7) *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 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>
- d) Updation of Indian address can be done by way of an email to priya@cameoindia.com.

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 July 13, 2021 have determined the Issue Price at ₹ 10/- per Equity Share and the Rights Entitlement as 83 (eighty three) Rights Equity Share(s) for every 30 (thirty) 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 October 27, 2020.

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., Friday, July 23, 2021, 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) and such other credentials for validation of identity. 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 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, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar (i.e., <https://rights.cameoindia.com/Aruna>). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements are credited to their respective demat accounts. They may also communicate with the Registrar with the help of the helpline number -73388 08559 / 93420 72988 and their email address investor@cameoindia.com

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and in accordance with the SEBI ICDR Regulations, will send, only through email, the Abridged Letter of Offer, Application Form and other applicable Issue materials to the email addresses of all the Eligible Equity Shareholders who have provided their Indian addresses to our Company. This Letter of Offer will be provided to those who make a request in this regard.

In the event that e-mail addresses of the Eligible Equity Shareholders are not available with our Company/ Depositories or the Eligible Shareholders have not provided valid e-mail addresses to our Company/ Depositories, our Company will dispatch the Abridged Letter of Offer, Application Form and other applicable Issue materials by way of physical delivery as per the applicable laws to those Eligible Equity Shareholders who have provided their Indian address.

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's 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 ₹ 10/- 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 Rights Equity Shares issued in this Issue will be fully paid-up. 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 July 13, 2021, 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 83 (eighty three) Rights Equity Share(s) for every 30 (thirty) 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 entire amount of the Issue Price of ₹ 10/- per Rights Equity Share shall be payable at the time of Application.

Fractional Entitlements

The Rights Equity Shares are being offered on a rights basis to Eligible Equity Shareholders in the ratio of 83 (eighty three) Rights Equity Share(s) for every 30 (thirty) 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 not in the multiple of 30 (thirty), 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.

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. INE957C20019 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. Investors shall be able to trade their Rights Entitlements either through On Market Renunciation or through Off Market Renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

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. DCS/RIGHT/PB/FIP/843/2020-21 dated October 27, 2020. 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 (08) days, be liable to repay the money, with interest as applicable.

For details of trading and listing of Rights Equity Shares, please refer to the heading “*Terms of Payment*” at page 172 of this Letter of Offer.

Subscription to the Issue by our Promoters and Promoter Group

For details of the intent and extent of the subscription by our Promoter and Promoter Group, see “*Capital Structure – Intention and extent of participation by our Promoters and Promoter Group in the Issue*” on page 58.

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 Obligations and Disclosure Requirements) Regulations, 2015, with effect from April 1, 2019, except in case of transmission or transposition of securities, the request for transfer of securities shall not be 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, our Company will send, primarily through email, the Abridged Letter of Offer, Application Form and other applicable Issue materials to the email addresses of all the Eligible Equity Shareholders who have provided their Indian addresses to our Company. This Letter of Offer will be provided, primarily through email, by the Registrar on behalf of our Company and the Lead Manager to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard.

In the event that e-mail addresses of the Eligible Equity Shareholders are not available with the Company/ Depositories or the Eligible Shareholders have not provided valid e-mail addresses to the Company/ Depositories, our Company will dispatch the Abridged Letter of Offer, Application Form and other applicable Issue materials by way of physical delivery as per the applicable laws to those Eligible Equity Shareholders who have provided their Indian address.

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.

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. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA or the optional mechanism. Kindly note that the R-WAP mechanism is available only for Resident Individual Investors. Kindly note that Non-Resident Investors cannot apply in this Issue using the R-WAP facility, and therefore will have to apply through ASBA mode. Further, the resident Eligible Equity Shareholders holding Equity Shares in physical form as on the Record Date can apply for this Issue through ASBA facility or 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 Resident Eligible Equity Shareholders holding Equity Shares in physical form*” on page 184.

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 primarily through email 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.

In the event that e-mail addresses of the Eligible Equity Shareholders are not available with the Company/ Depositories or the Eligible Shareholders have not provided valid e-mail addresses to the Company/ Depositories, our Company will dispatch the Abridged Letter of Offer, Application Form and other applicable Issue materials by way of physical delivery as per the applicable laws to those Eligible Equity Shareholders who have provided their Indian address.

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.

To update the respective email addresses/ mobile numbers in the records maintained by our Company, Eligible Equity Shareholders should visit <https://rights.cameoindia.com/Aruna>. 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-\(“R-WAP”\)](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) and such other credentials for validation of the identity of the shareholder, as may be required. 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. 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. 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 Individual Investors).

Please note that Applications without depository account details shall be treated as incomplete and shall be rejected. 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 188 of this Letter of Offer. Our Company, 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 180.

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, the 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 i.e. Tuesday, August 17, 2021, shall not be able to apply in this Issue. Such resident Eligible Equity Shareholders must check the procedure for Application in “*Procedure for Application by Resident Eligible Equity Shareholders holding Equity Shares in physical form*” on page 184.

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 Individual 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. 54 - 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 42.

Set out below is the procedure followed using the R-WAP:

- (a) Resident Individual 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.
- (b) Non-resident Investors are not eligible to apply in this Issue through R-WAP.
- (c) Only Resident Individual Investors are eligible to apply in this Issue through R-WAP.
- (d) 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.
- (e) 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.
- (f) Investors applying in the Issue through UPI facility should accept the debit/ payment request in the relevant mobile application for which the UPI ID details were provided.
- (g) 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, SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, SEBI Circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021 and SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021.

- (h) 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.
- (i) 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.
- (j) 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 180.

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 166. 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 191.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for additional Rights Equity Shares.

Non-resident Renounees who are not Eligible Equity Shareholders cannot apply for additional Rights Equity Shares.

Resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date cannot renounce until the details of their demat account are provided to our Company or the Registrar and the dematerialised Rights Entitlements are transferred from suspense escrow demat account to the respective demat accounts of such Eligible Equity Shareholders within prescribed timelines. However, Such Eligible Equity Shareholders, where the dematerialised Rights Entitlements are transferred from the suspense escrow demat account to the respective demat accounts within prescribed timelines, can apply for additional Rights Equity Shares while submitting the Application through ASBA process or using R-WAP.

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. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

In accordance with the SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, the resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date shall be required to provide their demat account details to our Company or the Registrar to the Issue for credit of REs not later than two working days prior to issue closing date, such that credit of REs in their demat account takes place at least one day before issue closing date, thereby enabling them to renounce their Rights Entitlements through Off Market Renunciation. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar (i.e., <https://rights.cameoindia.com/Aruna>). Such Eligible Equity Shareholders can make an Application or renounce their entitlement only after the Rights Entitlements are credited to their respective demat accounts.

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.

PLEASE NOTE THAT THE RIGHTS ENTITLEMENTS WHICH ARE NEITHER RENOUNCED NOR SUBSCRIBED BY THE INVESTORS ON OR BEFORE THE ISSUE CLOSING DATE SHALL LAPSE AND SHALL BE EXTINGUISHED AFTER THE ISSUE CLOSING DATE.

THE LEAD MANAGER , THE REGISTRAR 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 INE957C20019 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., Wednesday, September 29, 2021 to Friday, October 8, 2021 (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 INE957C20019 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 INE957C20019, 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.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and vice versa shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

Applications on Plain Paper under ASBA process

An Eligible Equity Shareholder who is eligible to apply under the ASBA process may make an Application to subscribe to this Issue on plain paper. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorising such SCSB to block Application Money in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any address outside India.

Alternatively, Eligible Equity Shareholders may also use the Application Form available online on the websites of our Company, the Registrar to the Issue, the Stock Exchange, the Lead Manager or the R-WAP to provide requisite details.

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.

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 and 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 ₹ 10/- 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 <https://rights.cameoindia.com/Aruna>. 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 or a plain paper Application is Tuesday, August 17, 2021, i.e. the Issue Closing Date. 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 Form is not submitted with an SCSB, uploaded with the Stock Exchange and the Application Money is not blocked with the SCSB or if the Application Form is not accepted at the R-WAP, on or before the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in this 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 Rights Equity Shares hereby offered, as provided under “*Terms of the Issue - Basis of Allotment*” on page 191.

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.

Please ensure that the Application Form and necessary details are filled in. In place of Application number, Investors can mention the reference number of the e-mail received from Registrar informing about their Rights Entitlement or last eight digits of the demat account. Alternatively, SCSBs may mention their internal reference number in place of application number.

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 if applying through R-WAP.

In case of Application through ASBA facility, the Investor agrees to block the entire amount payable on Application with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in the Investor's ASBA Account.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. On the Transfer Date, pursuant to the finalization of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account which shall be a separate bank account maintained by our Company, other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013. The balance amount remaining after the finalization of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

The Investors would be required to give instructions to the respective SCSBs to block the entire amount payable on their Application at the time of the submission of the Application Form.

The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth hereinafter.

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 per Rule 7 of the FEMA Rules, RBI has given general permission to Indian companies to issue Equity Shares to non-resident shareholders including additional Equity Shares. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by RBI, non-residents may, amongst other things, (i) subscribe for additional shares over and above their Rights Entitlements; (ii) renounce the shares offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour. Applications received from NRIs and non-residents for allotment of Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Equity Shares and issue of Rights Entitlement Letters/ letters of Allotment/Allotment advice. If a non-resident or NRI Investor has specific approval from RBI, in connection with his shareholding in our Company, such person should enclose a copy of such approval with the Application details and send it to the Registrar at priya@cameoindia.com.

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.

- In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income-tax Act. In case Equity Shares are Allotted on a non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India. Non-resident Renouncees who are not Eligible Equity Shareholders must submit regulatory approval for applying for additional Equity Shares in the Issue.

Procedure for application by Resident 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 at least two Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

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, shall be credited in a demat suspense escrow account opened by our Company.

To update respective email addresses/ mobile numbers in the records maintained by our Company, Eligible Equity Shareholders should visit at <https://rights.cameoindia.com/Aruna>.

Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form

Resident 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:

1. The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, e-mail 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 e-mail, registered post, speed post, courier, or hand delivery or by uploading the said documents in the “Demat Account Registration” module available in the portal of the Registrar at <https://rights.cameoindia.com/Aruna> so as to reach to the Registrar no later than two Working Days prior to the Issue Closing Date;
2. 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;
3. The remaining procedure for Application shall be same as set out in “*Application on Plain Paper under ASBA process*” beginning on page 180.
4. The Eligible Equity Shareholders can access the Application Form from:
 - Our Company at www.arunahotels.com
 - the Registrar to the Issue at <https://rights.cameoindia.com/Aruna>
 - the Lead Manager at www.saffronadvisor.com
 - the Stock Exchange at www.bseindia.com; and
 - the Registrar’s web-based application platform at [https://rights.cameoindia.com/Aruna-\("R-WAP"\)](https://rights.cameoindia.com/Aruna-()

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) and such other credentials for validation of the identity of the shareholder, as may be required. The link for the same shall also be available on the website of our Company (www.arunahotels.com).

5. The Eligible Equity Shareholders shall, on or before the Issue Closing Date, (i) 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, or (ii) fill the online Application Form available on R-WAP and make online payment using their internet banking or UPI facility from their own bank account thereat.

In accordance with the SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, the resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date shall be required to provide their demat account details to our Company or the Registrar to the Issue for credit of REs not later than two working days prior to issue closing date, such that credit of REs in their demat account takes place at least one day before issue closing date, thereby enabling them to renounce their Rights Entitlements through Off Market Renunciation.

PLEASE NOTE THAT THE 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.

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 OR THE ISSUE CLOSING DATE, AS THE CASE MAY BE.

FOR DETAILS, SEE “ALLOTMENT ADVICES/ REFUND ORDERS” ON PAGE 192.

General instructions for Investors

- (a) Please read this Letter of Offer and Application Form carefully to understand the Application process and applicable settlement process.
- (b) Please read the instructions on the Application Form sent to you.
- (c) The Application Form can be used by both the Eligible Equity Shareholders and the Renounees.
- (d) Application should be made only through the ASBA facility or using R-WAP.
- (e) 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 Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English.
- (f) 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 180.
- (g) 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 Individual 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.
- (h) 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.
- (i) In case of Application through R-WAP, the Investors should enable the internet banking or UPI facility of their respective bank accounts.

- (j) 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.
- (k) 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.
- (l) 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.
- (m) 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. Further, in case of Application in joint names, each of the joint Applicants should sign the Application Form.
- (n) 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.
- (o) 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.
- (p) 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.
- (q) 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.
- (r) 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.
- (s) 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.

- (t) 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.
- (u) Investors are required to ensure that the number of Rights Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.
- (v) An Applicant being an OCB is required not to be under the adverse notice of the RBI and must submit approval from RBI for applying in this Issue.

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.
- (d) Do not apply from corporate 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/ Depository.
- (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 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.
- (p) Applications which: (i) does not include the certifications set out in the Application Form; (ii) appears to us or our agents to have been executed in or dispatched from a Restricted Jurisdiction; (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 in respect of any such Application Form.

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.

- (c) Application by shareholders holding in physical form without providing demat account details.

Our Company may, in consultation with the Lead Manager and Designated Stock Exchange, decide to relax any of the grounds of technical rejection mentioned hereinabove

Depository account and bank details for Investors holding Equity Shares in demat accounts and applying in this Issue.

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 intimation of unblocking of ASBA Account or refund (if any) would be sent/dispatched to the address of the Investor as per the email address provided to our Company 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

In case where multiple Applications are made using same demat account, such Applications shall be liable to be rejected. A separate Application can be made in respect of Rights Entitlements in each demat account of the Investors and such Applications shall not be treated as multiple applications. Similarly, a separate Application can be made against Equity Shares held in dematerialised form and Equity Shares held in physical form, and such Applications shall not be treated as 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 196.

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 Promoters or members of the Promoter Group as described in *Capital Structure – Intention and extent of participation by our Promoters and Promoter Group in the Issue* ” on page 58.).

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 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

| | |
|---|-------------------------------|
| Last date for credit of Rights Entitlements | Friday, September 24, 2021 |
| Issue Opening Date | Wednesday, September 29, 2021 |
| Last date for On Market Renunciation^{&} | Friday, October 8, 2021 |
| Issue Closing Date* | Wednesday, October 13, 2021 |
| Finalising the basis of allotment with the Designated Stock Exchange (on or about) | Wednesday, October 20, 2021 |
| Date of Allotment (on or about) | Thursday, October 21, 2021 |
| Date of credit (on or about) | Friday, October 22, 2021 |
| Date of listing (on or about) | Tuesday, October 26, 2021 |

& 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 Renouncees on or prior to the Issue Closing Date.

**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.*

Please note that if 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, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, i.e., Monday, October 11, 2021 to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date.

Basis of Allotment

Subject to the provisions contained in this 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, for Equity Shares being offered on a rights basis under the Issue, if the shareholding of any of the Eligible Equity is not in multiples of 30 (thirty), 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 1 (One) additional Equity Share each, if such Eligible Equity Shareholders have applied for additional Equity Shares over and above their Rights Entitlement, subject to availability of Rights Equity shares post allocation towards Rights Entitlement applied for under (a) above. 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.

For Applications through R-WAP, instruction will be sent to Escrow Collection Bank with list of Allottees and corresponding amount to be transferred to the Allotment Account. Further, the list of Applicants eligible for refund with corresponding amount will also be shared with Escrow Collection Bank to refund such Applicants.

Allotment Advices/Refund Orders

Our Company will issue and send/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 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 accordance with the SEBI Circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021, in case of Applications made through the R-WAP facility, refunds, if any for un-allotted or partially allotted applications shall be completed on or before T+1 day (T being the date of finalisation of Basis of Allotment).

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 Circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021, in case of Applications made through the R-WAP facility, refunds, if any for un-allotted or partially allotted applications shall be completed on or before T+1 day (T being the date of finalisation of Basis of Allotment).

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.

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.

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. In accordance with the SEBI Circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021, in case of Applications made through the R-WAP facility, refunds, if any for un-allotted or partially allotted applications shall be completed on or before T+1 day (T being the date of finalisation of Basis of Allotment).

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 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 DEMATERIALISED 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 THE ISSUE CLOSING DATE, AS THE CASE MAY BE, 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 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 DEMATERIALISED 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 whose Equity Shares are 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.
- Renouncees 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.

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, shall not be able to apply in this Issue for further details, please refer to “*Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*” on page 184.

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 unblocked in the respective ASBA Accounts of the Investor within a period of 15 days from the Issue Closing Date and refunded in the respective bank accounts from which Application Money was received on or before T+1 day (T being the date of finalisation of Basis of Allotment), in case of applications made through R-WAP facility. In accordance with the SEBI Circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021, in case of Applications made through the R-WAP facility, refunds, if any for un-allotted or partially allotted applications shall be completed on or before T+1 day (T being the date of finalisation of Basis of Allotment). 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 Exchanges 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 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 Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.

Minimum subscription

The objects of the Issue involve financing other than financing of capital expenditure for a project and our Promoters and members of our Promoter Group have undertaken to (i) subscribe to the full extent of their respective Rights Entitlements, subject to compliance with the minimum public shareholding requirements, as prescribed under the SCRR; and (ii) have also confirmed that they shall not renounce their Rights Entitlements, except to the extent of renunciation within the promoter group. Accordingly, in terms of the SEBI ICDR Regulations, the requirement of minimum subscription in the Issue is not applicable.

Filing

SEBI *vide* the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 has amended Regulation 3(b) of the SEBI ICDR Regulations as per which the threshold of filing of Draft Letter of Offer with SEBI for rights issues has been increased. The threshold of the rights issue size under Regulation 3 (b) of the SEBI ICDR Regulations has been increased from Rupees ten crores to Rupees fifty crores. Since the size of this Issue falls below this threshold, the Draft Letter of Offer has been filed with BSE Limited and not with SEBI. However, this Letter of Offer will be submitted with SEBI for information and dissemination and will be filed with the Stock Exchange.

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 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 21.

All enquiries in connection with this 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/

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 73388 08559 / 93420 72988.

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 fall 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 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 - OTHER INFORMATION

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.

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 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 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 June 17, 2021 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 the Draft Letter of Offer.
- (viii) Resolution of the Board of Directors dated July 16, 2021 and September 17, 2021 approving and adopting this Letter of Offer and fixing of Record Date.
- (ix) Resolution of our Board dated July 13, 2021, finalizing the terms of the Issue including Issue Price and the Rights Entitlement Ratio.
- (x) Consent of our Directors, Company Secretary and Compliance Officer, Statutory Auditor, Lead Manager, Bankers to the Issue, Legal Advisor, the Registrar to the Issue for inclusion of their names in the Letter of Offer in their respective capacities.
- (xi) The examination reports dated July 16, 2021 of the Statutory Auditor, on our Company's Restated Financial Statements, included in this Letter of Offer.
- (xii) Statement of Tax Benefits dated July 16, 2021 from the Statutory Auditor included in this 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 July 16, 2021 addressed to SEBI from the Lead Manager.

(xvi) In principle listing approvals dated October 27, 2020 issued by BSE.

Any of the contracts or documents mentioned in this 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 rules, regulations and guidelines issued by the Government of India or the regulations or guidelines 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 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 Letter of Offer are true and correct.

SIGNED BY THE DIRECTORS OF OUR COMPANY

Sd/-

Muralidharan Ramasamy
(Chairman and Non-Executive Director)

Sd/-

David Susainadar
(Managing Director)

Sd/-

Rajakumar Kumaravelayatha Nadar
(Non-Executive Director)

Sd/-

Suyambu Narayanan
(Independent Director)

Sd/-

Freeda Gnanaselvam Kanagiah
(Independent Director)

SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY

Sd/-

Nagaraj Ponnusamy

Date: September 17, 2021

Place: Chennai

// Certified true copy//
K. Lakshmi